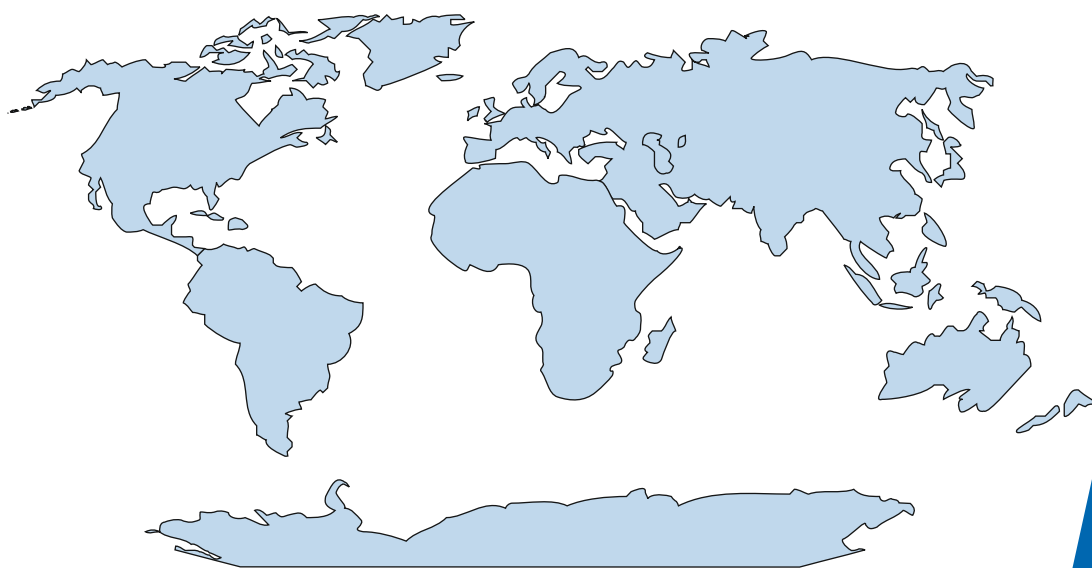


ISSN 2322 - 0899

# **INTERNATIONAL JOURNAL OF RESEARCH IN MANAGEMENT & SOCIAL SCIENCE**



**Empyreal Institute of Higher Education**  
**Guwahati**  
[www.empyreal.co.in](http://www.empyreal.co.in)

**Volume 3, Issue 1 (III)**  
January - March, 2015

# International Journal of Research in Management & Social Science

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Volume 3, Issue 1 ( III ) : January - March 2015

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## CHALLENGES OF BRAND BUILDING IN THE GLOBAL MARKETS (A Case Study of Classic example of Brand Failure: Black Cherry Vanilla Coke)

Dr. Farzana Gulzar

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### ABSTRACT

*The aim of this piece of research is to analyze as to when companies make branding blunders. Building brands with the high budgeted advertising and then watching in a state of limbo brands failing is a matter of concern for all in today's business world. Failure indeed is inevitable, however by analyzing the "horror stories" of brand failures, can help in identifying the key danger areas, and, that is the rationale of this research; To identify when good brands do bad and suggest some measures by highlighting the lessons of brand failure. The study would thus analyze the brand failure and examine what breaks bond between the customer and the brand. The present study empirically tests the factors which are responsible for brand failure in emerging markets by analyzing the example of Black Cherry Vanilla Coke. The basic aim of this piece of research is to understand the way consumers evaluate the reasons as to why brands fail. Emerging Indian market has witnessed failures varying from low magnitude to very high magnitude, however not much research has been done in this area. The present study empirically tests the factors which are responsible for brand failure in these emerging markets. The objectives of the present study for the Brand under study are as under : -*

- *To identify the factors which have led to brand failure of the brand under study.*
- *To assess the underlying perceptions developed by consumers in emerging markets regarding as to why brands fail.*
- *To compare the brand failures viz a viz ideal brand concept in terms of consumer acceptance/importance using perceptual maps.*
- *To formulate an optimal strategy to avoid brand mistakes and escape brand failures.*

*The following were some of the main implications:*

- *Brands to be developed in emerging economies should concentrate on three major factors which include Positioning factor, Communication factor and Expectation factor.*
- *Brands developed in emerging economies should be differentiated products and consumers should perceive it.*
- *The net combined sales of the established product and the line extension product be greater than sales of the established product alone.*
- *In order to avoid brand failures and have acceptance of the brand extensions, companies should have well planned market entry strategy.*
- *It is strongly suggested that companies should develop and generate deep consumer insight with regard to their brands. This can be achieved by conducting in depth individual interviews with consumers before launch of extension products.*
- *It is also suggested that proper promotional plans should be followed by the companies for launch of product extensions.*
- *The companies' should try to make their consumers well informed about their policies about any change in the products.*
- *The ultimate aim of the company should be to save the image of the parent brand.*

*Key Words: Brand line extensions, Black Cherry Vanilla Coke, Brand Failure, Consumer Evaluation*

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### INTRODUCTION

Though the term brand is defined differently yet the thrust is on the same focal point i.e. the promise we make. Brand is 'Who you are, what you promise, and your ability and willingness to deliver on that promise. Considering the high failure rate of new products, launching a new product is a risky proposition. Successful organizations all over the world recognize the importance of new product launches (brand extension) as a means of organic growth and as a means to differentiate themselves from others A brand extension strategy involves using an established brand name in one product class to enter another product class, yet many companies are getting it wrong and make brand blunders. In April 2004, Coca Cola **India** (Coke) had launched **Vanilla Coke**, Coke's first flavor extension in India. The response to the product was good in south East Asian

market like Bangkok & Hongkok which encouraged the co. to think that it would kick off in India too. The concept of ice-cream floats in cola was quite common in urban restaurants in India. Vanilla Coke targeted urban teens and young adults (12 to 29 age group) in the high and middle income groups. It carried the tag line 'Ice Creamy Thanda'. The **India** campaign took a cue from the "hip-hop" commercial used in Hong Kong, where it had been successfully launched earlier. The 60-second ad was played on youth-centric channels like MTV, Channel [V], HBO and AXN and even regional channels like Sun TV. With a retro-Bollywood theme, the ad urged consumers to "try something new and different", in classic 1970s style. However, consumers did not like the taste of Vanilla Coke.

### **OBJECTIVES OF THE PRESENT STUDY**

The objectives of the present study for the Brand under study are as under :

- To identify the factors which have led to brand failure of the brand under study.
- To assess the underlying perceptions developed by consumers in emerging markets regarding as to why brands fail.
- To formulate an optimal strategy to avoid brand mistakes and escape brand failures.

### **REVIEW OF LITERATURE**

A brand extension strategy involves using an established brand name in one product class to enter another product class. Many firms have used this strategy in the last decade to further leverage brand equity. A "good" brand extension strategy is one where the brand name aids the extension, while a "very good" brand extension also enhances the brand name (**Aaker, 1991**). Consumer evaluation of a brand extension is often described as a process by which the core brand associations of the parent brand transfers to the extension. Thus, a key aspect contributing to the success of such strategies is to understand how consumer perceptions towards the brand in the established as well as new category are altered by the extension. According to **Keller (2003)**, a brand extension is defined as when a firm uses an established brand name to introduce a new product. The basic premise on which brand extensions are based is that consumers hold positive attitude toward the parent brand that can be transferred to an extension without any negative consequences as long as there is a "fit" between the two (**Aaker and Keller 1990**). This means that the brand-extension associations must be consistent with those of the parent brand in order for it to be successful. The introduction of brand extensions with inconsistent associations may fail and, in some cases, can even dilute the parent brand equity (**Loken and Roedder John 1993**). Most research on extension evaluation has focused on the issues surrounding "fit" between the parent brand and the extension and moderating variables that affect this fit. The introduction of a brand extension in an established product category results in restructuring of the category, related brand associations, and pertinent consumer knowledge, thereby, affecting consumers' attitudes toward the existing brands in the target category (**Czellar 2003**). **Woodside and Clokey (1974)** identified that consumers' attitudes are affected by competitor activity, as well as, numerous other information sources. They developed a Multiattribute/ Multi-brand model of attitude formation and systematically evaluated the process of brand attitude formation. The results of the **Woodside and Clokey (1974)** study state that, "brand choice was more accurately predicted when attitudes toward other brands were also considered." Similarly, the results of the **Abe and Tanaka (1989)** study indicate that the brand evaluation process is not independent of other brands in the competitive markets. **Chintagunta (1996 and 1999)** examined the impact of the introduction of line extension and a new brand on the market structure. The results of his research conclude that the introduction of a new brand significantly alters the existing market structure by shifting the brands in the perceptual map, and by changing the importance attached to different product category attributes.

### **JUSTIFICATION OF THE PROBLEM**

The aim of this piece of research is to analyze as to when companies make branding blunders. Building brands with the high budgeted advertising and then watching in a state of limbo brands failing is a matter of concern for all in today's business world. Failure indeed is inevitable, however by analyzing the "horror stories" of brand failures, can help in identifying the key danger areas, and, that is the rationale of this research;

- To identify when good brands do bad and suggest some measures by highlighting the lessons of brands failures. The study would thus analyze the brand failures and examine what breaks bond between the customer and the brand.
- Emerging Indian market has witnessed failures varying from low magnitude to very high magnitude,

however not much research has been done in this area.

- The present study empirically tests the factors which are responsible for brand failures in emerging markets.
- The basic aim of this piece of research is to understand the way consumers evaluate the reasons as to why brands fail.

Since this study is exploratory study, it is hoped that other studies follow the suit. This will perhaps help in better understanding of Brand failures and as a result companies can take leverage for avoiding brand failures

### HYPOTHESIS OF THE STUDY

- H0 (I) There is no significant linear co-relationship between the different attributes of brand failures.
- H0 (II) There is a significant difference between the perception of the companies and customers regarding the brand line extension products.

### SAMPLING DESIGN

Two studies were taken as basis for this study:

- Brand Equity special on India's most trusted Brands-rankings overall, population, by demographics and by regions, published in the brand equity edition of the economic Times dated 18<sup>th</sup> july, 2009 and,
- Asian Development bank report on giving and fund raises in India.

It was further decided to concentrate on Socio-Economic Categories (SEC) A, B and C that is on the upper three classes of society based on education and occupation. This categorization into A, B and C was done on the basis of research conducted by Market Research Society India (MRSI) which has developed a Socio –Economic classification for understanding the expenditure behavior of Indians. It has developed a Socio-economic classification system for households and individuals which club all the people who are likely to behave similarly. These include:

- SEC A1 and A2 collectively called SEC-A
- SEC B1 and B2 collectively called SEC-B
- SEC –C
- SEC –E1 and E2 collectively called SEC –E

There are in all eight Socio-Economic groups, A1 denotes the upper most and E2 stands for the lowest Socio-Economic class of people in India. This survey was confined to SEC A, B and C in urban India only with a view to focusing on the prime target audience for most consumer branded products. According to Brand Equity (18<sup>th</sup> July, 2001), it is felt that a rural consumer is asked to rate various brands, His ratings would be driven mainly by familiarity or popularity, and again in Brand Equity (18<sup>th</sup> July, 2001) it has been suggested that awareness and usage amongst SEC D and SEC E households is restricted to a small number of brands, hence these two classes are also considered inappropriate to assess the brand failures. The next crucial step was to determine within these three Socio- Economic categories. The idea was to interview all possible consumers who use the brands.

The survey was conducted across four cities of North India ,the cities chosen were based on the survey of Brand Equity on Brands(18<sup>th</sup>, july, 2009):

- Delhi-Metro City of India.
- Ludhiana-Class I City of India ,
- Jammu-Class II City of India and
- Srinagar –Class II City of India

The Average monthly income For SEC-A, SEC, B and SEC-C (AC Nielson) is as :

SEC CATEGORY	AVERAGE MONTHLY HOUSE HOLD INCOME
SEC A	40000
SEC B	25000
SEC C	12000

TABLE I.(a): Average Income

### SAMPLE SIZE

The total sample size of this survey was 1450. This sample size was divided as:

CITY	SAMPLE%	SAMPLE SIZE
DELHI	30	435
LUDHIANA	20	290
JAMMU	20	290
SRINAGAR	30	435

TABLE I( b)SAMPLE SIZE

### SAMPLING METHOD

A stratified random sampling method was used for this study. Field interviews were conducted in the four cities with a proper self administered questionnaire.

### DATA ANALYSIS:

		State				Total
		Delhi	Ludhiana	Jammu	Srinagar	
1		2	3	4	5	6
<b>Product feature</b>	Mean	3.51	3.15	3.64	3.83	3.56
	Std Deviation	1.39	1.40	1.29	1.15	1.31
	Percentile 25	3.00	2.00	3.00	3.00	3.00
	Median	4.00	3.00	4.00	4.00	4.00
	Percentile 75	5.00	4.00	5.00	5.00	5.00
<b>Fit between product &amp; brand name</b>	Mean	3.00	3.11	3.20	3.00	3.06
	Std Deviation	1.23	1.26	1.25	1.17	1.22
	Percentile 25	2.00	2.00	2.00	2.00	2.00
	Median	3.00	3.00	3.00	3.00	3.00
	Percentile 75	4.00	4.00	4.00	4.00	4.00
<b>Brand values</b>	Mean	3.20	3.34	3.42	3.51	3.37
	Std Deviation	1.13	.92	1.03	1.03	1.04
	Percentile 25	2.00	3.00	3.00	3.00	3.00
	Median	3.00	3.00	3.00	3.00	3.00
	Percentile 75	4.00	4.00	4.00	4.00	4.00
<b>Brand Image</b>	Mean	2.76	2.96	2.94	2.96	2.89
	Std Deviation	1.31	1.33	1.26	1.19	1.27
	Percentile 25	2.00	2.00	2.00	2.00	2.00
	Median	3.00	3.00	3.00	3.00	3.00
	Percentile 75	4.00	4.00	4.00	4.00	4.00
<b>Social dimension of Brand image</b>	Mean	2.59	2.66	2.74	2.87	2.71
	Std Deviation	1.25	1.24	1.27	1.18	1.23
	Percentile 25	1.00	1.00	1.00	2.50	1.00
	Median	3.00	3.00	3.00	3.00	3.00
	Percentile 75	4.00	4.00	4.00	4.00	4.00
<b>Marketing support</b>	Mean	2.93	2.91	3.00	3.13	3.00
	Std Deviation	.79	.76	.88	.90	.83
	Percentile 25	2.00	2.00	2.00	2.00	2.00
	Median	3.00	3.00	3.00	3.00	3.00
	Percentile 75	3.00	3.00	3.75	4.00	4.00
<b>Retailer acceptance</b>	Mean	3.34	3.43	3.37	3.51	3.41
	Std Deviation	1.09	.99	1.08	1.03	1.05
	Percentile 25	3.00	3.00	3.00	3.00	3.00
	Median	3.00	3.00	3.00	4.00	3.00
	Percentile 75	4.00	4.00	4.00	4.00	4.00
<b>Risk</b>	Mean	2.72	2.83	2.59	2.65	2.69
	Std Deviation	1.19	1.15	1.10	1.13	1.14

	Percentile 25	2.00	2.00	2.00	2.00	2.00
	Median	3.00	3.00	3.00	3.00	3.00
	Percentile 75	4.00	4.00	3.00	4.00	4.00
<b>Consumer experiences</b>	Mean	3.00	3.07	3.00	3.03	3.02
	Std Deviation	1.29	1.34	1.37	1.28	1.30
	Percentile 25	2.00	2.00	2.00	2.00	2.00
	Median	3.00	3.00	3.00	3.00	3.00
	Percentile 75	4.00	4.00	4.00	4.00	4.00

1		2	3	4	5	6
<b>Pricing</b>	Mean	2.93	3.17	3.06	3.11	3.06
	Std Deviation	1.18	.99	1.17	1.13	1.12
	Percentile 25	2.00	3.00	2.00	3.00	3.00
	Median	3.00	3.00	3.00	3.00	3.00
	Percentile 75	4.00	4.00	4.00	4.00	4.00
<b>Level of advertising</b>	Mean	3.13	3.16	2.96	3.05	3.07
	Std Deviation	1.43	1.33	1.44	1.56	1.45
	Percentile 25	2.00	2.00	2.00	2.00	2.00
	Median	3.00	3.00	3.00	3.00	3.00
	Percentile 75	4.00	4.00	4.00	5.00	4.00
<b>Warranty</b>	Mean	2.41	2.61	2.65	2.50	2.52
	Std Deviation	1.10	1.13	1.08	1.01	1.07
	Percentile 25	2.00	2.00	2.00	2.00	2.00
	Median	2.00	2.00	2.00	2.00	2.00
	Percentile 75	3.00	4.00	3.75	3.00	3.00
<b>Benefits</b>	Mean	3.44	3.27	3.43	3.26	3.35
	Std Deviation	1.10	1.11	1.15	1.14	1.12
	Percentile 25	3.00	3.00	3.00	2.00	3.00
	Median	3.50	3.00	3.00	3.00	3.00
	Percentile 75	4.00	4.00	4.00	4.00	4.00
<b>Culture</b>	Mean	2.90	2.91	2.94	2.99	2.94
	Std Deviation	1.15	1.23	1.29	1.24	1.21
	Percentile 25	2.00	2.00	2.00	2.00	2.00
	Median	3.00	3.00	3.00	3.00	3.00
	Percentile 75	4.00	4.00	4.00	4.00	4.00
<b>Policy &amp; practice</b>	Mean	3.07	3.04	3.02	3.09	3.06
	Std Deviation	1.13	1.03	1.00	.85	1.00
	Percentile 25	2.00	2.00	2.25	3.00	3.00
	Median	3.00	3.00	3.00	3.00	3.00
	Percentile 75	4.00	4.00	4.00	3.75	4.00
<b>Sales Channel</b>	Mean	2.78	2.71	2.74	2.87	2.78
	Std Deviation	1.16	1.15	1.04	.93	1.06
	Percentile 25	2.00	2.00	2.00	2.00	2.00
	Median	2.00	2.00	2.00	3.00	2.00
	Percentile 75	4.00	4.00	4.00	4.00	4.00
<b>Ineffective promotion</b>	Mean	2.99	3.04	3.00	2.84	2.96
	Std Deviation	1.29	1.15	1.17	1.10	1.18
	Percentile 25	2.00	2.00	2.00	2.00	2.00
	Median	3.00	3.00	3.00	3.00	3.00
	Percentile 75	4.00	4.00	4.00	4.00	4.00
<b>Lack of emotional connection</b>	Mean	3.29	3.16	3.16	2.97	3.15
	Std Deviation	1.31	1.26	1.23	1.15	1.24
	Percentile 25	2.00	2.00	2.00	2.00	2.00
	Median	3.00	3.00	3.00	3.00	3.00



	Percentile 75	4.00	4.00	4.00	4.00	4.00
<b>Non- delivery of promises</b>	Mean	2.86	2.79	2.81	2.96	2.87
	Std Deviation	1.25	1.13	1.27	1.30	1.24
	Percentile 25	2.00	2.00	2.00	2.00	2.00
	Median	3.00	3.00	3.00	3.00	3.00
	Percentile 75	4.00	3.00	4.00	4.00	4.00

Table 2: State wise response of factors for Failure of Black Cherry Vanilla Coke

Table 2 provides the descriptive statistics depicting Mean scores, standard deviation, percentile 25, median and percentile 75 for Black cherry Vanilla coke. It can be deduced that the highest mean score means the greater degree of acceptability of factor responsible for brand failure. The percentile 25 represents that 25% of the respondents have opted for option 2 & 1 i.e. the factor “is not responsible at all” and “somewhat responsible” for failure. While percentile 75 % represents that 25 % of the respondents have opted for option 4 & 5 i.e. the factor is “quite responsible” and “very responsible”. The Likert scale for these 19 factors range from 1 to 5 (“not responsible at all” to “very responsible”), it is apparent that the item means lie near the midpoint of this distribution. This suggests that all the factors are indeed a concern for the respondents under study.

	N	Mean	Std. Deviation
<b>Retailer acceptance</b>	237	3.41	1.049
<b>Brand values</b>	240	3.37	1.042
<b>Benefits</b>	218	3.35	1.119
<b>Lack of emotional connection</b>	225	3.15	1.236
<b>Level of advertising</b>	230	3.07	1.447
<b>Fit between product &amp; brand name</b>	240	3.06	1.217
<b>Policy &amp; practice</b>	227	3.06	1.003
<b>Pricing</b>	240	3.06	1.123
<b>Consumer experiences</b>	220	3.02	1.305
<b>Marketing support</b>	227	3.00	.833
<b>Ineffective promotion</b>	227	2.96	1.180
<b>culture</b>	237	2.94	1.214
<b>Brand Image</b>	237	2.89	1.266
<b>Non- delivery of promises</b>	250	2.87	1.243
<b>Sales Channel</b>	250	2.78	1.061
<b>Social dimension of Brand image</b>	220	2.71	1.229
<b>Risk</b>	237	2.69	1.140
<b>warranty</b>	227	2.52	1.074
<b>Grand Mean</b>	199	2.9728	.31922

Table 3: Attribute Importance

The attribute importance provides the response of respondents who were asked to rank the attributes on a scale of 1 to 5, where 1 represents not responsible at all and 5 represents very responsible. The Grand mean for attribute importance is 2.9728.

	Product feature	Fit between product & brand name	Brand values	Brand Image	Social dimension of Brand Image	Marketing support	Retailer acceptance	Risk	Consumer experiences	Pricing	Level of advertising	warranty	Benefits	culture	Policy & practice	Sales Channel	Ineffective promotion	Lack of emotional connection	Non- delivery of promises
Product feature	1	.424 <sup>(**)</sup>	.219 <sup>(**)</sup>	.038	-.030	.106	-.016	-.155 <sup>(*)</sup>	-.356 <sup>(**)</sup>	-.032	-.276 <sup>(**)</sup>	.014	.073	.241 <sup>(**)</sup>	-.200 <sup>(**)</sup>	-.021	-.240 <sup>(**)</sup>	-.216 <sup>(**)</sup>	.401 <sup>(**)</sup>
Fit between product & brand name	.424 <sup>(**)</sup>	1	.295 <sup>(**)</sup>	.095	.192 <sup>(**)</sup>	-.085	-.018	-.165 <sup>(*)</sup>	-.320 <sup>(**)</sup>	-.330 <sup>(**)</sup>	-.324 <sup>(**)</sup>	.079	.031	.077	.166 <sup>(*)</sup>	-.004	.155 <sup>(*)</sup>	-.022	-.097
Brand values	.000	.295 <sup>(**)</sup>	1	.152	.004	.204	.788	.013	.000	.000	.000	.233	.651	.247	.012	.951	.020	.747	.132
Brand Image	.001	.000	.721 <sup>(**)</sup>	.000	.500 <sup>(**)</sup>	.012	-.093	.127	-.349 <sup>(**)</sup>	.121	-.074	.205 <sup>(**)</sup>	-.081	.106	-.101	.218 <sup>(**)</sup>	-.134 <sup>(*)</sup>	-.012	.070
	.001	.000	.000	.000	.000	.856	.161	.057	.000	.061	.275	.002	.236	.112	.128	.001	.043	.856	.281
	.038	.095	.727 <sup>(**)</sup>	1	.622 <sup>(**)</sup>	-.105	-.152 <sup>(*)</sup>	.074	-.356 <sup>(**)</sup>	.007	-.023	.176 <sup>(**)</sup>	-.210 <sup>(**)</sup>	.257 <sup>(**)</sup>	-.038	.327 <sup>(**)</sup>	.114	.260 <sup>(**)</sup>	.174 <sup>(**)</sup>
	.560	.152	.000	.000	.000	.115	.019	.255	.000	.915	.730	.008	.002	.000	.573	.000	.087	.000	.007
Social dimension of Brand Image	-.030	.192 <sup>(**)</sup>	.500 <sup>(**)</sup>	.622 <sup>(**)</sup>	1	-.124	-.198 <sup>(**)</sup>	.079	-.093	-.155 <sup>(*)</sup>	.027	-.189 <sup>(**)</sup>	-.078	.258 <sup>(**)</sup>	.248 <sup>(**)</sup>	.347 <sup>(**)</sup>	.240 <sup>(**)</sup>	-.002	.175 <sup>(**)</sup>
	.655	.004	.000	.000	.000	.066	.003	.241	.171	.022	.695	.005	.261	.000	.000	.000	.000	.975	.009
Marketing support	.106	-.085	.012	-.105	.124	1	.399 <sup>(**)</sup>	-.073	.207 <sup>(**)</sup>	-.091	-.011	-.254 <sup>(**)</sup>	.355 <sup>(**)</sup>	.233 <sup>(**)</sup>	-.174 <sup>(**)</sup>	.033	-.243 <sup>(**)</sup>	-.187 <sup>(**)</sup>	-.041
	.112	.204	.856	.115	.066	.000	.000	.273	.002	.171	.866	.000	.000	.000	.008	.623	.000	.006	.537
Retailer acceptance	-.016	-.018	-.093	-.152 <sup>(*)</sup>	-.198 <sup>(**)</sup>	.399 <sup>(**)</sup>	1	.139 <sup>(*)</sup>	.288 <sup>(**)</sup>	-.012	.337 <sup>(**)</sup>	-.109	.117	.001	.192 <sup>(**)</sup>	-.017	.059	-.139 <sup>(*)</sup>	.005
	.801	.788	.161	.019	.003	.000	.000	.033	.000	.858	.000	.101	.084	.992	.004	.791	.373	.037	.941
Risk	-.155 <sup>(*)</sup>	-.165 <sup>(*)</sup>	.127	.074	.079	-.073	.139 <sup>(*)</sup>	1	.016	.203 <sup>(**)</sup>	.081	.040	-.041	.004	-.019	.189 <sup>(**)</sup>	.054	-.171 <sup>(**)</sup>	-.115
	.017	.013	.057	.255	.241	.273	.033	.000	.815	.002	.221	.547	.545	.948	.777	.009	.419	.010	.077
Consumer experiences	-.356 <sup>(**)</sup>	-.320 <sup>(**)</sup>	-.349 <sup>(**)</sup>	-.356 <sup>(**)</sup>	-.093	.207 <sup>(**)</sup>	.288 <sup>(**)</sup>	.016	1	.099	.267 <sup>(**)</sup>	-.253 <sup>(**)</sup>	.271 <sup>(**)</sup>	-.223 <sup>(**)</sup>	.045	.066	.019	.064	.044
	.000	.000	.000	.000	.171	.002	.000	.815	.000	.142	.000	.000	.000	.001	.509	.331	.781	.360	.515
Pricing	-.032	-.330 <sup>(**)</sup>	.121	.007	-.155 <sup>(*)</sup>	-.091	-.012	.203 <sup>(**)</sup>	.099	1	.129	.162 <sup>(*)</sup>	-.200 <sup>(**)</sup>	-.069	-.270 <sup>(**)</sup>	-.033	.095	-.331 <sup>(**)</sup>	.285 <sup>(**)</sup>
	.622	.000	.061	.915	.022	.171	.958	.002	.142	.000	.056	.015	.003	.304	.000	.613	.155	.000	.000
Level of advertising	-.276 <sup>(**)</sup>	-.324 <sup>(**)</sup>	-.074	-.023	.027	-.011	.337 <sup>(**)</sup>	.081	.267 <sup>(**)</sup>	.129	1	-.002	.162 <sup>(*)</sup>	-.171 <sup>(**)</sup>	-.089	-.008	.190 <sup>(**)</sup>	-.089	-.062
	.000	.000	.275	.730	.695	.866	.000	.221	.000	.056	.000	.980	.018	.009	.186	.901	.005	.192	.351
Warranty	.014	.079	.205 <sup>(**)</sup>	.176 <sup>(**)</sup>	-.189 <sup>(**)</sup>	-.254 <sup>(**)</sup>	-.109	.040	-.253 <sup>(**)</sup>	.162 <sup>(*)</sup>	-.002	1	-.101	-.216 <sup>(**)</sup>	-.186 <sup>(**)</sup>	-.202 <sup>(**)</sup>	-.015	.201 <sup>(**)</sup>	.186 <sup>(**)</sup>
	.833	.233	.002	.008	.005	.000	.101	.547	.000	.015	.980	.000	.136	.001	.005	.002	.823	.003	.005
Benefits	.073	.031	-.081	-.210 <sup>(**)</sup>	.078	.355 <sup>(**)</sup>	.117	-.041	.271 <sup>(**)</sup>	-.200 <sup>(**)</sup>	.162 <sup>(*)</sup>	-.101	1	.011	.259 <sup>(**)</sup>	.101	.209 <sup>(**)</sup>	.059	-.043
	.283	.651	.236	.002	.261	.000	.084	.545	.000	.003	.018	.136	.000	.869	.000	.135	.002	.400	.525
Culture	.241 <sup>(**)</sup>	.077	.106	.257 <sup>(**)</sup>	.258 <sup>(**)</sup>	.233 <sup>(**)</sup>	.001	.004	-.223 <sup>(**)</sup>	-.069	-.171 <sup>(**)</sup>	-.216 <sup>(**)</sup>	.011	1	-.030	.072	-.318 <sup>(**)</sup>	-.092	-.098
	.000	.247	.112	.000	.000	.000	.992	.948	.001	.304	.009	.001	.969	.000	.655	.267	.000	.168	.134
Policy & practice	-.200 <sup>(**)</sup>	.166 <sup>(*)</sup>	-.101	-.038	.248 <sup>(**)</sup>	-.174 <sup>(**)</sup>	.192 <sup>(**)</sup>	-.049	.045	-.270 <sup>(**)</sup>	-.089	-.186 <sup>(**)</sup>	.259 <sup>(**)</sup>	-.030	1	.143 <sup>(*)</sup>	.552 <sup>(**)</sup>	.045	.308 <sup>(**)</sup>
	.002	.012	.128	.573	.000	.008	.004	.777	.509	.000	.186	.005	.000	.655	.000	.031	.000	.508	.000
Sales Channel	-.021	-.004	.218 <sup>(**)</sup>	.327 <sup>(**)</sup>	.347 <sup>(**)</sup>	.033	-.017	.169 <sup>(**)</sup>	.066	-.033	-.008	-.202 <sup>(**)</sup>	.101	.072	.143 <sup>(*)</sup>	1	.226 <sup>(**)</sup>	.176 <sup>(**)</sup>	-.052
	.744	.951	.001	.000	.000	.623	.791	.009	.331	.613	.901	.002	.135	.267	.031	.000	.001	.008	.412
Ineffective promotion	-.240 <sup>(**)</sup>	.155 <sup>(*)</sup>	-.134 <sup>(*)</sup>	.114	.240 <sup>(**)</sup>	-.243 <sup>(**)</sup>	.059	.054	.019	.095	.190 <sup>(**)</sup>	-.015	.209 <sup>(**)</sup>	-.318 <sup>(**)</sup>	.552 <sup>(**)</sup>	.226 <sup>(**)</sup>	1	.078	-.099
	.000	.020	.043	.087	.000	.000	.373	.419	.781	.155	.005	.823	.002	.000	.000	.001	.000	.258	.139
	.227	.227	.227	.227	.220	.227	.227	.227	.220	.227	.220	.227	.218	.227	.227	.227	.227	.215	.227
Lack of emotional connection	-.216 <sup>(**)</sup>	-.022	-.012	.260 <sup>(**)</sup>	-.002	-.187 <sup>(**)</sup>	-.139 <sup>(*)</sup>	-.171 <sup>(**)</sup>	.064	-.331 <sup>(**)</sup>	-.089	.201 <sup>(**)</sup>	.059	-.092	.045	.176 <sup>(**)</sup>	.078	1	.210 <sup>(**)</sup>
	.001	.747	.856	.000	.975	.006	.037	.010	.360	.000	.192	.003	.400	.168	.508	.008	.258	.000	.002
Non- delivery of promises	.401 <sup>(**)</sup>	-.097	.070	.174 <sup>(**)</sup>	-.175 <sup>(**)</sup>	-.041	.005	-.115	.044	.285 <sup>(**)</sup>	-.062	.186 <sup>(**)</sup>	-.043	-.098	-.308 <sup>(**)</sup>	-.052	-.099	.210 <sup>(**)</sup>	1
	.000	.132	.281	.007	.009	.537	.941	.077	.515	.000	.351	.005	.525	.134	.000	.412	.139	.002	.000

Table4:CORRELATIONMATRIX

	Product feature	Fit between product & brand name	Brand values	Brand Image	Social dimension of Brand image	Marketing support	Retailer acceptance	Risk	Consumer experiences	Pricing	Level of advertising	warranty	Benefits	culture	Policy & practice	Sales Channel	Ineffective promotion	Lack of emotional connection	Non- delivery of promises
	.703(a)	.366	.085	.392	.330	.017	.060	.343	.181	.328	.338	.235	.356	.153	.290	.013	.117	.491	.501
	.366	.679(a)	.171	.170	.024	.148	.091	.122	.033	.047	.116	.019	.136	.074	.153	.305	.156	.369	.234
	.085	.171	.756(a)	.337	.433	.460	.371	.295	.349	.053	.410	.373	.127	.258	.223	.290	.317	.119	.061
	.392	.170	.337	.851(a)	.337	.482	.420	.283	.111	.249	.251	.263	.371	.169	.231	.226	.312	.096	.001
	.330	.024	.433	.337	.683(a)	.106	.016	.060	.307	.162	.169	.225	.096	.256	.272	.001	.330	.210	.106
	.017	.148	.460	.482	.106	.761(a)	.496	.153	.313	.111	.615	.373	.222	.196	.060	.303	.165	.300	.102
	.060	.091	.371	.420	.016	.496	.707(a)	.083	.489	.127	.234	.441	.178	.247	.308	.327	.294	.152	.016
	.343	.122	.295	.283	.060	.153	.083	.613(a)	.181	.242	.170	.319	.531	.218	.411	.352	.215	.119	.363
	.181	.033	.349	.111	.307	.313	.489	.181	.776(a)	.037	.359	.378	.145	.205	.196	.374	.199	.318	.204
	.328	.047	.053	.249	.162	.111	.242	.242	.037	.745(a)	.199	.227	.254	.320	.201	.189	.223	.483	.474
	.338	.116	.410	.251	.626(a)	.235	.099	.362	.712(a)	.107	.423	.261	.237	.240	.297	.145	.198	.035	.659
	.235	.019	.373	.698(a)	.235	.099	.362	.712(a)	.107	.423	.261	.237	.240	.297	.145	.198	.035	.659	.741(a)
	.356	.136	.127	.371	.096	.222	.178	.531	.145	.254	.099	.362	.712(a)	.107	.423	.261	.237	.240	.169
	.153	.074	.258	.169	.256	.196	.247	.218	.205	.320	.056	.420	.107	.734(a)	.534	.173	.465	.282	.145
	.290	.153	.223	.231	.272	.060	.308	.411	.196	.201	.140	.376	.423	.534	.762(a)	.182	.314	.266	.248
	.013	.305	.290	.226	.001	.303	.327	.352	.374	.189	.277	.510	.317	.067	.297	.145	.198	.035	.659
	.117	.156	.317	.312	.330	.165	.294	.215	.199	.318	.248	.169	.297	.145	.198	.035	.659	.741(a)	.741(a)
	.491	.369	.234	.061	.001	.106	.102	.363	.204	.474	.472	.169	.297	.145	.198	.035	.659	.741(a)	.741(a)
	.501	.501	.501	.501	.501	.501	.501	.501	.501	.501	.501	.501	.501	.501	.501	.501	.501	.501	.501

# ANALYSIS OF BLACK CHERRY VANILLA COKE

Table 4 gives us the correlation matrix and indicates the close correlation between the various attributes.

<b>Kaiser-Meyer-Olkin</b>		<b>Measure of Sampling Adequacy.</b>	<b>.665</b>
<b>Bartlett's Test of Sphericity</b>		<b>Approx. Chi-Square</b>	3661.737
		<b>df</b>	171
		<b>Sig.</b>	.000

Table 5: KMO and Bartlett's Test

Table 5 gives the Kaiser-Miller olkin test (KMO) and Bartlett's Test of sphericity. Kaiser-Miller olkin test (KMO) measure of sampling adequacy tests the partial correlations among the variables are small or not. Since the value of KMO is 0.665 which is “middling”. This suggests sufficient sample size relative to the items in our scale. Bartlett's Test of sphericity for the 19 item correlation matrix is highly significant thus the correlation matrix is not identical. Thus, the correlation matrix (table 4) is factorable and there are some underlying dimensions that may explain the variance of 19 items. The output of Anti image correlation matrix (AIC) is given in table 6. Examining the diagonal elements of the AIC, the Measures of sampling Adequacy (MSA) are “meritorious” according to Kaiser (1974) criteria. While the off diagonal elements of AIC that all the pairs of factors the absolute values of the negatives of the partial correlation are very low. Thus the MSA statistics suggest not dropping any factors and correlation matrix is factorable.

	<b>Initial</b>	<b>Extraction</b>
<b>Product feature</b>	1.000	.514
<b>Fit between product &amp; brand name</b>	1.000	.445
<b>Brand values</b>	1.000	.516
<b>Brand Image</b>	1.000	.709
<b>Social dimension of Brand image</b>	1.000	.601
<b>Marketing support</b>	1.000	.344
<b>Retailer acceptance</b>	1.000	.306
<b>Risk</b>	1.000	.162
<b>Consumer experiences</b>	1.000	.460
<b>Pricing</b>	1.000	.390
<b>Level of advertising</b>	1.000	.417
<b>warranty</b>	1.000	.642
<b>Benefits</b>	1.000	.397
<b>Culture</b>	1.000	.412
<b>Policy &amp; practice</b>	1.000	.468
<b>Sales Channel</b>	1.000	.352
<b>Ineffective promotion</b>	1.000	.471
<b>Lack of emotional connection</b>	1.000	.081
<b>Non- delivery of promises</b>	1.000	.263

Table 7: Communalities

In Table 7 Principal Component Analysis method (PCA) was used to derive the factors. The communalities figure indicates the variance explained for various attributes.

<b>Component</b>	<b>Initial Eigen values</b>			<b>Extraction Sums of Squared Loadings</b>			<b>Rotation Sums of Squared Loadings</b>		
	<b>Total</b>	<b>% of Variance</b>	<b>Cumulative %</b>	<b>Total</b>	<b>% of Variance</b>	<b>Cumulative %</b>	<b>Total</b>	<b>% of Variance</b>	<b>Cumulative %</b>
1	2.909	15.313	15.313	2.909	15.313	15.313	2.885	15.182	15.182
2	2.568	13.516	28.829	2.568	13.516	28.829	2.547	13.407	28.590
3	2.471	13.007	41.836	2.471	13.007	41.836	2.517	13.247	41.836

4	1.980	10.423	52.259						
5	1.583	8.332	60.591						
6	1.325	6.976	67.567						
7	1.106	5.821	73.388						
8	.990	5.212	78.600						
9	.799	4.205	82.806						
10	.688	3.621	86.427						
11	.658	3.463	89.890						
12	.557	2.932	92.822						
13	.458	2.412	95.235						
14	.280	1.473	96.708						
15	.236	1.242	97.950						
16	.150	.789	98.738						
17	.118	.619	99.357						
18	.076	.403	99.760						
19	.046	.240	100.000						

Table 8: Total Variance Explained

Table 8 presents SPSS for Windows output indicating the total amount of variance in the factors that is explained by 19 extracted factors. The total number of possible principal components is exactly same as the number of factors in the correlation matrix being examined (i.e. total of column 2 of table 8 is 19). Dividing each of these Eigen values in column 2 of the table 8 by total amount of variance ( $s^2=19$ ) gives the variance in the factor that is explained by a particular component. These are summarized as percentages in column 3 of the table 8. The first component explains the largest amount of variance (15.313%) and the last component explains the least amount of variance (.240%). Principal component Analysis always explains the variance in decreasing importance. The fourth column of table 8 gives cumulative percentage of variance that is extracted by each of the components. The first 3 principal components have extracted 41.836% of the variance. After first three components the increment in the amount of variance extracted by the remaining 16 components is relatively small. Table 8 also presents final Eigen Values after extraction .And it indicates that in PCA of the total variance in the attributes can be explained by three extracted components, with factor 1 explaining 15.313% variance, Factor 2 explaining 13.516% variance and factor 3 explaining 13.007% total variance.

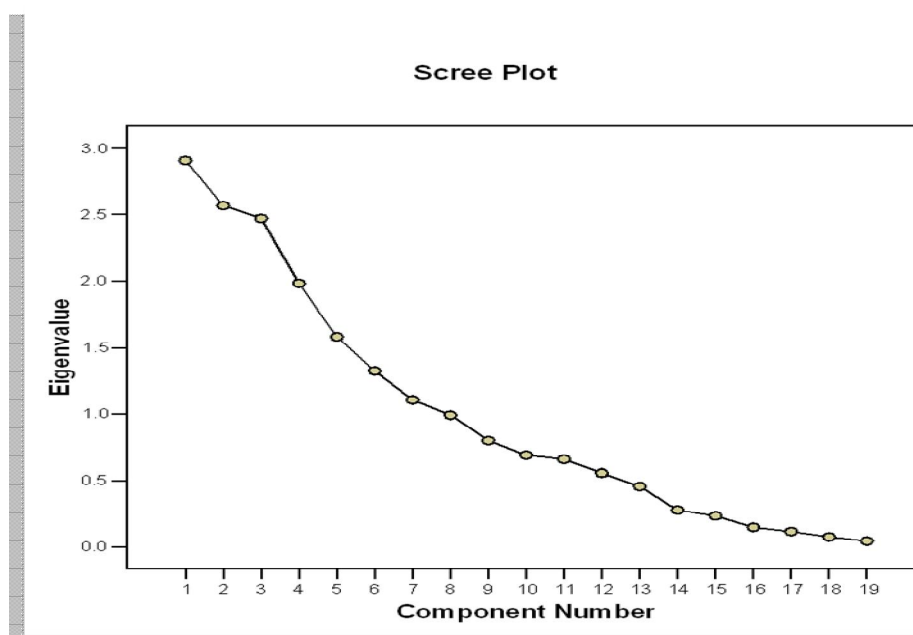


Figure 1: SCREE PLOT

Figure 1 gives SPSS generated Scree Plot for the 19 factors using PCA. After examining it was seen that three factors are being extracted which account for the maximum of variance in the 19 attributes. This Plot further substantiates the Criterion Eigen value >1 in table 8.

	Component		
	1	2	3
Product feature	-.070	-.395	-.594
Fit between product & brand name	.398	-.252	-.472
Brand values	.613	-.362	.094
Brand Image	.689	-.301	.379
Social dimension of Brand image	.765	.087	.093
Marketing support	-.082	.240	-.529
Retailer acceptance	-.173	.513	-.111
Risk	.015	.259	.307
Consumer experiences	-.247	.618	.128
Pricing	-.251	-.244	.517
Level of advertising	-.095	.460	.443
warranty	.004	-.677	.429
Benefits	.272	.447	-.351
culture	.220	-.176	-.577
Policy & practice	.532	.420	-.094
Sales Channel	.538	.238	.077
Ineffective promotion	.467	.360	.351
Lack of emotional connection	.140	.008	.248
Non- delivery of promises	-.456	-.162	.167

Table 9: Component Matrix

Table 9 summarizes the unrotated factor loadings for attributes 1 to 19 for three factors or unrotated principal components. These loadings indicate the extent to which these attributes correlate with the three factors. However; it was difficult to interpret the three extracted factors. Thus, these factors loading were rotated.

	Component		
	1	2	3
Product feature	.792	-.057	-.688
Fit between product & brand name	.301	-.004	-.595
Brand values	.497	.459	-.241
Brand Image	.595	.495	.009
Social dimension of Brand image	.763	.137	-.016
Marketing support	.432	-.517	-.276
Retailer acceptance	-.033	.501	.232
Risk	.094	-.017	.391
Consumer experiences	-.068	-.456	.497
Pricing	-.291	.448	.324
Level of advertising	.046	.633	-.116
warranty	-.163	.784	-.037
Benefits	.081	-.504	.337
culture	-.147	-.161	.604
Policy & practice	.622	-.279	.063
Sales Channel	-.034	.584	.098
Ineffective promotion	-.019	.557	.401
Lack of emotional connection	-.145	.168	.178
Non- delivery of promises	-.477	-.136	.127

Table 10: Rotated Component Matrix (a)

Table 10 shows the rotated factor loadings for the 19 attributes. This output was obtained by rotating the output given in table 9 using Varimax rotation method with Kaiser Normalization. The rotation was converged in 6

iterations. Since each attribute loads more strongly on a single factor and each factor has high or meaningful loadings only for some of the attributes, table 11 was compiled.

FACTORS	FACTOR LOADING		
	1	2	3
<b>POSITIONING FACTORS</b>			
Product feature	.792		
Fit between product & brand name	.301		
Brand values	.497		
Brand Image	.595		
Social dimension of Brand image	.763		
Marketing support	.432		
Policy & practice	.622		
<b>COMMUNICATION FACTORS</b>			
Retailer acceptance		.501	
Pricing		.448	
Level of advertising		.633	
warranty		.784	
Ineffective promotion		.557	
Sales Channel		.584	
<b>EXPECTATION FACTORS</b>			
Benefits			.337
culture			.604
Risk			.391
Consumer experiences			.497
Lack of emotional connection			.178
Non- delivery of promises			.127

Table 11: Factor Loading

Table 11 gives the complete details of the attributes being loaded on each factor along with factor loadings.

### PERCEPTUAL MAPPING

ATTRIBUTES	Component		
	Positioning	Communication	Expectation
Product feature	.792	-.057	-.688
Fit between product & brand name	.301	-.004	-.595
Brand values	.497	.459	-.241
Brand Image	.595	.495	.009
Social dimension of Brand image	.763	.137	-.016
Marketing support	.432	-.517	-.276
Retailer acceptance	-.033	.501	.232
Risk	.094	-.017	.391
Consumer experiences	-.068	-.456	.497
Pricing	-.291	.448	.324
Level of advertising	.046	.633	-.116
warranty	-.163	.784	-.037
Benefits	.081	-.504	.337

<b>Culture</b>	-.147	-.161	.604
<b>Policy &amp; practice</b>	.622	-.279	.063
<b>Sales Channel</b>	-.034	.584	.098
<b>Ineffective promotion</b>	-.019	.557	.401
<b>Lack of emotional connection</b>	-.145	.168	.178
<b>Non- delivery of promises</b>	-.477	-.136	.127

Table12: Average Factor Scores of Attributes

Table 12 gives average factor scores for all the attributes which is used for building perceptual maps.

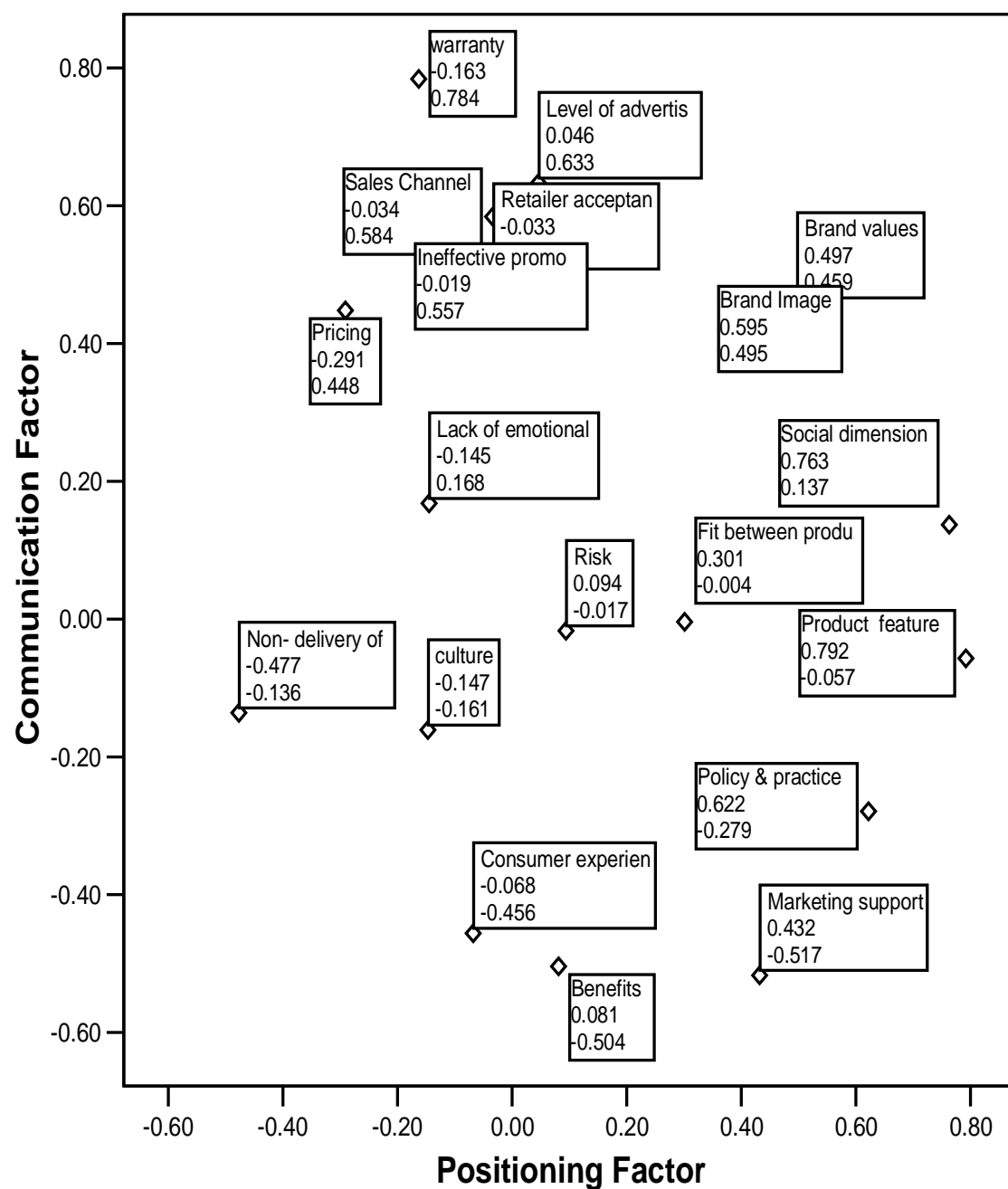


Figure 2: Perceptual Map



Figure 2 gives the perceptual map for Dimension I (Positioning Factor) and Dimension II (Communication Factor).The coordinates of all the points that are displayed on the perceptual map for the attributes represent their factor scores with respect to the two major axes Positioning Factor and Communication Factor. From the figure it is observed that four clusters are existing, cluster one comprises six attributes of communication Factor. The second cluster has four attributes which belong to expectation factor. The third cluster comprises five attributes which are positioning factor .And the fourth cluster four attributes two of which belong to positioning factor and two belong to expectation factor.

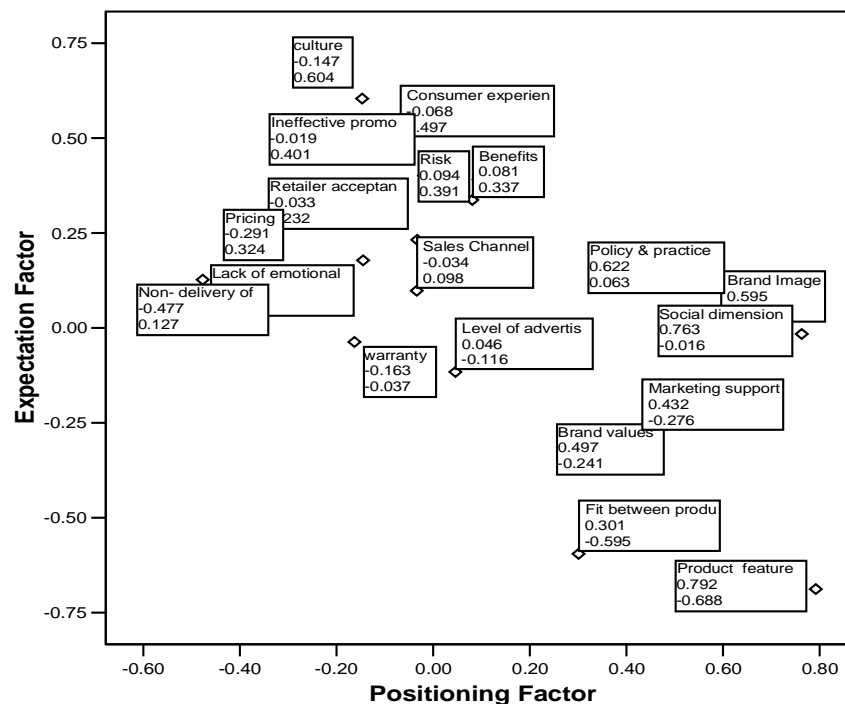


Figure 3: Perceptual Map

Figure 3 gives the perceptual map for Dimension I(Positioning Factor) and Dimension III(Expectation Factor).The coordinates of all the points that are displayed on the perceptual map for the attributes represent their factor scores with respect to the two major axes Positioning Factor and expectation Factor. From the figure it is observed that three clusters are existing, cluster one comprises nine attributes six of which belong to Expectation Factor and three are communication factor. The second cluster has six attributes three of which belong to communication factor and three belong to positioning factor. The third cluster comprises four attributes which are positioning factor.

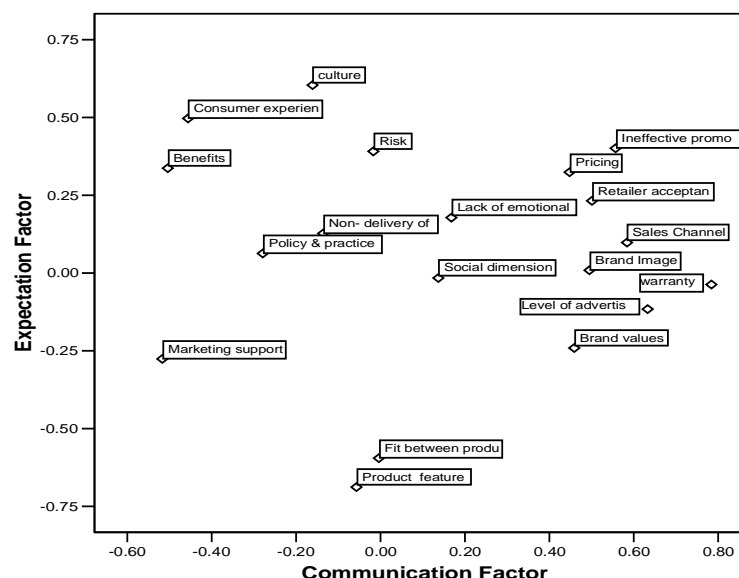


Figure4:Perceptual Mapping

Figure 4 gives the perceptual map for Dimension II (Communication Factor) and Dimension III (Expectation Factor). The coordinates of all the points that are displayed on the perceptual map for the attributes represent their factor scores with respect to the two major axes communication Factor and expectation Factor. From the figure it is observed that four clusters are existing, cluster one comprises four attributes of Expectation Factor. The second cluster has twelve attributes six of which belong to communication factor, four attributes are positioning factor and two attributes are expectation factor. The third cluster comprises two attributes of positioning factor. And the fourth cluster has one attribute which belong to positioning factor.

## **CONCLUSION**

### **Objectives of The Research And Their Achievement**

Objective 1: To identify the factors which have led to brand failure of the brands under study.

The first objective of the study was to identify the factors which have led to brand failures under study. After looking at the results of factor analysis there were three prominent factors that were the main cause of brand failures:

- Factor 1: Positioning factors
- Factor 2: Communication factors
- Factor 3: Expectation factors.

These factors comprise following attributes:

- 1) **POSITIONING FACTORS:**
  - i) Product feature
  - ii) Fit between product & brand name
  - iii) Brand values
  - iv) Brand Image
  - v) Social dimension of Brand image
  - vi) Marketing support
  - vii) Policy & practice
- 2) **COMMUNICATION FACTORS:**
  - i) Retailer acceptance
  - ii) Pricing
  - iii) Level of advertising
  - iv) Warranty
  - v) Sales Channel
  - vi) Ineffective promotion
- 3) **EXPECTATION FACTORS:**
  - i) Culture
  - ii) Risk
  - iii) Consumer experiences
  - iv) Benefits
  - v) Lack of emotional connection
  - vi) Non- delivery of promises

By understanding this composition of factors, it is easier to concentrate on these attributes while formulating brand related strategies.

Objective 2: To assess the underlying perceptions developed by consumers in emerging markets regarding as to why brands fail.

From the data collected for brand of Cold drink it is concluded that three dimensions explain cumulative Variance. Hence three dimensional maps explain enough variance and three dimensional cases were developed.

Dimensions of the perceptual map are the dimensions or axes of the Euclidean space in which attributes of the brands are represented. The axes represent the underlying factors that attributes and characterize how

consumers distinguish between various factors responsible for failure. Here we have Dimension I-positioning factor, Dimension II-Communication Factor and Dimension III-Expectation Factor.

Based on the results we conclude that consumers perceive Consumer Experiences and Product feature (Positioning and Expectation factors) the most important for causing failures in case of cold Drinks. Hence more focus should be on these attributes when a company intends to extend its brand.

Objective 3: To compare the brand failures vis-à-vis ideal brand concept in terms of consumer acceptance/importance using perceptual maps.

Based on the data from all the perceptual maps, it is concluded that the space around ideal brand concept is empty and the companies have to understand their consumers in a better way to avoid brand failures. Hence products launched should focus on all the important attributes which form clusters in the perceptual maps i.e. attribute which are the most important as perceived by the consumers.

Objective 4: To formulate an optimal strategy to avoid brand mistakes and escape brand failures.

The results of this research indicate the areas where the companies need to concentrate while launching a new product. Based on this research it is concluded that the main focus is consumer behavior. Hence the optimal strategy to avoid brand mistakes is one which is effective and only the marketing strategy based on consumer behavior can be effective. Thus companies should read there consumers well before any innovation of the products.

### **Validity of The Hypotheses Tested**

To set direction to the research two hypotheses were formulated to be tested which were phrased as in the "NULL "form.

The following hypotheses have been laid down as Null Form:

- H0 (I): There is significantly no linear correlation between the different characteristics of the brand failures.

As the present research has proved that in cold Drink factor analysis was possible and reliable outcome was achieved. Hence the hypotheses stands vindicated and Accepted.

- H0 (II): There is a significant difference between the perception of the companies and customers regarding the brand line extension products.

The results of the research clearly indicate that the factors which the companies perceive responsible for failure of the brand line extension that is: positioning Factor, communication Factor and Expectation factor are also perceived as responsible failure factors by the consumers.

Accordingly the hypotheses stands rejected.

### **SOME SUGGESTIONS**

A brand line extension strategy is not for every company. Following are the few important suggestions among the various suggestions of the present research:

- Extension brand should be developed with characteristics that clearly differentiate it from the established product. However; these attributes should be credible and required by the consumers.
- Brands to be developed should concentrate on three major factors which include Positioning factor, Communication factor and Expectation factor.
- Brands developed should be differentiated products and consumers should perceive it.
- The net combined sales of the established product and the line extension product be greater than sales of the established product alone.

- In order to avoid brand failures and have acceptance of the brand extensions, companies should have well planned market entry strategy.
- It is strongly suggested that companies should develop and generate deep consumer insight with regard to their brands. This can be achieved by conducting in depth individual interviews with consumers before launch of extension products.
- It is also suggested that proper promotional plans should be followed by the companies for launch of product extensions.
- The companies' should try to make their consumers well informed about their policies about any change in the products.
- The ultimate aim of the company should be to save the image of the parent brand.

Successful brand line extensions are not entirely new products; they are simply new branches on the main plant. In order to optimize the power of the overall brand, line extensions have to make sense, be part of a long-term plan and reflect the core images and message of the brand.

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## **AN EVALUATION OF EMPLOYEE COMMITMENT AND JOB PERFORMANCE IN A PUBLIC SECTOR SETTING**

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### **ABSTRACT**

*Every organization needs full level of employee commitment in order to have outstanding job performance. This study seeks to ascertain the level of employee commitment and job performance in the public sector setting. The study employed a survey research method to collect data from employees of the Ministry of Public Service, Uganda. A total of 162 or 57.8 per cent of were sampled out of a population of 280 employees in the Ministry. Descriptive statistical tools were used to measure the study variables. The study revealed the existence of employee commitment and job performance in the Ministry though at a lower level. It is suggested that not only employee commitment is important for organizational success but also can enhance higher level of job performance.*

*Keywords: employee commitment, job performance, Uganda*

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### **INTRODUCTION**

Higher level of employee commitment is assumed a major reason for better job performance. Employee commitment is a critical factor in understanding and explaining work-related behaviors of employees especially intensity, stability and dedication to the organization (Mester et. al. 2003). Sullivan and Arthur (2006) show recent changes of the employment market in the global economy have increased the need for committed skilled employees. Singh and Singh (2010) contend that employee commitment is a way of making use of the available human in any organization. This is borne out of the fact that commitment comes into being when a person, by making a side bet, links extraneous interests with a consistent line of activity. This means an employee commitment therefore, is seen in the nature of the relationship an employee has with the system as a whole. Essentially employee commitment relates to the behavior of the individual to act willingly for intended positive outcomes. This is achieved through compliance and internalization of the personal and organizational goals (Beheshtifar & Herat, 2013) which requires psychological attachment with a strong belief in, and acceptance of the organizations' values (Lamba & Choudhary, 2013). It follows then that employee commitment is an indication of membership of the organization with a special predictive potential concerning performance and related outcomes even in the current position. Importantly, employee commitment integrates the goals of the organization and those of the individual producing several favorable organizational outcomes. It is important for an organization to have committed employees because high levels of employee commitment lead to several favorable organizational outcomes. Biljana (2004) stated that the commitment of employees can be used to predict employee job performance. Rajendran and Radvan (2005) opined that greater employee commitment can aid higher job performance.

Much as there are substantial body of evidence demonstrating the benefits of a strongly committed workforce (Meyer & Maltin, 2010), such evidences are lacking in Uganda's context even in terms of job performance. Indeed, meta-analytic review of these evidences demonstrates employees who are committed to an organization are more likely to perform effectively (Cooper-Hakim & Viswesvaran, 2005). In addition, the researcher observed [after all, much of what we know comes from observation (Cooper & Schindler, 2003)] that employees often leave out of office, and fail to accomplish assigned tasks, perhaps due to excess indifference or lack of commitment. The researcher equally observed that quite a number of departments and units' reports were enough to show job performance is far short of their optimality. It was therefore, considered pertinent to evaluate the level of employee commitment and job performance in the public sector setting using Ministry of Public Service (MoPS) in Uganda as a study unit.

Having identified the problem within Ugandan context, the study sets out to achieve the following objectives: i) to assess the employee level of commitment to their work; and ii) to examine the level of job performance in the Ministry. Thus, to facilitate effective realization of the aforementioned research objectives, the following research questions are posed: i) to what extent are the employees committed to their work; and ii) what is the level of job performance of employees in the Ministry?

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**LITERATURE REVIEW****Employee commitment**

Commitment is a state of being in which an individual becomes bound by his/her own action and through these actions to beliefs that sustains the activity of his/her own conduct. Meyer et. al. (2006) note commitment has both cognitive and effective elements. The cognitive elements are the behavioral terms and the affective element comprises whatever feelings due to specific mindsets. Meyer and Herscovitch (2001) believe the core essence of commitment is the force that binds an individual to a course of action relevant to a particular target. Michelle D. Soliven (quoted in Tolentino, 2013) sees commitment strongly as a sacred covenant, without which life is imaginable. According to Newstrom and Davis (2002), employee commitment is the degree to which an employee identifies with the organization and wants to continue actively participating in it. It often reflects the employee belief in the mission and goals of the organization, willingness to expend effort in their accomplishment, and intention to continue working there. From the above, it is clear that employee commitment is the relative strength of an individual's identification with and involvement in a particular organization. This is the definition of employee commitment the researcher considers for the study.

Employee commitment is founded on three dimensions of compliance, identification and internalization. Ahmad and Rainey (2013) elaborate by indicating that compliance centralize about the employee who accepts the rules and influence of people in authority mainly to benefit from them, in terms of remuneration and promotion. Identification occurs when an employee feel close connection with his/her organization to maintain a self defined relationship as a consequence of desire for the affiliation with the organization. Internalization takes place when there is value congruence between the employee and the organization. From these bases of the foundation, employee commitment concerns emotional attachment to, identification with, involvement in, and enjoyment of membership of the organization (Meyer et. al. 2004).

In the literature, employee commitment has been analyzed as a predictor of various employee outcomes (Elizar & Koslowsky, 2001) including job performance (Powell & Meyer, 2004). Further, the literature also suggests that employees enhance their commitment towards the organization when the organization meets their expectations that fulfill individual needs (Malhorta, 2007). According to Garcia-Cabrera and Garcia-Soto (2011), whatever the interpretation, commitment leads, in some way, to increased organizational effectiveness, which is thus something worth developing in employees. Therefore, employee commitment seems to be of decisive importance for an organization to get competitive advantage in terms of job performance.

**Job performance**

Performance is not a single unified construct but a multidimensional one consisting of more than one kind of behavior making it a complicated factor. Performance can be defined as a behavior exhibited or something done by an individual. According to Onukwebe et. al. (2012), job performance is the behavior that can be evaluated in terms of the extent to which it contributes to the organizational effectiveness. That is behavior and outcomes that employee engage in or bring about linked with and contribute to organizational goals. It is clear from the definition that job performance is related to the extent to which an employee is able to accomplish the tasks assigned to him/her and how the accomplished task contributes to the realization of the organizational goals.

**Employee commitment and job performance**

Previous studies on the level of employee commitment and job performance in the public sector organizations have yielded differing results. However, an impressive amount of research efforts have been conducted to understanding the concepts and to identify their implications in the work place. Mosadeghrad's (2003) study shows that organizational success in terms of achieving prime goals is based on employee commitment. Owen (2006) found in his study that committed employees lead to higher organizational performance. Bakan et. al. (2011) show that the success of an organization depends not only on how the organization makes the most human competences, but also how it encourage commitment to an organization. Dixit and Bhati (2012) examined the impact of employee commitment on sustained productivity in India Auto-component industry. They found a positive signal of the employees revealing the commitment and attachment of employees to the organization. Becker, (2001) found employee commitment has outcomes relevant to job performance and in many cases, to the organization as a whole. Qureshi et. al. (2012) found that job performance is 58 per cent correlated to organizational commitment meaning bringing 1 per cent change in improvement of performance in job make employees 58 per cent committed to the organization.

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## **METHODOLOGY**

### **Research Design**

The study adopted a survey research method (otherwise called communication approach) which involves surveying people and recording their responses for analysis (Cooper & Schindler, 2003). Only a single case study was conducted in a government ministry because it is particularly appropriate for individual researchers as it gives opportunity for an aspect of a problem to be studied in some depth within a limited time scale. According to Bell (2004) the great strength of the case study method is that it allows the researcher to concentrate on a specific instance or situation and to identify, or attempt to identify, the various interactive at work. After all, sometime it is only by taking a practical instance that we can obtain a full picture of this interaction.

### **Research Population, Sample size and Sampling Procedure**

At the time of the study, the Ministry had 08 departments and 280 numbers of public employees. Krejcie and Morgan's table of sample size determination was used to determine the sample size for the study (Amin, 2005). According to the table, a population of 280 has a sample size of 162. Since employees of the Ministry can be divided into departments, random sampling was applied in selecting the staff to form the study sample size. Specifically, 21% of the employees were proportionately selected from each department. Owojori (2002) maintain that a sample size that is not less than 10% of the study population is a good representative of the population. 162 questionnaires were distributed and a total of 158 were received making a response rate of 97.5 per cent. Of these returns only 155 were used for further analysis. Three questionnaires were discarded because they had some questions unanswered.

### **Research Data and Instrument for Data Collection**

Primary data is most suitable for this kind of study for which a closed-ended questionnaire was designed for the purpose of data collection from the target population. Hair et. al. (2000) identified interview and questionnaire as the main instruments used in generating data in a survey. In a study on employee commitment among employees of Turkey conducted by Bakan et.al. (2011) questionnaire instrument was used to gather primary data from 269 employees. While measuring organizational commitment and job performance, Tolentino (2013) used questionnaire to collect data from 248 academic and administration personnel of the Chartered Universities in Manila.

### **Measurement of Research Variables**

The entire variables used in the study were developed from previous studies. For employee commitment reference was made to a study by Jaros (2009) on measurement issues about the Meyer and Allen model of organizational commitment. The eight-factor model of performance developed by J.P Campbell (quoted in Mawoli & Bandandako, 2011) was majorly used to measure job performance. The variables were then measured using nominal scale the 5 point Likert type rating scale, ranging from 1 ("strongly disagree") to 5 ("strongly agree") to record their answers. Specifically, the respondents were asked to rate each one of the 15 items on employee commitment scale and each one of the 8 items on job performance scale. The rating depended on the questions items in the questionnaire to which the respondents indicated their opinion about each one of them.

### **Analytical procedure (statistical analysis)**

Prior to statistical analysis, all questionnaire data were computer-coded for use with the Statistical Package for Social Sciences (SPSS) for windows (ver.16). Then since the main aim is to ascertain the level of employee commitment and job performance, the responses were evaluated and used to compute descriptive statistics (frequency, weighted score, means, standard deviation) for each of the itemized variables. A single index (in form of grand mean) was obtained in respect of employee commitment and job performance. Consequently, any score (mean and/or grand mean) between 1.00 to 1.99 was considered as an indication of *very low* employee commitment and job performance; 2.00 to 2.99 was an indication of *low* employee commitment and job performance; 3.00 to 3.49 was an indication of *moderate* employee commitment and job performance; 3.50 3.99 was an indication of *high* employee commitment and job performance; and 4.00 to 5.00 was considered to be *very high* employee commitment and job performance.



**DATA PRESENTATION AND ANALYSIS****Reliability Test**

Before doing other analysis, the reliability analysis was conducted using Cronbach's alpha method. Cronbach's alpha measures the average of measurable items and its correlation, and if the result is generally above 0.5 (or 50 per cent); it is considered to be reliable (Amin, 2005). The results are in Table 1.

**Table 1: Sample Alpha of the Study Variables**

Factor	Number of items	Cronbach Alpha
Employee commitment		0.82
Job performance		0.81

As can be seen from Table 1, reliability coefficients for the two variables exceeded 0.80. Analysis revealed that employee commitment scale is reliable by 0.82 per cent and job performance by 0.81 per cent.

**Socio-demographic characteristics of the Respondents**

The administration of the questionnaires resulted in 155 useable returns whose respondents' socio-demographic characteristics are presented in Table 2.

**Table 2: Profiles of the Respondents (n=155)**

Variable	Category	Frequency	Percent	Valid percent	Cumulative percent
Gender	Male	59	38.1	38.1	38.1
	Female	96	61.9	61.9	100.0
Age	20-30	39	25.2	25.2	25.2
	31-41	65	41.9	41.9	67.1
	42-52	42	27.1	27.1	94.2
	53+	9	5.8	5.8	100.0
Marital status	Married	86	55.5	55.5	55.5
	Single	37	23.9	23.9	79.4
	Divorced/separated	26	16.8	16.8	96.2
	widowed	6	3.8	3.8	100.0
Qualification	Certificate	12	7.7	7.7	7.7
	Diploma	41	26.4	26.4	34.1
	Bachelor	92	59.4	59.4	93.5
	Post graduate	10	6.5	6.5	100.0
Work experience	2-5 years	30	19.4	19.4	19.4
	6-9 years	24	15.5	15.5	34.9
	10-15 years	74	47.7	47.7	82.6
	16+ years	27	17.4	17.4	100.0

Results in Table 2 indicate 155 respondents were used for the study. When asked to specify their gender 59(38.1 per cent) were *males* and 96(61.9 per cent) were *females*. Regarding their age, 39 (25.2 per cent) were between 20-30 years, 65(41.9 per cent) were between 31-40 years, 42(27.1 per cent) were between 42-52 years, and 9(5.8 per cent) were *over 52 years*. On their marital status, the respondents responded as follows: 86(55.5 per cent) were *married*, 37(23.9 per cent) were *singles*, 26(16.8 per cent) either *divorced* or *separated*, and only 6(3.8 per cent) were *widowed*. When asked to specify their highest educational level, the following was reported: *certificate holders* 12(7.7 per cent), *diploma holders* 41(26.4 per cent), *bachelor degree holder* 92(59.4 per cent) and *post graduate* 10(6.5 per cent). Of all the respondents, when asked to specify their work experience, the following was reported: 2-5 years 30(19.4 percent), 6-9 years 24(15.5 per cent), 10-15 years 74(47.7 per cent). While the remaining 27(17.4 per cent) had been in service for more than 15 years.

**Extent of the level of employee commitment in the Ministry**

The study investigated the level of employee commitment and job performance in MoPS. A scale for each component was constructed by averaging the responses across all relevant items using *compute* mean option for windows programme. Analysis revealed the mean scores for each of the 15 items/determinants of employee commitment as indicated in the table below.

**Table 4: Respondents Level of Commitment at Work**

Statement item	Mean	Standard Deviation	Ranking
1. Feeling of pride for being part of the Ministry	2.11	1.148	12
2. Being an integral part of the Ministry	2.40	1.411	11
3. Experience pleasure while at work	2.92	1.112	2
4. Willingness to work hard	2.60	1.326	8
5. Recommending others to join the Ministry	2.64	1.372	7
6. Liking for continuous stay with the Ministry	2.80	1.218	4
7. Endeavor in favor of the Ministry	2.52	1.190	9
8. Reluctance to change colleagues	2.91	1.258	3
9. Reluctance to leave even with greater incentives	2.44	1.195	10
10. Speaking positively about the Ministry	2.98	1.203	1
11. Ministry is of great personal meaning to me	2.66	0.470	6
12. Enjoy discussing the Ministry to others	2.64	1.490	7
13. Emotionally attached to the Ministry	2.07	1.381	13
14. Loyalty to the Ministry	2.79	1.530	5
15. Ministry's problems are my own	1.49	1.249	14
<b>Overall</b>	<b>2.53</b>	<b>1.249</b>	

Results in Table 4 show that on a five-point Likert scale, the mean score for taking the Ministry's problem as own is 1.49 (SD=1.461). This indicates *very low* employee commitment. In descending order, the mean score for emotionally attached to the Ministry is 2.07 (SD=1.381), feeling of pride for being part of the Ministry is 2.11 (SD=1.148), being an integral part of the Ministry is 2.40 (SD=1.411), reluctance to leave even with greater incentives is 2.44 (SD=1.195), endeavor in favor of the Ministry is 2.52 (SD=1.190), willingness to work hard is 2.60 (SD=1.326), enjoy discussing the Ministry to others and recommending others to join the Ministry is 2.64 (SD=1.372), Ministry is of great personal importance to me is 2.66 (SD=.470), loyalty to the Ministry is 2.79 (SD=1.530), liking for continuous stay with the Ministry is 2.80 (SD=1.218), reluctance to change colleagues is 2.91 (SD=1.258), experience pleasure while at work is 2.92 (SD=1.112), and speaking positively about the Ministry is 2.98 (1.203). These indicate *low* employee commitment. Overall average indicates a mean of 2.53 (SD=1.249) which implies *low* employee commitment in the Ministry.

#### Level of Job Performance in the Ministry

As part of the study, it was considered pertinent to ascertain the level of job performance in the Ministry as shown in Table 4 below.

**Table 4: Respondents Level of Job Performance**

Statement item	Mean	Standard Deviation	Ranking
1. Willingness to help work mates	1.94	1.090	7
2. Exerts maximum effort in work	2.74	1.279	3
3. Comprehensively communicate about work	2.94	0.851	1
4. Devoted to no specific tasks as well	2.46	0.505	4
5. Handle core substantive tasks diligently	2.41	0.948	5
6. Strict observance of personal discipline to work	2.90	1.337	2
7. Responsive supervision	2.94	0.851	1
8. Collaborative managerial role play	2.23	1.278	6
<b>Overall</b>	<b>2.20</b>	<b>1.017</b>	

From the results in Table 4, on a five-point scale, data analysis revealed a mean score of 1.94 (SD=1.090) "willingness to help work mates". This shows a *very low* level of job performance. Seven indicators in an ascending order of responsiveness supervision and comprehensively communicate about work (Mean=2.94, SD=0.851), strict observance of personal discipline to work (Mean=2.90, SD=1.337), exerts maximum effort in work (Mean=2.74, SD=1.279), devoted to no specific tasks as well (Mean=2.46, SD=0.505), handle core substantive tasks diligently (Mean=2.41, SD=0.948), collaborative managerial role play (Mean=2.23, SD=1.278) indicate *low* level of job performance. On the average job performance on the basis of employee commitment is *low* (Grand mean=2.20).

## DISCUSSION OF FINDINGS

Having set out to determine the level of employee commitment and job performance in MoPS, the study found that there was *low* level of employee commitment in the Ministry. This situation has proven to be the cause of strenuous negative impact on job performance of the employee which was also found to be of *low* level as well. Impliedly, there is a need for the Ministry to boost commitment of its employees as shown by Cheng and Stockdale (2003) that employee commitment leads to desirable outcomes including performance. Indeed, employee commitment plays a key role in job performance as shown in a study by Bennett (2002). Employees who are committed to the organization are more likely to exert more efforts on behalf of the organization and work towards its success. Dixit and Bhati (2002) indicate that such employees are likely to exhibit better performance than those who are not committed.

The study further revealed that job performance in the Ministry is *low*. This could be as a result of *low* employee commitment as found out by the study. Since the un-committed person is not ready to act (Tolentino, 2013), the action of the un-committed employees has been manifested in the form of inadequate involvement in the Ministry's work schedules. Such behavior, if sustained, can lead to the provision of *poor service delivery* instead of *good service delivery* needed to fast track the socio-economic and technological development of Uganda. To the contrary, studies (Beheshtifar & Heart, 2013) have indicated that committed employees are creative, attend work regularly, and protect organizations assets and shares organizational goals. This is a deeper sign of involvement with the organization which has been shown to have greater influence on job performance (Meyer et. al. 2002). A study conducted by Siders et.al. (2001) links employee commitment to indices of effective performance benefits to the employer. This enhances the productivity and effectiveness of the organization (Lavelle et. al. 2009) through improved job performance.

## PRACTICAL IMPLICATIONS, STUDY LIMITATIONS AND FURTHER STUDY

The results of the research studies here suggest that employee commitment has benefits for job performance, making it a potential important solution to reap organizational success. Given what is known about the effects of un-committed employees on job performance, one of the most important thing managers can do to improve job performance is to find ways to redress the existence of factors which causes un-commitment in the first place. The researcher recognizes, however, that this is usually easier said than done. The study findings detailed here leads to the believe that employees who have strong commitment may be better able to withstand un-commitment threats and factors, provided that those threats/factors do not directly undermine commitment or the mechanism implied in its positive job performance effects. Moreover, preliminary evidence suggests that strong employee commitment is associated with more than simply the absence of un-commitment factors- it also relate positively to job performance which is arguably indicator of organizational success. Thus, managers can presumably both prevent un-commitment factors and foster job performance by boosting positive form of commitment.

Another consistent finding to emerge from the study is a positive but low employee commitment and job performance in a public setting. In light of these findings, managers should avoid practices that contribute to the development of employee un-commitment. While few managers may do this unintentionally, they might do so inadvertently by introducing programmes designed to discourage commitment (e.g., cultivating de-motivational factors such as low pay, complicated promotional system etc.) without addressing quality of job performance. This can create a conflict for employees who will like to escape from the undesirable employment conditions. The researcher recommends that such strategies be reconsidered in the light of the findings of the study, and that quality employee commitment be considered as an essential component of job performance strategy.

The researcher hopes that the results of this study will stimulate more interest in both new research on the use of employee commitment strategies and more systematic thinking about how to design the most powerful employee commitment programs. For example, there is need for a study that addresses the cost-benefit of employee commitment strategies and their capabilities to high job performance. These areas are either poorly researched or are ignored in the current research literature. In addition, the researcher is concerned that this study has been conducted in the context of the public sector of Uganda. Establishing a prospect for a generalized findings from all the sectors in the country seems to be such an elementary but critical requirements on job performance that the researcher was surprised and disappointed at how lacking studies in such areas. That is, most published research is in developed countries that often ignores developing countries' context, especially Uganda. Such an area could make an interesting study case as well.

Finally, the researcher acknowledges that in today's dynamic world of work, it may not be possible for organizations to create long term employee commitment to the organization itself. But all, may not be lost if

fostering employee commitment to the organization is difficult or impossible. Improved job performance might still be achieved by fostering employee commitment with organizational goals. Again, however, much more research on factors for employee commitment is required to fully understand their implications for organizations and their employees. The researcher hopes that this study helps to stimulate and guide this research which is much needed.

## CONCLUSION

The study has demonstrated that employee commitment relates positively to job performance (Vandenberghe et.al. 2004). It has also provided evidences that employee commitment can have positive implications for job performance as a likely way to attain organizational success.

Such findings add to the large body of research demonstrating the benefits of employee commitment and job performance by demonstrating that highly committed employees are the destiny of an organization as suggested by Qureshi et. al. (2012). At last, the underlying result emerged from this study is that organizations need to ensure that they maintain a highly committed workforce for an improved job performance.

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## GLOBAL RETAILING: INNOVATION AND CHANGE

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### ABSTRACT

*The latter half of the 20<sup>th</sup> century in the world has seen a retail revolution witnessing a fast changing retail landscape where new supermarkets and other retail formats are coming up. Wal-Mart is now the world largest corporation and the largest food retailer. Similarly, the French based Carrefour is the second largest retailer operating hypermarkets in 35 countries. The Environment has become dynamic and the retail stores are becoming more than just places to buy products. Retailing has become a part of our every day's life and is often taken for granted. The consumer's of today are not interested to shop from small shops or neighborhood stores so called "Dukandars" rather are interested to pick up places for purchase, which are multichannel. The retail revolution and the fast changing retail landscape is not only seen in the world but India is also geared up to experience the entry of global retailers.*

*In India the retailing revolution is coming in food, apparels, entertainment and many more items and the change which can be seen in terms of opportunity in the area of retail business where Mom and pop outlets are going to fade and pay a ways for the organized retailers like- ITC, Reliance, TATA, Raheja's etc. who are entering into the retail sector. with there big expansion plans and ready to provide everything to everyone.As per the conservative estimate it is estimated that by the year 2010 the investment in retail industry will be over Rs. 20,000 crore generating an additional 700 million of quality space from the existing level and generating a retail sale to the tune of Rs. 60,000 crores (India Retail Report, 2007). The article is an attempt to compare the world retailing with the retail revolution, innovation and change taking place in India with regards to the major players, retail share, factors which have brought the change, the various formats used, technology and the new developments taking place in the retail industry.*

*Keywords: Global Retailers, Retailing Revolution, Indian Retail Sector, Retail Formats Available World Wide.*

### INTRODUCTION

#### WORLD RETAIL

Retail is the one of the largest industries in the whole world, which exceeding US 9 trillion dollars, where 47 Global Fortune Companies are retailers. Further twenty five of Asia's top 200 companies are also retailers. United States, European Union & Japan constitute 80% of world retail sales<sup>1</sup>.

In the retail survey done by **Deloitte Group** (a management consultancy firm), US has topped the list in retail, where among the top 250 retail companies, 90 companies alone are from US representing a share of 36.0%: In terms of sales volume, the percentage share is 44.3% of Top 250 retail companies sales volume. Japan is the world's second-largest retail market, having base of 40 retail companies of the top 250 world retail companies. This can be seen from the following Figure 1

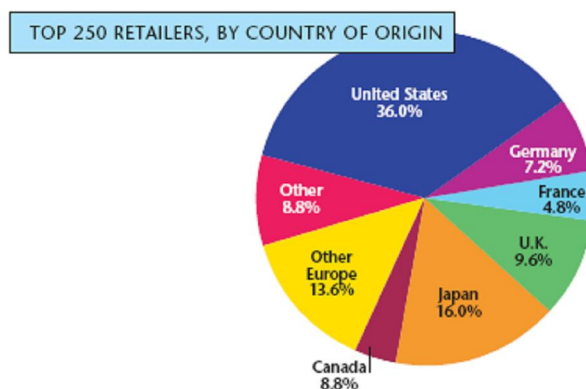


Figure – 1, Source- survey report of Deloitte

<sup>1</sup> [www.bloomberg.com](http://www.bloomberg.com)

### TOP 10 RETAIL COMPANIES IN THE LIST OF 250

Out of the 250 retail companies which are having the highest sales volume identified by survey of Deloitte Group, the top 20 retail companies are as follows:

**Table-1**

Company Name	Country of Origin	Formats Categories	No. of Operating Countries	Sales in Us \$ (2004)
Wal-Mart Stores Inc.	US	Cash & Carry/Warehouse, Discount Department Store, Hypermarket/Super-Center/Superstore, Supermarket	10	285,222
Carrefour S.A.	France	Cash & Carry/Warehouse Club, Convenience/Fore- court Store, Discount store, Hypermarket/Supercenter/, Superstore, Supermarket	35	89,568
Home Depot Inc.	US	Home Improvement	5	73,094
Metro AG	Germany	Cash & Carry/Warehouse Club, Department Store, Electronics Specialty, Home Improvement, Hypermarket/Supercenter/Super-Store, Other specialty Supermarket	29	69,781
Tesco plc	UK	Convenience/Fore- court Store, Hypermarket/Supercenter/Super-Store, Supermarket	13	62,505
Kroger	US	Convenience/Fore- court Store, Hypermarket/Supercenter/Super-Store, Other specialty Supermarket	1 (single country US)	56,434
Costco Wholesale corp.	US	Cash & Carry/Warehouse Club	8	47,146
Target Corp.	US	Discount Department Store, Hypermarket/Supercenter/ Superstore	1 (single country US)	45,682
Koninklijke Ahold N.V	Netherlands	Cash & Carry/Warehouse Club, Convenience/Fore- court Store, Discount stores, Drug store/ Pharmacy	8	44,793
Aldi GmbH & Co.	Germany	Discount Store, Supermarket	12	42,906

Source- Deloitte Group 2006 Survey Report

### PURCHASING POWER PARITY COMPARISON OF VARIOUS COUNTRIES

It can be said that the retail market will be bigger in those countries having higher purchasing power parity, which will be true for develop nations of the world. In comparison with the other nations, the Purchasing power parity of the US consumers is more, which has helped the retail sector of this nation, US to grow further and keep on innovating new and new methods to woo the consumers. The Purchasing Power Parity comparison of different nations can be seen from Figure-2 below: -



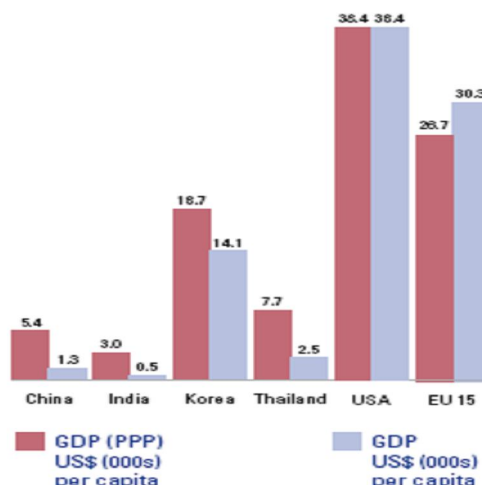


Figure-2, Source- KPMG study, 2006

### INTERNATIONALIZATION OF TOP RETAIL COMPANIES

As per Deloitte Report, there is slow pace of growth/ entry of retail companies in the international operations. Out of the top 250 companies, almost 104 companies have no international operations at all. For US based retail companies over half are single-country operators. And similarly Sixty percent of Japanese retail companies out of top 250 retail companies, do business only in Japan.

Only 44 of the Top 250 retail companies operate in 10 or more countries. Spain's Inditex is the most international with stores in 56 countries, followed by Carrefour with 35 countries on its international roster, and IKEA with 33 countries operations and the world topper in sales volume WalMart is operating in only 10 countries. This shows that the internationalization of retail companies of the world is not that much and they are restricted mostly to their own country or one more country operations.

### CATEGORY OF RETAILING

As per category of retailing is concerned nearly 60% of the top 250 world retail companies, most of them sells food& Groceries followed by Apparels, home furnishing, electronics etc.

### INDIAN RETAIL

The retail sector in India is largely made up of unorganized sector. There is no supply chain management perspective. According to a survey by AT Kearney, an overwhelming proportion of the Rs. 400,000 crore retail markets is unorganized. In fact, only a Rs. 20,000 crore segment of the market is organized. Currently estimated to be a USD 200 billion industry, which consists of small family-owned stores, located in residential areas, with a shop floor of less than 500 square feet. Organized retailing makes up only 3 percent or USD 6.4 billion and very low in comparison with other nations but will grow by 2010, and is projected to reach USD 23 billion.<sup>2</sup> Figure-3 below shows the comparison of organized and unorganized retail in different countries.

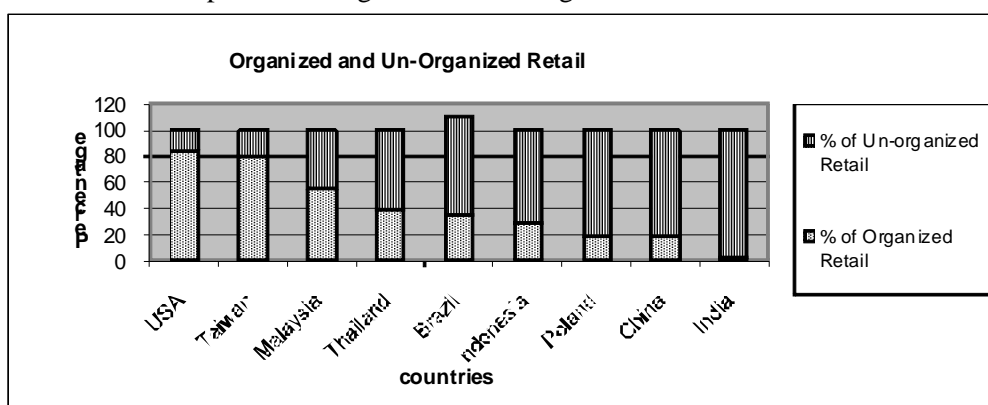


Figure-3, Source- www.retailyatra.com

<sup>2</sup> India retail report, 2005

**BENEFITS OF INDIAN RETAIL SECTOR**

As the retail revolution in India is increasing day by day, this provides certain benefits

- Better lifestyle as better products would be introduced.
- Large varieties of choices available to consumers
- The expansion of retail markets from urban areas to rural areas resulting in the development of rural areas.
- Employment would increase and skilled manpower will
- A strong retailing sector would promote tourism.
- Economies of scale would help lower consumer prices and increase the purchasing power of the consumer.
- In the long term it will be beneficial in the up-gradation of agriculture and small scale & medium scale industries.
- Higher competition would lead to higher quality in products and services

Nowadays retail industry paves the way for many corporate players to enter into the retail foray. Most retail firms are companies from other industries that are now entering the retail sector on account of its amazing potential. There are only a handful of companies with a retail background. One such company is Nilgiri's from Bangalore that started as a dairy and incorporated other areas in its business with great success. Their achievement has led to the arrival of numerous other players, most with the backing of large groups, but usually not with a retail background. Most new entrants to the India retail scene are real estate groups who see their access to and knowledge of land, location and construction as prime factors for entering the market.

**PROMINENT INDIAN RETAIL COMPANIES**

In the Indian retail sector some of the prominent companies in retail can be seen in the Table given below

**Table-2**

<b>Company Name</b>	<b>Formats Categories</b>	<b>No. of operating cities</b>	<b>Retail space (sq. Feet)</b>	<b>Turnover in (Rs.) 2004-05</b>
Pantaloon Retail India Ltd.	Hypermarket, supermarket, Apparel, Hardware, consumer electronics	40	5 million	3,500-crore
Shoppers Stop	Department stores	10	7 lakh	1000 crores
Westside	Department stores	13	4.84 lakh	108.27 crores
Lifestyle	Apparel, Home care, specialty.	5	3,25,000	N.A
RPG Retail	Hypermarket, Supermarket, Specialty	20	7,50,000	600 crores

Source-magazines and websites

**Internationalization of Indian Retail Companies-** As the growth of the Indian retail is in nascent stage, till now none of the Indian retailer has established any international operation outside the domestic boundaries of the country.

**Category of Retailing-**As per the share of organized retail category is concerned food & groceries and the apparel sectors is on the top with the highest percentage of 11% and 39<sup>3</sup> as shown in the figure-4

<sup>3</sup> Bussiness Today, 2006

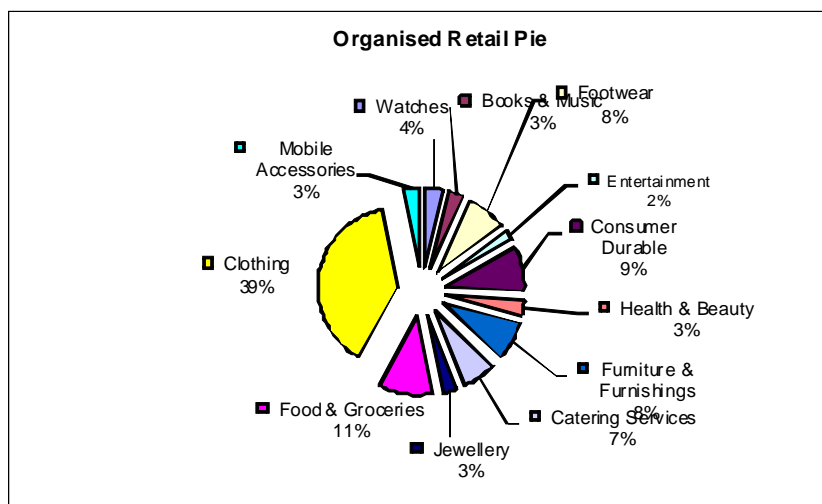


Figure-4, Source- Business Today

## II. FACTORS DRIVING THE GROWTH OF THE WORLD RETAIL

International retailing is driven by the more or less the same factors which drives the international trade, which are as follows: -

- Growing affluence in the home market with rising per capita income and higher disposable incomes.
- Once the home markets are captured, the retail companies move to other countries where retail opportunities are emerging resulting in further growth.
- Operating costs which are considered too high (Labour, rents, taxation)
- International opportunity due to the under development of some markets or weak competition within them
- A relaxed regulatory framework of employment and retail development
- The opportunity to innovate, in new market conditions.

## FACTORS DRIVING THE GROWTH OF THE INDIAN RETAIL

Indian retail environment has increased the expectations of the consumers by providing the comfortable place to shop, good ambience, one stop shop with heavy discount and the free home delivery to delight the consumers which gives the consumers an edge to go for shopping in the organized retail stores. There are some factors, which have brought the consumers towards organized retailing

- **Consumer preference for shopping in new environments-** Nowadays consumer not only prefers the availability of the items he is looking for in the shelves but also the good ambience and convenient place to shop where proper space to walk and the display of the items are also available.
- **Scalable and Profitable Retail Models are well established for most of the categories-** Though retail in India is still in nascent stage but still now one can easily find the retail stores targeting specifically to different categories, like- Jewellery (Gold Suk), Home Decor (Home Saaz Apparels ( Globus, West side), Designer's Wears (Ritu Wears) etc.
- **Rapid Evolution of New-age Young Indian Consumers** – As per the NCAER forecasts 54 percent of Indians are under 25 years of age, 4 which will drive the growth of increase volume of retail in consumer markets.
- **Partnering among Brands, retailers, franchisees, investors and malls-** Retailers are partnering among the foreign brands for taking the benefits out of their success stories as Bharti retail is into planning with Wal

<sup>4</sup> IRS: 2005 & India market demographics report 2002, NCAER

Mart, the world leader to enter into the retail Shopping malls are becoming increasingly common in large cities, and announced development plans project at least 150 new shopping malls by 2008. (Source: EIU Country Briefing on India, 2005)

- **India is on the radar of Global Retailers Suppliers-** WalMart has already entered into the India retail scenario with the partnership of Bharti retail, Tesco and Carrefour has plan for the same. The AC Nielsen Online Omnibus Survey 2005 rates India in the highest category of Aspiration Index in Asia along with China, Indonesia and Thailand. India has been rated 2<sup>nd</sup> in the Global retail Development Index of 30 developing countries, 2006. by AT Kearney.
- **Availability of quality real estate and mall management practices-** Developers in the retail sectors is coming up to provide the retailers the quality space to fulfill there requirement of expansion in the organized retail sector as Parsvnath is developing the metro mall in all over the Delhi Metro region. Current mall space available with us is 22 million sq.feet, which is projected to grow to 90 million sq.feet (Figure - 5) by the end of this year.

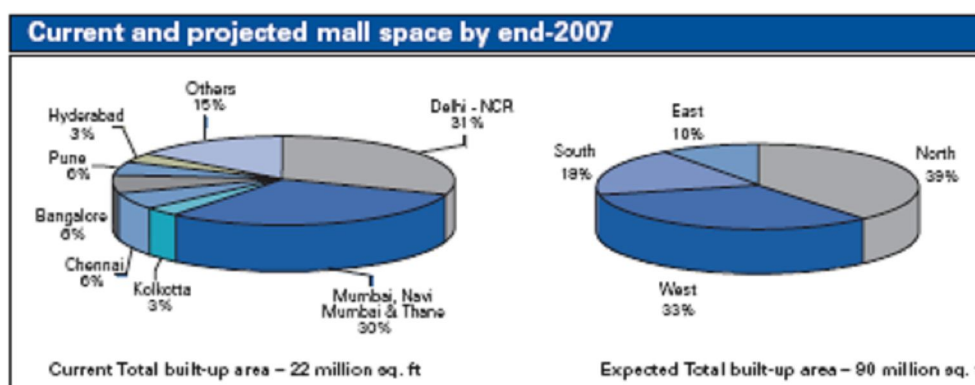


Figure-5, Source- retailyatra.com

### III. RETAIL FORMATS AVAILABLE WORLD WIDE

Retailing is divided into two forms i.e.- store based (Departmental stores, Speciality stores, hypermarkets, discount stores) and non store based (Internet Retailing, Catalog and direct mail retailing TV Shopping, Vending Machine) and now a new format which has been introduced world wide is Multi channel retailing, which combines all types of store and non store channels.

#### STORE BASED RETAILING

**Supermarkets-** Self service food store offering groceries, meat and produce with limited sales of non food items, such as health and beauty aids and general merchandise with sq. feet area of 20,000- 50,000 like- WalMart, Carrefour, Metro AG, Tesco.

**Hypermarkets-** Large stores of about 1,00,000- 3,00,000 sq. feet which stock food and general merchandise items ranging from groceries, hardware, and sports equipment, to furniture, appliances, computers and electronics. Like-Metro AG, Tesco, Kroger, Target.

**Warehouse Club-** Retailers that offers a limited assortment of food and general merchandise with little service at low prices to ultimate consumers and small businesses with store area of about 1,00,000 – 1,50,000 sq. feet. Like-Costco Club, Sam's Club (division of WalMart).

**Convenience Stores-** they are the modern version of mom and pop stores, provide a limited variety and assortment of merchandise, milk, bread, and eggs at a convenient location in a 2000-3000 sq. feet of area. Like-Albertsons, Kroger, Tesco

**Discount Stores-** Retailers that offers a broad variety of merchandise, limited service and low prices, stock both private and national brands. like- Wal Mart, K Mart, Target Group.

**Speciality Stores-** Concentrates on a limited number of merchandise categories, apparel, auto parts, Food Supplements, Jewellery, Accessories and provides a high level of service in an area typically under 8,000 sq. feet. Like- The Gap, The Limited, Foot Locker, Tiffany.

**Category Specialist-** A discount store that offers a narrow variety but deep assortment of merchandise. These retailers are basically discount specialty stores dealing under specific categories- Consumer Electronics, Sports Equipment, crafts, Home Improvement, office supply. Like- Office depot, staples, Toys “ R” Us

**Department Stores-** retail stores that carry a broad variety and deep assortment offer some customer services and are organized into separate departments for displaying merchandise. like- JC Penney, Aeon co. ltd., Metro AG.

**Drug Stores-** specialty stores that concentrates on health and personnel grooming merchandise like- Wal green Co, Alberstons, Rite Aid, CVS.

**Off Price Retailers-** offer an inconsistent assortment of brand name; fashion oriented soft goods at low prices. Like- TJX, Ross Stores.

#### RETAIL FORMATS AVAILABLE IN INDIA

Formats	Description	Categories	Examples
Supermarkets	Extremely large self-services retail outlets.	Food& Groceries, FMCG, Convenience Goods.	Food world, Food Bazaar, Apna Bazaar, Nilgiri’s.
Department Stores	Large stores having a wide variety of products, organized into different departments, such as clothing, house wares, furniture, appliances, toys, etc.	Apparel, Accessories, Lifestyle Products	Shopper’s Stop, Ebony, Globus, Westside
Branded Stores	Exclusive showrooms either owned or franchised out by a manufacturer.	Apparel, Accessories, Footwear’s, Health &Beauty	Raymond’s, Tanique, Bata, VLCC.
Speciality Stores	Focus on a specific consumer need; carry most of the brands available.	Durables, Books & Music, Home Decor Entertainment,	Music World, Viveks, Crossword, Home store, Planet M.
Discount Stores	Stores offering discounts on the retail price through selling high volumes and reaping the economies of scale.	Food & Groceries, FMCG, Convenience Goods.	Margin Free, Subiksha.
Hyper-mart	Larger than a Supermarket, sometimes with a warehouse appearance, generally located in quieter parts of the city	Apparel, Food & Groceries	Big Bazaar; Spencer's Household items
Convenience Stores	Small self-service formats located in crowded urban areas, fuel stations etc.	Food, groceries, cosmetics etc.	In & Out, DHL Service Point.

Source- [www.indianinbusiness.com](http://www.indianinbusiness.com)

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#### **IV. NON-STORE BASED RETAILING**

**Catalog and Direct Mail Retailing-** Non-store retail format in which the retail offering is communicated to a customer through a catalog, letters and brochures. Examples like-Dell computers corp., corporate express, JC Penney co., ABC Distributing.

In India, the catalog and direct mail retailing is not much prevalent, reminder mails are being sent to those who are the loyal customers of the retail outlets.

**TV Home Shopping-** Retail format where customers watch a TV Programme demonstrating merchandise and then place orders for the merchandise by telephone. Examples like-QVC, HSN, value vision.<sup>5</sup>

In India, TVS Sky Shop, United Tele Shopping provides some avenues for the consumers to order directly from the TV itself.

**Internet Retailing-** Nowadays all over in the world retailers are targeting their customers as much as they can by the use of multi level channel i.e.- through the use of store and non store based retail formats and in this internet/ e-tailing has played a very important role where as per the studies-

- ⇒ Online retailing in US is about to cross the US 328 billion dollar as per the estimate of forester research.
- ⇒ As per the forecast, the Asia Pacific (excluding Japan) market would see Internet users grow at a CAGR of 17.8 per cent from 2003 to 2008, while online buyers would increase at 30.7 per cent CAGR during the same period. Consequently, Business-to-Business (B2B) e-commerce is estimated to grow rapidly at a CAGR of 59.1 per cent.
- ⇒ China's e-commerce revenue is projected to represent one third of the Asia/Pacific market excluding Japan by 2008. More mature markets such as Australia, Korea, and Singapore are also expected to display strong growth rates for their e-commerce markets. Singapore's e-commerce revenue is forecast to increase at a five-year CAGR of 38.3 per cent by 2008.

**Indian Retailing-** The e-tailing channel is slowly making its presence felt in India. Companies in India are using either their own web portal or are tying up with horizontal players like Rediff.com and Indiatimes.com to offer their products on the web.

Hindustan Lever Limited has initiated Sangam Direct, a direct to home service. Network marketing has been growing quite fast and has a few large players today.

India is expected to log the highest compounded annual growth rate (CAGR) of 83.7 per cent among Asia-Pacific countries in e-commerce revenues between 2003-08, even exceeding the growth rate displayed by neighbouring China in the five-year period, according to research firm IDC.<sup>6</sup>

#### **REASONS OF GROWTH FOR THE INTERNET RETAILING**

- Wider Choice
- Time Saving
- Price Flexibility
- No incidental costs
- Time Flexibility
- New Product Information and research on quality ratings

Retailing online in India is still in a very nascent stage. Though there are some multinationals that are setting up their Indian operations in the metro cities of India, but very few initiatives have been found on the online front. There are some initiatives found in the country where retailers are providing online opportunity to the retailers

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<sup>5</sup> levy Weitz, retail Management

<sup>6</sup> Business Line, Wednesday, Aug 04, 2004

with brick stores ka bazaar, but most of them do not put up their complete product range online, update them properly and fall short of making their sites customer-friendly.

## **V. USAGE OF TECHNOLOGY**

Role of IT can be successfully seen in the form of some tools available with retailers:

1. **EPC (Electronic Product Code)** - The EPC contains an array of product information that can uniquely identify an individual item, whether that object is a consumer item, case, pallet, logistics asset or virtually anything else. This provides the ability to locate or track a product through the supply chain and to read these EPC's at a distance and out of direct line of sight
2. **EPOS (Electronic Point of Sale)** – A computerized system that provide up-to-date information on sales of different brands, styles, colour and so on. Such system of stock control highlights the sales performance of an entire store in terms of both unit sales and revenues from sales. It provides information necessary to balance inventory with sales and determine which item to mark down and which to re-order.
3. **EFTPOS (Electronic Funds Transfer at Point of Sale)** – It is an electronic payment system available to customers buying goods and service from a retailer banks which accepts all major cards, including debit, credit and change cards.
4. **EDI (Electronic Data interchange)** – Through EDI communication between computers can take place. Where retailers can link all their stores with regional and national headquarters and to central warehouse through satellite communication systems. Where electronic transfer of information of product data, price, and purchase order, dispatch advice, order receipts messages, invoice etc. takes place.
5. **Loyalty Cards** – A loyalty card database will hold the customer demographic information and the addresses of cardholders. These entries can be linked to transactions data provided by EPOS To show what individual customers buy and this data can be used to profile the customer database. Which then allows the retailers to made specific offers to the certain type of customers and to take the strict vigil of their buying patterns.
6. **Hand Held Scanners** – The instrument through which data for the purchase can be directly entered into the computer, which will save the checkout timings of the consumers and can help the sales staff to make correct statement of the bills quickly and efficiently.
7. **Bar coding** - Bar coding provides the means for automatic data capture of information. When used with international numbering standards, it permits universal and unique identification of goods, services, assets etc. It Promotes brand image and would enable timely and accurate capture of product information. This would result in wide ranging benefits including lowering of inventory costs, lower overall supply chain costs and hence reduced costs for retailers, increasing efficiency of retail industry and adherence to stringent quality assurance norms through product traceability.

## **WORLD RETAIL IT APPLICATIONS: CASE STUDIES**

### **Case Study-1 Tesco, UK based Retailer**

In the last two decades, Tesco made rapid strides in modernizing its supply chain, introducing Point-of-Sales (POS) scanning, centralized distribution, and EDI with its suppliers. While SKUs handled increased from 5,000 to 40,000 in this period, service levels improved from 92 percent to 98.5 percent.

On analyzing the end-to-end supply chain for each of its product families, Tesco realized that there was superfluous handling while the stock moved downstream from the supplier to the distribution centre to the store. For e.g. one of its products had 170 touch-points on its way downstream and spent most of the 20-40 days in transit at seven stock points. By implementing lean principles, it was able to reduce touch-points to 20, reduce transit time to 1-3 days and reduce stock points to one. Two of the supplier practices discussed here are lean manufacturing and 'milk runs' for inbound logistics.

Lean manufacturing: Tesco sends orders continuously to suppliers instead of once a day. This way, orders are created online and production scheduled instead of waiting for batches to be formed. Suppliers analyze sales data to streamline production volumes and decide on stock levels. Many of its suppliers were initially unwilling

to shift from batch production, and required education programmes to convince them on the significant benefit to consumers from the application of lean principles.<sup>7</sup>

#### **Case Study-2 7-Eleven, Japan**

In 1994, SEJ installed a real-time system to track changes in customer preferences and sales data in each of its 8,500 stores. The proprietary system has a multimedia interface with pictures and sound, since its workers are typically part-timers with limited computer skills. The system also brought all the companies in its supply chain to one common platform – hooking its stores to its distribution centres and suppliers through VSAT terminals. Based on this input, SEJ reallocates inventory between different stores and reallocates store shelves three times a day to cater to different consumer segments at different hours. (This is especially important as retail space is limited in a 7-Eleven store and food items make up a significant part of sales) The system also transmits local weather forecasts on a continuous basis to its stores. Store managers in turn send forecasts of the amount of food they expect to sell to distribution centres, based on weather forecast.

It is a standard procedure for SEJ staff to note down age and gender of the customer, which enables the company to build consumer profiles for its key products. Therein lies the story of why the stockings shelf was relocated next to the beer shelf. It was determined that most buyers of stockings were husbands on their way back home from work! (Source- '7-Eleven', The Economist, May 21st 2001 and press articles)

Wal-Mart also leverages information technology (with VSAT links etc.) to enable supply chain management practices like cross docking and generates superior margins.

### **INDIAN RETAIL IT APPLICATIONS: CASE STUDIES**

#### **Case Study-1 Pantaloon Retail**

The leader of Indian retail, crossed the profit of 2000 crore in the last fiscal with having around 20 different retail formats in more than 200 locations with an employee base of 20,000 has deployed all the major solutions of SAP namely, my SAP CRM, my SAP SCM, SAP Net Weaver through which they are able to cross 9 million orders in the system and are paying their vendors through banks directly which help them to work in a lesser time. They have also installed the HP Sundrome the highest class server to inter connect all the employees with the new up gradations.

#### **Case Study-2 Timex Watches**

The Tata Group has been using the Oracle for ERP, and now they have been successfully running the Power Builder Software to connect the POS terminals with the data centre. The system was e-mail based. At the end of each day, e-mail would be dispatched from the local vendor to the headquarters. After an authorized person validates the data, it is hosted on the ERP network for the managers to view and make timely decisions, and if any support is needed in between than they can consult to the online forums and get it relieved with in a minute and back to their work.<sup>8</sup>

Though there are more or less all retailers who are using computers, bar coders on the name of IT but still Technology usage is low in India today, compared to levels achieved in advanced economies. Retailers like Wal-Mart and Metro have started experimenting with Radio Frequency Identification (RFID) technology, which is expected to provide, much better inventory visibility and hence facilitate efficient management of inventory. Retailers in India are still to adopt bar coding completely. The level of bar code usage is also largely due to retailers' initiatives of printing these codes at their warehouses, unlike in developed countries where all the suppliers print bar codes. Most retailers do not have integrated IT systems today.

Many retailers that KPMG surveyed have few IT systems in the areas of supply chain management, vendor development, merchandising and inventory management (Figure-6). The annual spends on IT is quite negligible. However, most of the retailers surveyed do have plans for implementing integrated IT systems in the coming years. Clearly retailers in India have a significant catch-up act to do both in supply chain management and adoption of IT. The good point is that retailers can leverage the experiences of international retailers like

<sup>7</sup> Creating a Customer-driven supply chain', ECR Journal, Winter 2002

<sup>8</sup> Images Retail, January 15, 2007



Tesco, 7-Eleven and Wal-Mart to leapfrog to the latest practices in managing their supply chain and leveraging information technology.

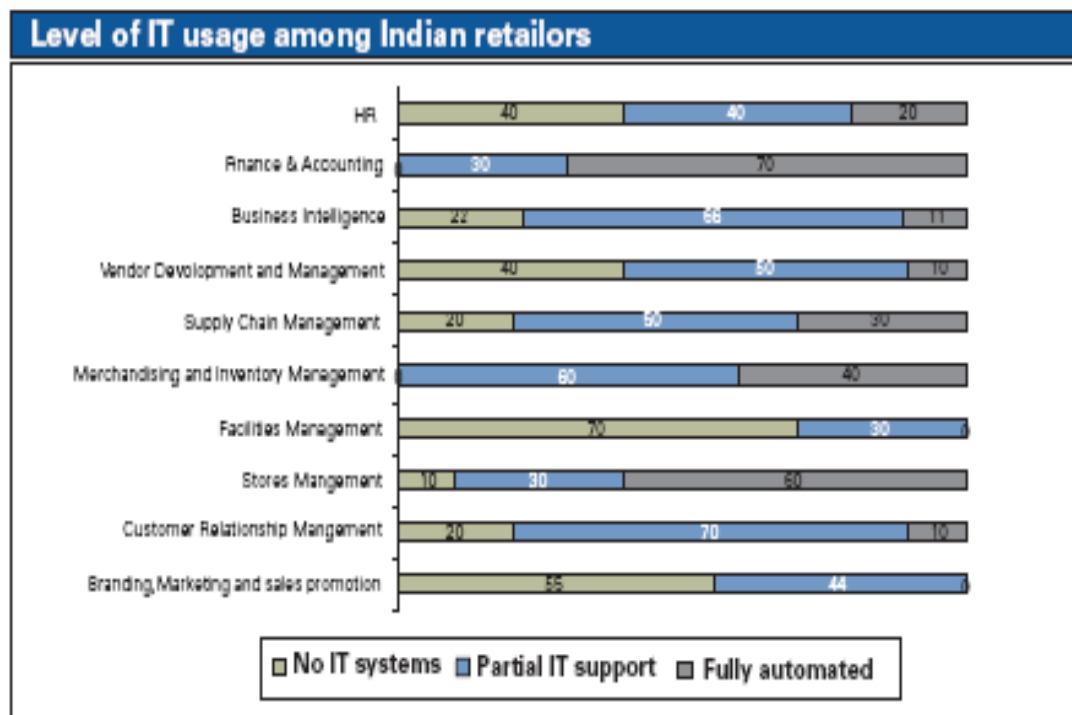


Figure-6, Source- KPMG Retail Survey

## VI. NEW INNOVATIONS AND CHANGE IN INDIAN RETAILING

**1. Rural retailing** – The Indian rural retail opportunity is currently estimated to be in excess of Rs. 1400 billion (1) (approximately US\$34 billion). The figure is likely to touch Rs. 1800 billion (approximately US\$ 43 billion) in 2010 and go up to Rs. 2400 billion (approximately US\$ 58 billion) by 2015, according to CII Study on the Rural Retail Sector released during the “Conference on Rural Retail: The Next Phase in Retailing” organized by Confederation of Indian Industry (CII-Northern Region).

Published reports indicate that while organized retailing in small-town India is growing at 50-60 per cent, it is growing at 35-40 per cent in the large cities. Of the approximately 700 malls coming up across India, 40 per cent are expected to be in small towns.<sup>9</sup>

### Expansion Plans of Retailers in Rural India

- India is witnessing different experiments to tap this latent potential. ITC is experimenting retailing through its e-Choupal and Choupal Sagar – rural hypermarket. HLL is using its Project Shakti initiative – leveraging women self help groups – to explore the rural market.
- "Tier II and III cities in India provide a big potential for retailers. In fact, from now on, 50 per cent of our revenue would be generated from these cities," says The Loot's managing director, Jay Gupta, who plans to open the multi-brand discount stores in towns such as Nashik, Raipur, Jabalpur and Surat.
- Mumbai-based hypermarket chain, Hyper city, recently launched its smaller version, Express city, in Jaipur.
- Fashion retail brand Globus plans to open its outlets in cities such as Jamshedpur, Ludhiana, Nashik, Ahmedabad and Rajkot.

**2. Mergers/ Acquisition in Retailing-** In the last one year or so, many small and mid-sized retailers have offered to sell off their operations to large chains like Reliance & the Aditya Birla Group, mainly because of inability to cope up with increasing competition and real estate costs, certain examples include: -

<sup>9</sup> [www.moneycontrol.com](http://www.moneycontrol.com)

- ⇒ Mumbai-based Wadhawan Food Retail (WFRL), owner of Spinach retail stores, has bought out Bangalore food & grocery chain S-Mart who operates 13 stores in the city's prime residential areas.
- ⇒ Gujarat-based Adani's has given their stores to Reliance Retail
- ⇒ Bangalore-based Trinethra selling off to the Aditya Birla group

### 3. Expansion plans of the Indian and foreign Retailers in India:

- **Reliance Industries Limited (RIL)** Reliance has announced that it plans to invest nearly US \$6 billion in setting up a retail subsidiary that would cover 1,500 cities and towns in India and open 1,500 supermarkets and 1,000 hypermarkets.
- **Pantaloon** set a target of increasing retail space to 30 million square feet with an outlay of close to US \$1 billion
- **Bharti Telecom Company** said that its telecoms contribution to the overall revenues would come down to 75% - 80 % by 2010 and retail and agriculture would acquire strategic importance. Company is reported to be in talks with a number of global retail majors, including WalMart, Tesco, and Carrefour, and will finalize its plans within a few months
- **Thai home furnishings chain Index Living Mall plans to come to India-** Thailand's Index Living Mall, a home furnishing and furniture chain has made definite plans to come to India. The company is likely to choose a franchise model and will probably start operation in Mumbai in 2007. Index Living Mall is Thailand's largest specialty mall and its foray into India will be its second overseas location.
- **India Bulls-** India bulls are also planning to join the booming sector of retail by opening discount stores in 30 cities across the country.
- **Big Apple-** Grocery store chain Big Apple announced that it would be investing Rs. 450 million to double its stores in Delhi and the NCR area by 2008-09. The company also plans to expand to other locations such as Karnataka and Gujarat in the next financial year, with 200 stores in Gujarat and 50 in Karnataka

### 4. NEW STRATEGIES ADOPTED BY THE RETAILERS

- **RIL looks to Pune to establish Agri hub-**Reliance is keen on acquiring approximately 100,000 acres of farm land on lease in Pune from the farmers to grow vegetables, flowers and other items to supply its stores so that they can directly supply the fresh produce to the stores while catering to the interest of the farmers by paying them on market prices.
- **Godrej Aadhaar ties up with HPCL-** Godrej Agro vet's agri-services and retail division, Godrej Aadhaar signed an agreement with Hindustan Petroleum Corporation Ltd (HPCL) to set up Aadhaar Express, at HPCL's 'Humara Pump' rural retail outlets. \
- **Reliance Retail ties up with Dabur -** Reliance Retail has tied up with Dabur to sell various medicines, personal and healthcare products at its retail outlets. The company has formed a one-year agreement with Dabur to sell its Ayurvedic products such as chawanprash and personal care products such as hair oil. With this agreement, Dabur will generate Rs. 900 million annually. Reliance Retail is also said to be holding talks with Godrej's pesticide division Hi-care to provide pesticides to farmers, from whom it purchases agricultural products.
- **HLL refashioning kirana stores -** Hindustan Lever Ltd (HLL) has launched a project to improve the quality of kirana stores and make them compete with modern retail formats. The 'Super Value Store' programme is targeting mom-and-pop stores to update their look and help them add value to their stores. Industry sources estimate that the Super Value Programme will cover 15,000-20,000 kirana stores. One such store in South Delhi, who has been inducted in the program, has already seen a 20% increase in stores sales and a saving of Rs. 5,000-6,000 due to incentives of the scheme.

- **Modern retail formats create new marketing strategy**-In an interesting turn of events, modern food retail chains such as Spinach, Reliance Fresh, Spencer's and Food Bazaar are all in talks with local mom and pop grocers to stock and distribute their in-house brands in the food, home and personal care categories. If kirana stores agree, they will be able to get higher margins on them in comparison to established brands and the retailers get higher volumes. These private labels will be sold either under their current brand names or would be changed to new names.

## VII. CHALLENGES AHEAD FOR THE WORLD RETAILERS

**Non-Financial Risks**-This is the risk of fulfilling the requirements of the community and all the stakeholders in the society by the retailer in the form of corporate Social Responsibility (CSR). Where the retailers should not only monitor their product safety, quality, cost and speed, present their SCR reports publicly but also to make certain that the products they sell are being produced by companies that adhere to basic human rights principles and provide a reasonable standard of living to their employees and also to encourage suppliers to develop their CSR practices

**International Economies**-The world's leading retailer's source merchandise globally and, therefore, are vulnerable to the uncertainties of the global economy. Of particular importance to retailers and their suppliers are exchange rate uncertainties, potential restrictions on trade. Exchange rate movements can disrupt the best of business plans. Of course, companies can hedge currency risk in the short term, yet longer-term currency movements can hurt the bottom line, often forcing major adjustments in sourcing patterns.

**Global Supply Chain**-Increasing demands for faster innovation, reduced costs and shorter lead times are also exerting pressure on supply chains. Both retailers and manufacturers need to ensure that the drive for value (delivering cheaper, better products and providing more choice). Tax-efficient supply chain management considerations introduce additional complexity as tax differences between countries impact the way international supply chains are designed. Every point in the supply chain has the potential to minimize the effective tax rate and enhance cash flow.

**Terrorism**-Terrorism is an unfortunate risk of modern life. For retailers, the issue has several dimensions. First, it involves securing existing facilities and protecting the lives of employees and customers against catastrophic attacks. It also involves the security of merchandise against attack – especially in the food chain.

**Talent management**-The current supply of skilled workers is already insufficient. The result is increasing costs of skilled labor and increasing difficulties in retaining talent. This is, perhaps, one of the greatest risks facing growing retail organizations – especially those growing in emerging markets.

**New Media**-Nowadays all retailers are using their full potential to reach the consumers as much as they can with all possible ways by using all media types- traditional, TV, radio, newspapers, magazines which cost more and deliver less and new media, Internet, which provide retailers with new opportunities to reach consumers on a more customized and personalized basis, often with unprecedented efficiency and accountability, but with the advent growth of the retailers and their usage of the media is putting pressure on the retailers to innovate more for their success.<sup>10</sup>

## CHALLENGES FOR THE INDIAN RETAILERS

Organized retailing industry is clocking impressive growth in India. More than 70 percent of the retailers KPMG surveyed expect to grow at rates in excess of 40 percent per annum in the next three years. Most of the modern retailers in India have a regional footprint today. A key trend that can be expected in the next three years is the emergence of national chains. But the picture of the Indian retail as it seems is not that rosy and not free from problems and the challenges that restrict the way of the retailers to grow further, the major reasons are-

**Real Estate:** the real estate prices in most top tier cities hitting the roof in the past two years, lease rental increases are making business unviable for organized retail. According to Pricewaterhouse Coopers (PwC), the current average lease rentals across some of the top cities range from Rs 88 per sq feet per month to as high as

<sup>10</sup> Deloitte Report

Rs 120 per sq ft per month. On an average, lease rentals account for 7-8% of the revenue and 40-45% of the non-material cost for retailers.

**Distribution costs-** absence of distribution networks is also poses a major challenge for the retailers while connecting Tier-II towns with regional logistics hubs. There is scope for organized logistics players like regional transport companies/third party logistics (3PL) players to develop these distribution networks including warehouses, cold chains and truck/ multi-modal services connecting these locations.

**Skilled retail personnel-** There is shortage of skilled professional in this sector. Analysts agree that the manpower shortage will get acute as retail spreads beyond the metros. Says Sanjiv Goenka, Chairman, RPG Group: "The biggest challenge for us and, for that matter, any retailer will be getting trained personnel." Indian retail industry is set to face critical manpower and capability shortage considering the rapid growth forecast for the industry. The attrition levels, which are low compared to global standards, will rise in the coming years as the war for talent intensifies and modern retail expands, says a KPMG-FICCI study.

**Supply chain Management:** The key imperative facing retailers in India is to have a robust and scalable supply chain that would facilitate rapid growth. One measure of efficient operations is the inventory turns ratio. Another metric of efficient supply chain management is the stock availability on the retail shelves. Global best practice retailers achieve more than 95 percent availability of all SKUs on the retail shelves (translating into a stock out level of less than 5 percent). The stock out levels among Indian retailers surveyed ranged between 5 to 15 percent. Looking at the inventory turns and stock availability metrics, retailers in India clearly need to augment their operations (KPMG Study)

**Technology-** when it comes to technology adoption and usage, there's a yawning gap between the Indian retailers and those in the West. According to a recent survey conducted among the country's top retailers by KPMG, while retailers like Wal-Mart and Metro have started using RFID technology (offering high inventory visibility), retailers in India are still to take to bar coding. Most retailers do not have integrated IT systems today. Many retailers that were surveyed have few IT systems in the various areas of retail. The annual spends on IT is quite negligible. However, most of the retailers surveyed do have plans for implementing integrated IT systems in the coming years

**Loss Due to theft-** Loss prevention and shrinkage management would be a critical area for the Indian retailers. The shrinkage levels witnessed by Indian retailers who took part in the survey are in the range of 0.3 percent to 1.5 percent of sales. This is comparable to the levels witnessed in developed countries. A key challenge for Indian retailers would be to manage shrinkages at this level and not allow it to deteriorate with the rapid growth of their retail networks.

**Governmental Restrictions-** A point that kept emerging in various discussions with the retailers was the dated regulations in the country. For example Weights and Measures Act expects all goods to be available in the factory packed form in the stores. Similarly Agricultural Produce Marketing Committee (APMC) Acts consider even small volume purchases to qualify as wholesale deals. There are also variations among states with respect to aspects like store timings. All these are hindrances that can restrict rapid growth of retailing in India.

### **VIII. STEPS TAKEN BY RETAILERS TO COPE UP WITH THE PROBLEMS**

- ⇒ Real estate acquisition with the real estate developers by taking DLF, MGF and Ansals to act as partners and developers as planned by Sunil Mittal for his future retailing with Wal- Mart, Pantaloon.
- ⇒ McDonalds has outsourced the Radhakrishna Foodland for effective distribution.
- ⇒ Reliance is hiring overseas talent to beef up its management capabilities. It has roped in Peter Bracher from Wal-Mart as special adviser for Reliance Fresh stores and Kevin Pleas from Tesco, UK, to help with store design and construction. Even as the AV Birla group is on a talent hunt ahead of its Rs 15,000-crore retail rollouts.
- ⇒ According to a survey conducted by Efficient Customer Response (ECR), in Europe, top six measures used by retailers to reduce shrinkage are:
  - Cash protection equipment: safes, caches
  - Intruder alarm systems
  - Live closed circuit television

- Electronic Article Surveillance Equipment (EAS)
- Employee integrity checks

## CONCLUSION

While seeing all the future plans and the strategies adopted by the Indian retailers, this can be said that the future of retail is very bright in all over the world, in India this will grow further if the retailers can learn lessons from their foreign counterparts and the successful Indian leaders of retail to cope the challenges posed by the environment.

In a nutshell the few of the following **innovations and change** can be seen in the retail industry in the world and in India.

- *Unorganized retailing to organized retailing*
- *Small size shops to big sized stores*
- *Limited merchandise to wide assortment and varieties*
- *Urban to rural entry*
- *One country stores to international operations in other countries*
- *Greenfield start to expansion via acquisition and mergers*
- *No or limited technology to usage of wide technology*
- *From Pop and Mom stores to stores for everyone*
- *Limited time shops to late night stores*
- *With only shopping opportunity now to altogether new shopping experience with lot of recreation facilities*
- *Shops with no parking facilities to malls with ample parking facilities*
- *From different shops for different products now to one stop shop solution for all different products*
- *Store ambience, store layout, store personnel missing to lot of concern for all the three things*
- *No competition to lot of competition, not only from within the country but from companies coming from abroad.*
- *From self centered business models to customer centric benefit model with lot of schemes and discounts for retail customers.*
- *Innovative schemes and offers by today's retail organizations to woo the consumers*
- *Mass buying Mass selling approach resulting in everyday low prices offered by today's retail outlets*
- *Besides store retailing, non-store retailing i.e.- Internet retailing fast picking up with consumers becoming Internet savvy.*

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## **BRAND DIMENSIONS OF TURKEY**

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### **ABSTRACT**

*Branding is one of the most powerful tools of marketing strategy. Both academics and practitioners agree on that places can be branded in the same way as consumer goods and services. On the other hand destination branding is a relatively new concept. This study will use the Caldwell and Freire's (2004) adaptation of brand box model on the differences between branding a country, a region and a city. Caldwell and Freire pointed out in their studies that countries, regions and cities have differences in their brand nature. The study is developed in order to understand and clarify whether the same results are valid in the specific case of Turkey. A survey is used to understand how young people from different nations evaluate Turkey and its cities.*

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### **INTRODUCTION**

The American Marketing Association defines a brand as a “name, term, sign, symbol or design or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition” (Kotler&Gertner, 2002). This definition is surely true. But today, being a brand is more than having a logo just to identify the product. A brand has to create intangible values in the mind of the consumer in order to be the winner in the market. The consumer needs to make a gain of both functional and emotional benefits from the brand. So, for brands, carrying social values or social meanings is as important as to satisfy their customers' functional needs (Clarke, 2000).

De Chernatony and McDonald identified the roles of brands in their books “Creating Powerful Brands” (Clarke, 2000) as non-verbal communication tools; for example, to communicate messages about the user to others, to reinforce group membership, or to obtain information about the people or environment around them. Consumers can create idealized self-concept by communicating associated values both to themselves (a “feelgood” factor) and to the reference groups to which they aspire. (Clarke, 2000). A brand has personality and ability to speak for the user (Kotler&Gertner, 2002).

In the literature there are positive views on countries can be branded in much the same way as consumer goods (Caldwell & Freire, 2004; Olins, 2002; Kotler&Gertner, 2002; Anholt, 2002). Olins (2002) states “...*So rebranding is OK for a corporation but not for a nation. In other words corporations change, merge, divest, invest and rebrand and reinvent themselves but nations do not change, they are immutable. Their verities are eternal. How do you relate this view to the historical reality that almost every nation has reinvented itself as its regimes and circumstances have changed?*”

Nations' histories are full of stories that uphold the view of Olins. The Turkish nation also recreates itself in the history. Olins (2002) describes the foundation of the modern Turkish Republic in the early 1900's as “Atatürk's (the founder of the secular Turkish Republic) branding operations”.

Surely branding a country is not only about the changes of the regimes or the residents' way of living. It is may be more about the communicating these changes to target groups. Spain's success story is an example. Gilmore (2002) defines this as; “...*active orchestrated repositioning by a country involving a national promotional programme*”. Using the right spokespersons by the government (Adolfo Dominguez, Pedro Almodovar, Santiago Calatrava, Penelope Cruz) to express the new and fresh Spain to the world was a part of the communication strategy (Gilmore, 2002).

### **BRANDING A COUNTRY: TOURISM PERSPECTIVE**

The Anholt Nation Brands Index (Q1 2007) defines the nation brand as “*how a country is seen by others*”. The nation brand hexagon that is developed by Simon Anholt (2002) consists six elements. These are Exports, People, Governance, Tourism, Culture &Heritag, Immigration and Investment. Tourism is again defined by Index (Q1 2007) as “*Tourism is often the most visibly promoted aspect of a nation brand, and tourism assets have a disproportionate effect on people's perceptions of the country as a whole*”.

Above all the other elements, tourism is a way of face-to-face interaction with the target group. The positive experiences of the consumers can be outspread by word of mouth to peer groups or vice versa. On the other hand, tourism industry is growing rapidly in the global scale and the market is becoming more competitive.

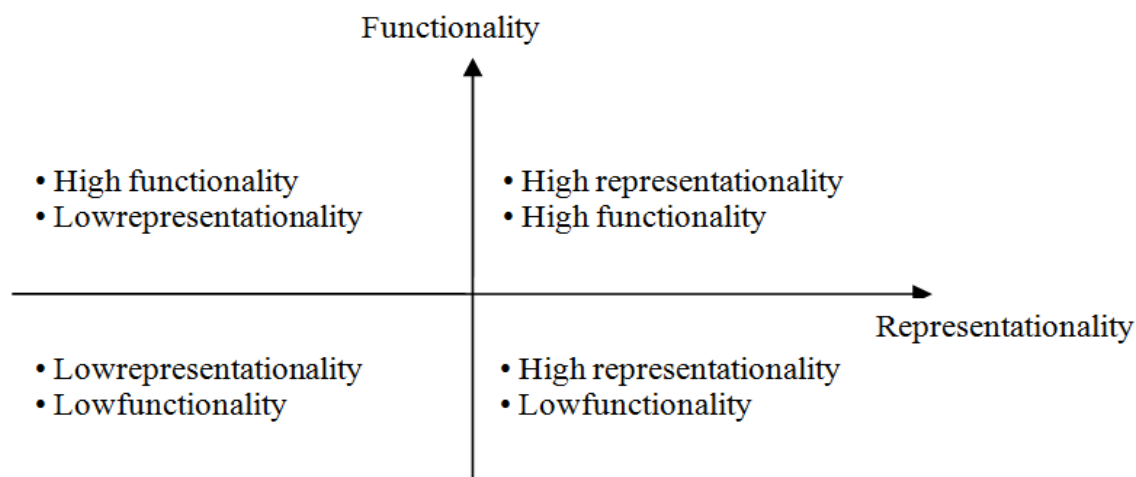
This evolution creates different and more complex customer needs. World Tourism Organization defines this new process in the Executive Summary of Tourism 2020 Vision, as “*there is a tendency to see tourism destinations as a fashion accessory, in the sense that they are a way to define people’s identities*” (Caldwell & Freire, 2004). As in the goods and services sector, it is impossible to brand a country just on functional characteristics anymore.

From this point of view, destination brands can be chosen by the consumers for their functional (sun, beach, sport, history etc.) and intangible (self expression) needs. “*Destination brands can be characterized as having two dimensions: representational (attributes linked to the individual’s self-expression) and functional (utilitarian aspects of the destinations — sun, reefs, sky, culture, and so on)*” (Caldwell & Freire, 2004).

### BRAND BOX MODEL

Chernatony (2001) stands for the opinion that, the motivating brand differentiators are becoming more emotionally based. From this point, there are views on the destination branding that; there is a relation between the choice of holiday destinations and the consumers’ needs to define the identity of themselves (Caldwell & Freire, 2004).

Literature supports the view that brands have two dimensions; physical and emotional (Caldwell & Freire, 2004). Chernatony and McWilliam (1989) developed the “Brand Box Model” from the point that; brand is not about production or distribution; it is about the consumer’s mind. They gather the arguments that compose the brand characteristics, as a differentiating device, as shorthand devices for consumers, as a promise of consistent quality, a guarantee and as means of projecting self-image. Chernatony and McWilliam (1989) used a four-cell matrix to define the brand box model.



**Figure 1** Chernatony and McWilliam’s Brand Box Model

**Adapted from:** Chernatony, L., Gil McWilliam, “Appreciating Brands Assets Through Using a Two-Dimension Model”, *International Journal of Advertising*, 9, 2: 111-119, 1990.

**Representationality:** *This brand says something about its owner. / If I were to buy this brand, I’d think about the sort of person who’d have one of these. / People would buy this brand more for its image than for its product capabilities. / You’ve got to feel right among your friends owning this brand. / When you see people with this brand, you’ve a better idea about them. / People would buy this brand because they feel it associates them with a certain group of people.*

**Functionality:** *You buy this brand more for its product characteristics than for its advertising. / I would buy this brand regardless of the people who see me with it. / People buy this brand more for what it does, than for what it says about them. / People buy this brand because the company puts more effort into producing the product, rather than saying who’d be using it. / This product says more about the product’s characteristics than the type of buyer.*

Caldwell and Freire (2004) adapted the Brand Box Model on destinations and the researchers evaluate the dimensions — representationality versus functionality — of countries, regions and cities. The goal of the study



was to understand possible differences between countries and regions and understand what kind of impact the nationalities of the respondents have on both dimensions (Caldwell & Freire, 2004).

Caldwell and Freire (2004) adapted the original 11 statements of the Chernatony and McWilliam (1990) to the destination brand study and reduced the total statements to six. This kind of a reduction told to be tolerated in the original study by the authors (Chernatony and McWilliam, 1990).

**Representationality:** *[Destination] somehow defines the people who travel there. / People feel right amongst their friends because they can say that they went to [destination]. / People would go to [destination] because they feel it associates them with a certain group of people.*

**Functionality:** *People travel to [destination] not for its publicized image but more for its actual characteristics. / People go to [destination] not because the place emphasizes the sort of people who travel there but because the place puts more effort into creating a pleasant experience. / When you think about [destination] you think more about the region's characteristics than the type of visitor.*

Caldwell and Freire (2004) argue the different dynamics between branding a country, a region or a city. "Destination" is the term in the literature that sometimes means the whole country or a region of the country or just a city. Caldwell and Freire (2004) have the opinion that different strategies are needed for branding a country, a region or a city: "It can be argued that a country will have more variables involved in its brand construction than a region of the same country. Countries have certain attributes that a region of the same country does not have. For instance, normally, for the international news media, a region of a country does not have any political agenda or independent military or economic occurrences".

This view is especially important for a country like Turkey. On the international news media, Turkey as a country is announced generally for political subjects. On the other hand, different cities of Turkey have different attributes. But these attributes or promotion efforts are not enough to create a city brand. "A city brand is more than just a slogan or an advertising campaign; rather, it is the totality of thoughts, feelings, associations and expectations that come to mind when exposed to a city's name, logo, products, services, events or any design or symbol representing a city" (Sørensmidt-Jensen, 2005). On the other hand, managing a destination brand in a micro perspective is easier than a macro one. This determination is especially made for Turkey.

## STUDY METHODOLOGY

This study aims to understand the brand dimensions of Turkey and its cities. According to Caldwell and Freire's study (2004), regions and cities have higher scores in the representational dimension when compared to countries (the effect of non-political international exposure and fashion) and countries score higher in the functionality dimension when compared with regions and cities (the effect of political international exposure). The results that the authors found could be correct and according to their study methodology the findings can be generalized. On the other hand, Turkey and its cities are unique cases and in order to develop an effective branding strategy and communication tools, a specific research is needed.

It is hard to say that there is an organized branding effort neither for Turkey nor its cities. In 2003, a detailed integrated communication model was prepared by the Turkish Promotion Council and presented to the government. But authorities have never implemented the report.

Three destinations were selected from Turkey; Turkey as the country, İstanbul as the city (the biggest city of Turkey with lots of cultural attractions, unique for the geographical position –standing both on the continents Asia and Europe-), Antalya/Alanya as the region (sun and beach state, full of luxury hotels, popular vacation destination for Europeans that miss the sunbath).

A survey is used to gather data and the six statements from the study of Caldwell and Freire (2004) is used with permission to understand how different nations rate each of the destinations. The pretest of the survey on 30 international students showed that, the first two statements on the representational dimension are somehow hard to understand. So these two statements are adapted to a more understandable version as "the image of (destination) defines the people who travel there" and "people feel proud amongst their friends because they can say that they went to (destination).

The sample used in the survey was the international and Dutch students studying in the Noordelijke Hogeschool and Christelijke Hogeschool of Leeuwarden, Netherlands. The sample consists of 24 different nationalities and a total of 177 students.

## **FINDINGS**

The questionnaire collected some information about demographics and awareness level of respondents about Turkey. The dimensions (functional and representational) were measured using three statements for each. The respondents were asked to rate each statement, from “strongly agree” to “strongly disagree” on a five point agree-disagree scale. “Strongly agree” statements got a score of 5, “agree” a score of 4, “neither agree nor disagree” a score of 3, “disagree” a score of 2 and “strongly disagree” a score of 1. The result of Cronbach Alpha reliability test is 0.77.

The respondents’ age are changing between 17 and 30 but 62% of them are between 20 and 23. The 53% of respondents are male and 48% of them are female. 29% of the respondents are Chinese, 23% of them are Dutch and 12% of them are Pakistani. In order to reach clear findings, the respondents are also categorized as Eastern and Western. American, Russian and Ukrainian respondents are categorized as Western. In this case, the distribution of the sample is 52% Western and 48% Eastern. 54% of the respondents have at least one Turkish Friend. It has been seen that only 42% of the sample know someone famous from Turkey.

Tarkan (pop singer) is the most known celebrity by the respondents (21%). M. K. Atatürk (founder of the modern Turkish Republic) is the second most known famous person with 6%. On the third place there is Hakan Şükür (footballer that played in Italian league) with a percentage of 6%. Respondents’ only 3% of them know the 2006 Nobel Prize Winner writer Orhan Pamuk. It is interesting that the other politicians on the list except M. K. Atatürk are from conservative Islamic parties (N. Erbakan, A. Gül, T. Erdoğan). The rest of the list consists of singers and soccer players.

“Have you seen the 2007 tourism advertising campaign of Turkey?” question is asked to respondents and 77% of the replied as “no”. This is an interesting finding because in 2007, Turkish Ministry of Tourism and Culture is spending 120 Million \$ for the ad campaign on international media. Turkey ads are also seen in Leeuwarden for a period of time. The low awareness level can be evaluated from different views. The ads could be for different target markets or located in the places that students don’t visit. In any manner, this result is a signifier of failure. The following ad was placed around the CLPs of Leeuwarden Train and Bus Station.



Figure 2. Turkey Ad

Respondents were asked to if they have been to Turkey – İstanbul - Antalya/Alanya or not. Only 13% of the sample has visited Turkey. İstanbul – Antalya/Alanya visit percentage is nearly fifty fifty.

Table 1 Statement-1

Statement-1	Strongly Disagree		Disagree		Neit. Agree nor Disagree.		Agree		Strongly Agree		Total	
	f	%	f	%	f	%	f	%	f	%	f	%
The image of Turkey defines the people who travel there	6	3,4	30	16,9	61	34,5	70	39,5	10	5,6	177	100
The image of İstanbul defines the people who travel there	4	2,3	24	13,6	81	45,8	51	28,8	17	9,6	177	100
The image of Antalya/Alanya defines the people who travel there	3	1,7	19	10,7	102	57,6	39	22,0	14	7,9	177	100

The respondents gave a score for the statements on five point agree-disagree scale. As seen on Table 1, first statement is “The image of (Destination) defines the people who travel there”. There is an aggregation on the neither agree nor disagree score for all destinations. On the other hand, respondents are most undecided on the destination Antalya/Alanya and this finding is valid for all the other statements below. This can be because of the sample chosen. The Chinese and Pakistani people (42%) observed by the researcher that they are not familiar with this destination. Another interesting result for this statement as a score for representational dimension is, country scores more than city and region on “agree” and “strongly agree” columns.

Table 2 Statement-2

Statement-2	Strongly Disagree		Disagree		Neit. Agree nor Disag.		Agree		Strongly Agree		Total	
	f	%	f	%	f	%	F	%	f	%	f	%
People feel proud amongst their friends because they can say that they went to Turkey	6	3,4	28	15,8	60	33,9	70	39,5	13	7,3	177	100
People feel proud amongst their friends because they can say that they went to İstanbul	4	2,3	18	10,2	65	36,7	74	41,8	16	9,0	177	100
People feel proud amongst their friends because they can say that they went to Antalya/Alanya	5	2,8	20	11,3	95	53,7	47	26,6	10	5,6	177	100

For the statement “People feel proud amongst their friends because they can say that they went to (Destination)”, İstanbul scored higher than other destinations on “agree” and “strongly agree” columns (Table 2).

Table 3 Statement-3

Statement-3	Strongly Disagree		Disagree		Nett.Agre e		nor Disag.		Agree		Strongly Agree		Total	
	f	%	f	%	f	%	f	%	f	%	f	%	f	%
People would go to Turkey because they feel it associates them with a certain group of people	7	4,0	54	30,5	63	35,6	48	27,1	5	2,8	177	100		
People would go to İstanbul because they feel it associates them with a certain group of people	1	0,6	37	20,9	80	45,2	54	30,5	5	2,8	177	100		
People would go to Antalya/Alanya because they feel it associates them with a certain group of people	32	18,1	-	-	94	53,1	43	24,3	8	4,5	177	100		

Table 3 for the statement “People would go to (Destination) because they feel it associates them with a certain group of people” signifies a parallel result with the Caldwell and Freire’s study (2004). “Strongly disagree” and “disagree” columns score more than the “agree” and “strongly agree” for Turkey. On the other hand, city and region score more on the representational side.

Table 4 Statement-4

Statement-4	Strongly Disagree		Disagree		Nett.Agre e		nor Disag.		Agree		Strongly Agree		Total	
	f	%	f	%	f	%	f	%	f	%	f	%	f	%
People travel to Turkey not for its publicized image but more for its actual characteristics (sun, beach, history etc.)	1	0,6	12	6,8	15	8,5	105	59,3	44	24,9	177	100		
People travel to İstanbul not for its publicized image but more for its actual characteristics (sun, beach, history etc.)	1	0,6	25	14,1	44	24,9	73	41,2	34	19,2	177	100		
People travel to Antalya/Alanya not for its publicized image but more for its actual characteristics (sun, beach, history etc.)	5	2,8	10	5,6	71	40,1	61	34,5	30	16,9	177	100		

Table 4 and Statement 4 try to question functional dimension of destinations. As seen on table, especially country scored so high for this statement. City and region also scored higher on the “agree” and “strongly agree” columns.

Table 5 Statement-5

Statement-5	Strongly Disagree		Disagree		Net. Agree		nor Disag.		Agree		Strongly Agree		Total	
	f	%	f	%	f	%	f	%	f	%	f	%	f	%
People go to Turkey not because the place emphasizes the sort of people who travel there but because the place puts more effort into creating a pleasant experience	1	0,6	17	9,6	55	31,1	91	51,4	13	7,3	177	100		
People go to İstanbul not because the place emphasizes the sort of people who travel there but because the place puts more effort into creating a pleasant experience	-	-	13	7,3	70	39,5	82	46,3	12	6,8	177	100		
People go to Antalya/Alanya not because the place emphasizes the sort of people who travel there but because the place puts more effort into creating a pleasant experience	-	-	9	5,1	97	54,8	55	31,1	16	9,0	177	100		

The same fact is also valid for Table 5 and statement 5. Respondents gave high score to functional dimension for all destinations. Country's score is the highest.

Table 6 Statement-6

Statement-6	Strongly Disagree		Disagree		Net. Agree		nor Disag.		Agree		Strongly Agree		Total	
	f	%	f	%	f	%	f	%	f	%	f	%	f	%
When you think about Turkey you think more about the region's characteristics than the type of visitor	3	1,7	21	11,9	30	16,9	92	52,0	31	17,5	177	100		
you think about İstanbul you think more about the region's characteristics than the type of visitor	1	,6	11	6,2	48	27,1	83	46,9	34	19,2	177	100		
When you think about Antalya/Alanya you think more about the region's characteristics than the type of visitor	3	1,7	16	9,0	85	48,0	57	32,2	16	9,0	177	100		

Table 6 and statement 6 signifies the same result with statement 5. Functionality dimension's score is higher for all destinations but especially for country.

Table 7 T-test Results

		Paired Differences							
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2- tailed)
					Lower	Upper			
Pair 1	Rep. Turk. - Func. Turk.	-1,75	2,601	,196	-2,14	-1,37	- 8,957	176	,000**
Pair 2	Rep. İst. - Func. İst.	-1,06	2,352	,177	-1,41	-,71	- 5,977	176	,000**
Pair 3	Rep. Ant. - Func. Ant.	-,79	2,320	,174	-1,14	-,45	- 4,536	176	,000**

As seen on Table 7, there is a statistically significant difference between the representational and functional dimensions of all destinations.

Table 8 Paired Samples Statistics

		Mean	N	Std. Deviation
Pair 1	Rep.Turkey	9,53	177	1,997
	Func.Turkey	11,28	177	1,764
Pair 2	Rep. İstanbul	9,89	177	1,893
	Func. İstanbul	10,95	177	1,878
Pair 3	Rep. Ant./Ala.	9,60	177	1,720
	Func. Ant./Ala.	10,39	177	1,937

Table 8 indicates the total scores of the destinations on representational and functional dimension. It is clear that respondents rate each destination as more functional than representational. This is a different finding from Caldwell and Freire's study (2004). In the original study, authors found that countries score higher on functional, cities and regions score higher on representational dimension. From this finding, some comments can be developed. Turkey and its cities can be brands having advantage on the functional dimension (performance, price etc.). Than the marketing and communication strategies have to be checked again in order to work on the representational dimension of the brands. But what if; all the destinations are not brands and just simple products in the mind of the consumer? This situation needs more work on the strategies.

Table 9 Independent Samples t-Test

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Sig. (2- tailed)	Mean Differe nce	Std. Error Differe nce	95% Confidence Interval of the Difference		
										Lower	Upper
Rep. Turkey	Equal variances assumed	4,411	,037	- 4,962	175	,000**	-1,40	,282	-1,957	-,843	
	Equal variances assumed			- 5,010	170,48 3	,000**	-1,40	,279	-1,952	-,848	
Rep. İstanbu l	Equal variances assumed	2,221	,138	- 5,604	175	,000**	-1,47	,263	-1,993	-,955	
	Equal variances not assumed			- 5,665	168,62 5	,000**	-1,47	,260	-1,988	-,960	
Rep. Antaly a/Alan ya	Equal variances assumed	,121	,728	- 2,220	175	,028*	-,57	,256	-1,073	-,063	
	Equal variances not assumed			- 2,222	174,52 7	,028*	-,57	,256	-1,073	-,064	
Func. Total	Equal variances assumed	,001	,981	1,273	175	,205	,86	,673	-,472	2,184	
	Equal variances not assumed			1,278	174,79 5	,203	,86	,670	-,466	2,178	
Rep. Total	Equal variances assumed	2,209	,139	- 5,235	175	,000**	-3,44	,657	-4,740	-2,145	
	Equal variances not assumed			- 5,287	170,20 0	,000**	-3,44	,651	-4,727	-2,157	

As mentioned before, sample is formed of three major nations; 29% of the respondents are Chinese, 23% of them are Dutch and 12% of them are Pakistani. In order to reach clear findings, the respondents are categorized as Eastern and Western. In this case, the distribution of the sample is 52% Western and 48% Eastern. In order to

evaluate the impact of the respondents' nationality, the Eastern sample was compared with the Western regarding the dimensions of each destination. An independent t-test was conducted in order to evaluate whether there were differences between Easterns' and Westerns' attitudes towards destinations. As seen on the Table 9, the nationality (Eastern-Western) of the respondents influenced the scores on representational dimension for Turkey and İstanbul ( $p=.000<.005$ ) and for Antalya/Alanya ( $p=.028<.005$ ).

Table 10 Group Statistics of Nations (West-East)

	Nation (West-East)	N	Mean	Std. Deviation
Rep.	West	92	8,86	2,079
Türkiye	East	85	10,26	1,627
Rep.	West	92	9,18	1,961
İstanbul	East	85	10,66	1,484
Rep.	West	92	9,33	1,723
Antalya/ Alanya	East	85	9,89	1,676
Func.	West	92	11,51	1,654
Turkey	East	85	11,04	1,855
Func.	West	92	10,98	1,967
İstanbul	East	85	10,92	1,788
Func.	West	92	10,54	2,109
Antalya/ Alanya	East	85	10,22	1,728
Func.	West	92	33,03	4,708
Total	East	85	32,18	4,201
Rep.	West	92	27,37	4,853
Total	East	85	30,81	3,778

As seen on Table 10, eastern nations rate especially Turkey and İstanbul as representational more than western nations. This situation can be explained by the common cultural backgrounds in a near country. Religion can be a motivator especially for Muslim Eastern nations. Being in a country with a different understanding through Islam and İstanbul's special importance according to the prophecy can be a way to define themselves in groups. On the other hand, this comment can not be valid for the Chinese sample. It is clear for Western nations that, Turkey and its cities have more functional dimensions than representational.

## CONCLUSION

This study tried to identify the brand dimensions of Turkey and its destinations. In other words, if people are coming to Turkey just for sun, beach, history etc. or to display their own concept and to identify themselves in a group. Surely this research problem is not an easy thing to identify. On the other hand, the young international sample's views are important for the future promotion strategies of Turkey.



The results show that Turkey as a specific case shows differences counter to literature. Despite the fact that countries score higher on the functional dimension and score low on the representational dimension, and cities-regions score low on the functional dimension and high on the representational dimension; this is not the same for Turkey. Before the research, Istanbul as a city can be waited having more representational dimension. On the Caldwell & Freire's study (2004), there is no opposite view for Istanbul. But the findings of this research show that all destinations of Turkey score more on the functional dimension. This distinction can be because of the different samples used but on the other hand, this result can be pointing out a problem on the brand nature of Turkey and other destinations.

Repeating the research on different samples is important in order to rate the different nationalities' perceptions about Turkey. Before developing communication strategies of Turkey, problem must be determined correctly. Findings of the study can be meaningful if the previous communication messages are examined. Like most other Mediterranean countries, Turkey's tourism advertisements are generally developed on the promise of sun, beach, sea and history. Also these messages are generally coded in a way that apart from creativity. The low awareness of the sample about the 2007 campaign of Turkey can be explained by this way.

Turkish authorities must examine the new era of tourism. It is the end of low price destinations and luxury hotels having a private beach. As Luhrman (1998) states, *"the next century will mark the emergence of tourism destinations as a fashion accessory. The choice of holiday destination will help define the identity of the traveler and, in an increasingly homogeneous world, set him apart from the hordes of other tourists"*.

This study only exhibits the comparison of the brand dimension scores of Turkey and its two destinations. At this level it is not possible to place the "brands" on the original Brand Box Model and determine the exact place that the brands locate on. But it is not hard to make an inference both from The Anholt Nation Brands Index (Q1 2007) and the last year's unexpected low tourism income about the brands.

Finally, this result support the opinion that, a strategic communication plans is needed urgently for Turkey and its cities as tourism destinations. On the other hand, both the strategic plans and communication tools must be developed through different markets. Global campaign with one promise to the entire world is not suitable for a country like Turkey. Historical and religious perceptions of different nations must be examined and messages must be developed according to these perceptions. The scores of Eastern and Western nations point out this fact clearly.

### **LIMITATIONS AND FUTURE RESEARCH**

This paper represents some determinants about Turkey's brand dimensions before 2007. Turkey is showing a dynamic country profile because of its geographical and political properties. Today a new research is needed to understand the changing brand dimensions of Turkey. This study is important to understand and predict the future changes of dimensions in a wide retrospective perspective.

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**AN EMPIRICAL STUDY OF IMPLICATIONS ON EMPLOYEE SATISFACTION IN TELECOM  
SECTOR: KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL LEARNING**

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**ABSTRACT**

*In today's turbulent environment, KM is considered much more than a buzzword; rather it has emerged as a critical competitive differentiator — a delicate balance of people, processes, and tools. On the national – economic level, a new structural shift can be observed. Knowledge is treated as the fourth essential resource of value adding process, leading to competitive edge. Empirical studies in KM related hypotheses are scarce in India. Increasingly, ability of an organization to compete in the global village gets defined by its ability to manage its knowledge and knowledge workers. It is most apparent in knowledge-intensive industries such as software, telecommunications, biotechnology, consultancy and pharmaceuticals. However, knowledge management has become an important issue in all types of organizations and industries. It is being said that only those organizations that are able to create organizational learning culture for knowledge management will survive and grow.*

*The primary objective of the study was to understand KM terminology and concepts and its real benefits. Exploratory study was used for this purpose. The next secondary objective was to study the inter-relationship between KM and organizational learning and its impact on employee satisfaction. A total of 80 respondents have been approached that includes 20 from four companies in Telecommunication sector. Two companies from the specified industry where the Knowledge Management is being implemented and two companies where the Knowledge Management is not being implemented as on the specified date. Questionnaire is administered on knowledge workers, project managers, team members, consultants, researchers and designers etc.*

*Descriptive statistics, Correlation and multiple regressions were used for this purpose. In this study, it is found as to how the various dimensions of knowledge management affect organizational learning. The result of the study indicates that successful implementation of KM will lead to enhanced organizational learning, which results in increased employee satisfaction in telecom sector. The present work focuses on impact of KM on organizational learning and employee satisfaction in knowledge intensive organizations leading to competitive edge.*

*Key Words: Knowledge Management, Organizational Learning, and Employee Satisfaction.*

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**INTRODUCTION**

Economies are now moving towards a new business age where information and knowledge are to become the most important resources in organizations, leading to sustained competitive advantage (Moody and Shanks, 1999). In today's turbulent environment, KM is considered much more than a buzzword; rather it has emerged as a critical competitive differentiator — a delicate balance of people, processes, and tools. On the national – economic level, a new structural shift can be observed. Knowledge is treated as the fourth essential resource of value adding process, leading to competitive edge. Empirical studies in KM related hypotheses are scarce in India.

Increasingly, ability of an organization to compete in the global village gets defined by its ability to manage its knowledge and knowledge workers. It is most apparent in knowledge-intensive industries such as software, telecommunications, biotechnology, consultancy and pharmaceuticals. However, knowledge management has become an important issue in all types of organisations and industries. It is being said that only those organisations that are able to create organizational learning culture for knowledge management will survive and grow.

Quite understandably, the world is seeing a shift towards knowledge-based organisations that empower the people to get into the continuous learning mode. In such a situation, the management of knowledge is fast becoming a process of creating value from knowledge that is otherwise an intangible asset in the organisation's balance sheet. In order to become a learning organisation, knowledge must be viewed as the most valuable corporate asset. As knowledge is getting treated as an asset, the need for its management has become more pronounced.

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**KNOWLEDGE MANAGEMENT**

Defining knowledge management (KM) is also difficult because there are multiple interpretations.

Knowledge Management is a concept in which an enterprise gathers, organizes, shares, and analyzes the knowledge of individuals and groups across the organization in ways that directly affect performance. It is about helping people communicate and share information. Knowledge Management envisions getting the right information, in the right context, to the right person, at the right time, for the right business purpose (Seiner, 2000).

For the purpose of this research, KM is being defined as “Any structured activity that improves an organization’s capacity to acquire, share and use knowledge in ways that improve its survival and success”

**THE ADVANTAGES OF KNOWLEDGE MANAGEMENT**

It is said that knowledge management can enable companies to face the complexities accompanying the emergence of the knowledge-based economy. By managing knowledge, organizations can:

- . Improve efficiency;
- . Improve the market position by operating more intelligently on the market;
- . Enhance the continuity of the company;
- . Enhance the profitability of the company;
- . Optimize the interaction between product development and marketing;
- . Improve the relevant (group) competencies;
- . Make professionals learn more efficiently and more effectively;
- . Provide a better foundation for making decisions like make-or-buy of new knowledge and technology, alliances and merges;
- . Improve communication between knowledge-workers;
- . Enhance synergy between knowledge workers;
- . Ensure that knowledge-workers stay with the company;
- . Make the company focus on the core business and on critical company knowledge

**STUDIES IN KM**

Many well-known multinational companies, such as **Hewlett Packard, Daimler Chrysler** (Davenport and Voelpel, 2001), **Chevron, Ford, Xerox, Raytheon, IBM** (Ellis, 2001), and **Siemens** (Voelpel, 2003), to name only a few, have integrated different kinds of virtual knowledge sharing systems. IT-based approaches to knowledge management dominated the early literature on the subject (Blackler, 2000). However, literature now reveals that the efforts of many companies to manage knowledge have not achieved their objectives, and many executives have become disillusioned with the practicality of trying to enhance organizational knowledge (De Long, 2000).

Although some analysts believe that information technology is a key driver for knowledge management, others disagree with this view and believe that knowledge management is about people, not technology, and to start from a “computer” perspective would ensure the failure of knowledge management. Biggest hurdle in effective KM implementation in Indian organizations is changing people’s behaviour from knowledge hoarding to knowledge sharing (Pilliani, R.K. 2005).

**ORGANISATIONAL LEARNING**

The concept of learning has traditionally been used in the context of individuals. Recently, this concept was extended to organizations. We define OL as “the process by which an organization acquires, retains and uses

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inputs for its development, and the process results in an enhanced capacity for continued self- learning and self-renewal.”

### **STUDIES IN OL**

In western literature, a recent study has been of Gomez et al. (2004), their study has identified different dimensions within organizational learning capability as learning commitment, systems thinking, knowledge transfer and integration, openness and experimentation.

In India, Shukla (1995) defined Organisaional Learning Capabilities. On the measurement side, Pareek (1988) has conducted Indian studies on learning orientations, called the Organisational Learning Diagnostics. Ramanarayan (1996) conducted an empirical research on organizational learning capability. Other than these studies, no empirical study has been conducted on Organisaional Learning in India.

### **EMPLOYEE SATISFACTION**

How your employees feel about their jobs, their supervisors, and many other factors has clear financial implications for your organization's future success. The most objective measures of satisfaction/dissatisfaction in organizations are **employee retention and turnover**.

The **costs of turnover are real** and significant, especially in the case of employees who play a key role in the implementation of strategy. The **benefits of retention are just as real**; the Harvard Business review reports that a 5% increase in retention results in in a 10% decrease in costs and productivity increases ranging from 25% to 65%.

The content for an Employee Satisfaction Survey is custom-developed for each organization, but the broad issues that contribute to employee satisfaction are known and represented in every survey. They include such topics as:

- the organization's workplace environment,
- relationships with immediate supervisor,
- satisfaction with the work itself,
- reward/recognition systems, both formal and informal,
- opportunities for growth through training and job assignments,
- compensation/benefit programs,
- support received from co-workers and other managers

### **STUDIES IN ES**

In his study on employee retention, Sunil Ramlall (2003) suggested that lack of challenge and opportunity, lack of career advancement opportunities, lack of recognition, inadequate emphasis on teamwork, not having the opportunity for a flexible work schedule are among the most common reasons for employees' leaving an organisation.

Hannay et al., (2000) suggested perceived future opportunities from the employer and the degree to which employee expectations have been met by the employer to be most significant variables for employee retention. Again 'perceived future opportunities' comprises additional responsibilities, more challenging and interesting responsibilities, more respect, and autonomy among other sub-factors. The organisational equilibrium theory proposed by March and Simon (1958) states that job satisfaction reduces the desirability of moving, thus reducing employee turnover.

Rhoades et al. (2001) identified organisational rewards (e.g., recognition, opportunity for advancement), procedural justice (e.g., communication, decision making), and supervisor support (e.g., concern for employees' well-being) led to perceived organisational support (e.g., organisational concern), which led to affective organizational commitment (e.g., sense of belonging, attachment).

**STUDIES IN KM & OL**

The accumulation of knowledge and its association with the learning process has intrigued mankind for centuries (Blumentritt and Johnston, 1999).

The concept of organizational learning is increasingly relevant to twenty-first century management because of the increasing complexity, uncertainty and rapidity of change of the organizational environment (Malhotra, 1996).

The process of organizational learning is defined as “increasing an organisation’s capability to take effective action” (Kim, 1998). Schein, (1997) defined OL as learning by individuals and groups in the organization.

**STUDIES IN KM & ES**

Along with the increasing focus on knowledge is the growing perceived importance of those who work with it. Researchers began to identify activities or attributes that enabled such workers to capitalize their knowledge and add value to the organisation (Miller, 1998). A knowledge worker’s usefulness to the organization is situated in his/her ability (and willingness) to utilize, share and synthesise existing knowledge to create new ideas. Since personal know-how and tacit knowledge are not stored within the organization, but are held by the employees (Drucker, 1999), what potentially differentiates one company from another is the way they manage the employee-employer relationship, as knowledge workers can leave an organization and remove that key asset. Their retention is, therefore, vital for organisations operating in this knowledge era, forcing companies to make greater effort in, first, developing systems which will increase the creation and utilization of knowledge and, second, understanding the mechanisms involved in retaining knowledge worker.

Turnover intention is the last cognitive step employees make in the voluntary turnover process (Tett and Meyer, 1993), and is often the only antecedent directly affecting actual turnover (Miller et al., 1979). Managers are therefore; keen to establish processes that might increase job satisfaction, which can reduce turnover and loss of valuable knowledge (Lee et al, 1999).

**OBJECTIVES**

The study includes three important variables, viz., Knowledge Management, Organisational Learning, and Employee satisfaction in the context of Telecom sector in India. The main objectives of this study are:

1. To study the relationship between Knowledge Management, organizational learning and Employee satisfaction.
2. To make suggestions for improvements.

**RESEARCH METHODOLOGY**

**a) Scope of study:** In India, the telecommunications market has undergone a major transformation in the past couple of decades. From being a complete monopoly of the public sector, to the breaking down of these monopolies, the telecom industry has witnessed significant policy reforms. These reforms also led to the entry of private players in all kinds of telecommunications services, such as cellular and wireless in local loop (WLL) services, in addition to the basic telephony services.

**b) Sample for the study:**

The selection criterion is based on the Market Share and Sales of all the companies in the selected industries of 2002-2003 (31<sup>st</sup> March) audited financial figures. After evaluating the entire list of organization of this industry. An introductory mail about - Knowledge Management and a list of KM Methods employed within their company and which methods they were intending to implement is sent to all companies in the three industries. The total number of KM methods employed by a company is used as one of the discriminating variable. Companies using three or less techniques were referred to as KM – non-implementing companies and those applying four or more techniques described as KM implementing companies. An equivalent proportion for the study of Knowledge Management in that industry was selected.

**Total Sample Size of Study:** Two companies from each specified industry where the Knowledge Management is being implemented and two companies where the Knowledge Management is not being implemented as on the specified date.

In the Telecommunications Industry, Bharti Tele and Tata-Teleservices is the clear winner of Knowledge Management Programme and MTNL and VSNL does not have KM programme.

Sample Distribution used in the study is as follows:

TELECOMMUNICATION			
Implementing KM IT techniques		Not Implementing KM IT techniques	
1	2	3	4
20	20	20	20

Total = 4\* 20 = 80

This study begins with a hypothesis and research questions and involves precise procedure and data source specifications.

Discussions with academicians and managers of various knowledge intensive organizations led to the classification of the objectives of the study and the selection of variables important to the people enabled KM.

- ❑ H1a: There is a positive correlation between Knowledge Management and Organizational Learning.
- ❑ H1b: Organizational Learning enhances Employee Satisfaction in Non-KM implementing industries.

c) **Questionnaires:** For measuring Knowledge Management, Organisational Learning and Employee Satisfaction information, data is collected through reliable and valid questionnaire. All the sections are based on a five-point Likert scale.

1) **KM Questionnaire:** Darroch (2003) developed three scales to measure behaviors and practices for each component of knowledge management: knowledge acquisition, knowledge dissemination, and responsiveness to knowledge.

2) **OL Questionnaire:** Organizational –Learning Diagnostic Survey (Pareek, 1988) consisting of 23 items.

3) **ES Questionnaire:** comprised of following factors: Satisfaction with Nature of Work: (Minnesota Satisfaction Questionnaire; Weiss et al., 1967); Satisfaction with Supervision: (Index of Organizational Reactions Questionnaire; Smith, 1976); Organizational Commitment (Porter et al., 1974); Distributive Justice (Magner et al., 1994); Procedural Justice (Magner et al., 1994); Turnover Intention: (Cammann et al, 1979); Perceived Alternative Employment Opportunities (Mowday et al., 1984).

#### d) Procedure for data collection:

A detailed questionnaire for the respondents covering various facets of operations was prepared and circulated among the selected companies of each industry.

e) **Statistical Tools:** The presentation format of the recommended framework involves computation of *Descriptive statistics* - Mean and Standard Deviation. *Parametric:* F-test, t-test, and Correlation Technique, ANOVA and Regression.

#### ANALYSIS & INTERPRETATIONS

- ❑ H1a: There is a positive correlation between Knowledge Management and Organizational Learning.

$$\mu_1 = \mu_2, \mu_3,$$

Where,  $\mu_1$  = Knowledge Management

$\mu_2$  = Organizational Learning

On the basis of grand total of 40 Respondents in KM implemented companies, the mean & standard deviation have been calculated for the two parameters that are Knowledge Management and Organisational Learning. It was found that mean value of organizational learning is higher in KM implemented companies in Telecom sector.

**Table 1 depicts Means, Standard Deviations of differences between Knowledge Management, Organisational Learning, & Employee Satisfaction in KM implemented companies in Telecom sector.**

**Descriptive Statistics**

	Mean	Std. Deviation	N
Knowledge Management	43.5750	2.9776	40
Organizational Learning	55.9750	2.5669	40

Correlation matrix obtained by Pearson's Correlation coefficient method indicates that Organisational Learning is closely correlated with the dependent variable i.e. Knowledge Management (0.05). It demonstrates that if an employee is involved in knowledge creating and distributing activities, the culture of learning will also be perceived favourable by him.

**Table 2 Showing Co-efficient of Correlation between Knowledge Management, Organisational Learning, & Employee Satisfaction in KM implemented companies in Telecom sector.**

	Knowledge Management
Organizational Learning	0.05
N	40

- H1b: Organizational Learning enhances Employee Satisfaction in Non-KM implementing industries.

H1a:  $\uparrow \mu 1 = \uparrow \mu 2$

Where,  $\mu 1$  = Organizational Learning

$\mu 2$  = Employee Satisfaction

$\uparrow$  = Higher Rate

On the basis of grand total the mean & standard deviation have been calculated for the two parameters that is Organisational Learning and Employee Satisfaction. It was found that mean of employee satisfaction is highest.

**Table 3 Showing Means, Standard Deviations of Organisational Learning, & Employee Satisfaction of Non-KM implementing companies in Telecom sector.**

#### Descriptive Statistics

	Mean	Std. Deviation	N
Employee Satisfaction	135.1750	12.1716	40
Organizational Learning	46.5250	3.9353	40

To test hypothesis H1b, we carried regression analysis, a form of general linear modeling, is a statistical technique used to examine the relationship between a dependent variable, (*Employee Satisfaction*) and an independent variable (*Organizational Learning*). Regressions also provided a means of objectively assessing the degree and character of the relationship between dependent and independent variable.

Correlation matrix obtained by Pearson's Correlation coefficient method indicates that *Organizational Learning* is closely correlated with the dependent variable i.e. *Employee Satisfaction* (0.597). For testing the significance of relationship, t-test has been used. These values when compared with table value at 5 % level of significance indicate that table value is less than calculated values, showing a significant relationship between *Organizational Learning* and *Employee Satisfaction*.

**Table 4. Showing Coefficients of Correlation between Organisational Learning & Employee Satisfaction in Non-KM implemented companies in Telecom sector.**

#### Correlation

		Employee Satisfaction	Organizational Learning
Pearson	Employee Satisfaction	1.00	.597
	Organizational Learning	.597	1.00
Sig. (1-tailed)	Employee Satisfaction	.	.000
	Organizational Learning	.000	.
N	Employee Satisfaction	40	40
	Organizational Learning	40	40



The Regression analysis for dependent variable employee satisfaction and Organizational Learning indicates the following results:

$$R^2 = 0.35 \quad F = 20.991.$$

**Table 5. Showing Summary of Regression Model in Non-KM implemented companies in Telecom sector.**

Model <sup>b</sup>									
Model	R	R Square	Adjusted R Square	Std. Error of Estimate	Change				
					R Square Change	F Change	df	df	Sig. Change
1	.59 <sup>a</sup>	.35	.33	9.896	.35	20.99	1	3	.00

a. Predictors: (Constant), Organizational Learning

b. Dependent Variable: Employee Satisfaction

In the above Table 5, R is the correlation coefficient for the simple regression of independent variable and the dependent variable, which came out to be 0.597 in this study. It has no plus or minus sign because in regression the signs of the individual variables may vary, so this coefficients reflects only the degree of association.

R square is the correlation coefficient squared also referred to as the coefficient of determination. This value indicates the percentage of total variation of dependent variable explained by the independent or predictor variable. It came out to be 0.356, which means 36% of total variation in employee satisfaction caused by Organisational Learning.

**Standard Error of Estimate:** It is a measure of the variation or scatteredness about the line of regression. It is another measure of the accuracy of our predictions. It represents an estimate of the standard deviation of the actual dependent values around the regression line that is; it is a measure of variation around the regression line, which came out to be 9.8967.

The degree of freedom measures, how restricted the data is to reach a certain level of prediction. It is measured as total observation minus the number of estimated parameters.

**Table 6. Showing ANOVA (Regression) in Non-KM implemented companies in Telecom sector.**

ANOVA <sup>b</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2055.913	1	2055.913	20.991	.000 <sup>a</sup>
	Residual	3721.862	38	97.944		
	Total	5777.775	39			

a. Predictors: (Constant), Organizational Learning

b. Dependent Variable: Employee Satisfaction

Table 6 shows the ANOVA F is significant, signaling that it is justifiable to use a straight-line relationship to model the variable in this case. High value of F clearly points out that, there is significant positive correlation with dependent variable. The ANOVA table tests the acceptability of the model from a statistical perspective. The *Regression* row displays information about the variation accounted for this model. The *Residual* row displays information about the variation that is not accounted for this model. The regression and residual sums

of squares are approximately equal, which indicates that the model explains about 50% of the variation in this variable. The significance value of the F statistic is less than 0.05, which means that the variation explained by the model is not due to chance. While the ANOVA table is a useful test of the model's ability to explain any variation in the dependent variable, it does not directly address the strength of that relationship. The model summary table reports the strength of the relationship between the model and the dependent variable. *R*, the correlation coefficient, is the linear correlation between the observed and model-predicted values of the dependent variable. *R Square*, the coefficient of determination, is the squared value of the correlation coefficients. It shows that about 50% the variation in *time* is explained by the model. As a further measure of the strength of the model fit, compare the standard error of the estimate (9.8) in the model summary table to the standard deviation (12.1) of *time* reported in the descriptive statistics table. We found both the values are closer, indicating the strength of the linear relationship between Organisational Learning and Employee satisfaction.

**Table 7 Showing Regressions between Employee Satisfaction and Organisational Learning in Non-KM implemented companies in Telecom sector.**

**Coefficients<sup>a</sup>**

M o d e l	Unstandardized		Standar dized Coefficient	t	Sig
	B	Std. Error	Beta		
1 (Constant)	49.	18.8		2.	.01
Organizational Learning	1.84	.40	.59	4.	.00

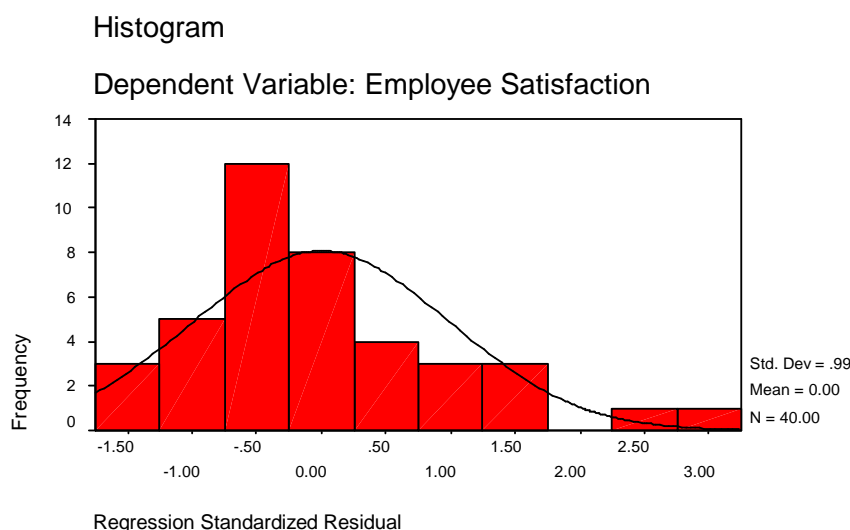
a. Dependent Variable: Employee Satisfaction

The standardized regression coefficient, or beta value (0.59), is the value calculated from standardized data. The beta value allows us to compare the effect of independent variable on dependent variable to the effect on dependent variable of other independent variable at each stage, because this value reduces the regression coefficient to a comparable unit, the number of standard deviations.

A smaller standard error implies more reliable prediction. Thus I, would like to have small standard error and small confidence intervals. This standard error is also referred to as the standard error of the regression coefficient. It is an estimate of how much the regression coefficient will vary between samples of the sample size taken from the same population.

Further to test the statistical significance of  $\beta$ , we examine the *t*'s. Also the significant value of *t* further means that regression, as a whole is significant between these selected variables.

**Figure 1 Showing Histogram bar in Non-KM implemented companies in Telecom sector**



A residual is the difference between the observed and model-predicted values of the dependent variable. The residual for a given product is the observed value of the error term for that product. A histogram or P-P plot of the residuals will help to check the assumption of normality of the error term. The shape of the histogram should approximately follow the shape of the normal curve. This histogram is acceptably close to the normal curve.

**Figure 2 Showing Normal P-P Plot of Regression in Non-KM implemented companies in Telecom sector.**



The P-P plotted residuals should follow the 45-degree line. Neither the histogram nor the P-P plot indicates that the normality assumption is violated.

### **A MANAGERIAL OVERVIEW OF THE RESULTS**

Telecom sector has shown that the mentioned two variables are positively correlated and resulting in the statement that – The employee satisfaction increases with an increase in the organizational learning in this sector where knowledge management is not being implemented or ever has been implemented.

### **RECOMMENDATIONS**

- There is a strong need to push knowledge management programme from the top. As the mean values for KM behaviours came out to be 43.5 in KM implemented companies, which means that acquisition, distribution of KM behaviour is low.
- Organizational learning is found to be positively correlated (0.05) with KM. Therefore, companies should create the vision, mission, objectives, and ethics code for the organization as it develops its knowledge management system. Endorses and sustains knowledge management initiatives by taking on the role of coach and mentor. Moves the entire organization toward knowledge management so that a learning culture can be created.
- In order to develop learning culture, build networks that foster conversation, relationships, and trust among employees. Generate a collaborative environment in which employees know who knows what, know what was done before, and use this knowledge to resolve problems quickly and effectively.
- Finally, the hypothesis that Organizational Learning enhances Employee Satisfaction in Non-KM implementing industries found support from the data and the strength of relationship ( $R^2 = 0.35$ ) was stronger. In today's turbulent and uncertain environment, organizations face a looming wave of knowledge attrition.
- From this analysis, it is clear that organizations should seriously consider what strategies and policies are in place to reduce turnover and retain valuable employees. Since a large proportion of turnover appears to be avoidable, it is imperative for organizations to create learning culture and thereby prevent at least some degree of turnover.

### **RESEARCH LIMITATIONS/IMPLICATIONS**

The research paper does not test the possibility of employee satisfaction affecting Organisational Learning, which may be true, and the author acknowledges it as a limitation of the research study. Future studies may investigate this further.

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# ANALYSIS OF REGULATORY ASPECTS OF FOREIGN PORTFOLIO INVESTMENT IN INDIA UNDER THE LIGHT OF SECURITIES AND EXCHANGE BOARD OF INDIA (FOREIGN PORTFOLIO INVESTORS) REGULATIONS, 2014

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## ABSTRACT

*The wide expansion of global markets has greatly influenced the movement of funds. To deal with new global economic realities innovative financial instruments have been evolved. Foreign direct investment and foreign portfolio investment are two of the most common routes for overseas investors to invest into an economy. In developing countries like India, foreign capital helps in increasing the productivity of labour and to build up foreign exchange reserves to meet the current account deficit.*

*Ever since India has embraced liberal economic policies by opening up its markets post 1991-92, capital inflows generated by foreign portfolio investment (FPI) has proved to be indispensable for the cause of propulsion of economic growth of the country. This article analyses the inflow of foreign portfolio investment in India.*

*In India, SEBI prescribes the certain norms which are to be followed by the investors. Overtime, the regulatory measures of SEBI have become liberal which has increasingly encouraged foreign investors to invest in India. With a view to rationalize/ harmonize different routes for foreign portfolio investment, the Securities and Exchange Board of India (SEBI) notified the SEBI (Foreign Portfolio Investors) Regulations, 2014 (FPI Regulations) on January 7, 2014. These regulations created a new class of Foreign Portfolio Investors and amended certain key rules and procedures applicable to foreign investors. The study also highlights the salient features of recently introduced unified and simplified FPI regulatory framework.*

*Key Words: Foreign Portfolio Investment, SEBI, Designated Depository Participant, Foreign Portfolio Investor.*

## INTRODUCTION

The wide expansion of global markets has greatly influenced the movement of funds. To deal with new global economic realities innovative financial instruments have been evolved. Foreign direct investment and foreign portfolio investment are two of the most common routes for overseas investors to invest into an economy. The foreign Direct Investment in any country abroad is the net inflow of investment in order to acquire management control and profit sharing (10% or more voting stock) or the whole ownership of an accredited company operating in the country receiving investment.

On the other hand, Foreign Portfolio Investment is a kind of passive holding of securities and other financial assets by foreign individuals or institutions which does not entail management control of the issuing firm. FPI and FDI play very important role in the development of developing countries.

## OBJECTIVES

1. To analyses the inflow of foreign portfolio investment in India.
2. To highlights the salient features of recently introduced unified and simplified FPI regulatory framework.
3. To critically compare the newly introduced regulations for FPI with the older one.

### FPI Investment in India

FPI Investments – Financial Year			
			INR Crores
Financial Year	Equity	Debt	Total
1992-93	13	0	13
1993-94	5,127	0	5,127
1994-95	4,796	0	4,796
1995-96	6,942	0	6,942
1996-97	8,546	29	8,575
1997-98	5,267	691	5,958
1998-99	-717	-867	-1,584

1999-00	9,670	453	10,122
2000-01	10,207	-273	9,933
2001-02	8,072	690	8,763
2002-03	2,527	162	2,689
2003-04	39,960	5,805	45,765
2004-05	44,123	1,759	45,881
2005-06	48,801	-7,334	41,467
2006-07	25,236	5,605	30,840
2007-08	53,404	12,775	66,179
2008-09	-47,706	1,895	-45,811
2009-10	110,221	32,438	142,658
2010-11	110,121	36,317	146,438
2011-12	43,738	49,988	93,726
2012-13	140,033	28,334	168,367
2013-14	79,709	-28,060	51,649

Source: www. sebi.org

### Interpretation

Ever since India has embraced liberal economic policies by opening up its markets post 1991-92, capital inflows generated by foreign portfolio investment (FPI) has proved to be indispensable for the cause of propulsion of economic growth of the country. The above table indicates that from opening up of the market in 1991 foreign portfolio investment is showing increasing trend in India except in the years 1998-99 and 2008-09. In initial years all FPI came through equity mode. Afterwards, out of the total investment, equity contribution is more than 80% of the total. The above table indicates that during 2009-10, 2010-11 and 2012-13 there is a sharp increase in FPI. FII inflows are attributable to the recovery in domestic stock markets, following international trends and the comparatively better growth prospects in India.

### DEVELOPMENT OF FPI REGULATIONS 2014

The industrial policy 1991 had crafted a trajectory of change whereby every section of Indian economy embraced by liberalization, privatization and globalization at one point of time or other. This LPG policy change and development in technology, ever expanding markets, have further collectively made India, the apple of investor's eye, for most profitable, productive and secure foreign investment. In 1992, India opened up its economy and allowed Foreign Portfolio Investment in its domestic stock market. SEBI prescribes the certain norms which are to be followed by the investors. Overtime, the regulatory measures of SEBI have become liberal which has increasingly encouraged foreign investors to invest in India. With a view to rationalize/ harmonize different routes for foreign portfolio investment, the Securities and Exchange Board of India (SEBI) notified the SEBI (Foreign Portfolio Investors) Regulations, 2014 (FPI Regulations) on January 7, 2014. These regulations created a new class of Foreign Portfolio Investors and amended certain key rules and procedures applicable to foreign investors. The further discussion analyses the salient features of the recently introduced unified and simplified FPI regulatory framework.

- a. **Working Group on Foreign Investment in India:** During November 2009, the Ministry of Finance set up a working group headed by Mr. U.K. Sinha, to rationalize the existing arrangements relating to foreign portfolio investments by FIIs/Non-Resident Indians (NRIs) and other foreign investors, such as private equity entities and foreign venture capital investors etc.
- b. **Committee on Rationalization of Investment Routes and Monitoring of Foreign Portfolio Investments:** SEBI set up a Committee on Dec. 6, 2012 under the chairmanship of Mr. K.M. Chandrasekhar, inter alia, to prepare the draft guidelines and regulatory framework for an integrated policy on foreign investments.
- c. **Submission of Report:** The Committee analysed various portfolio investment routes currently available to foreign investors, and recommended, in its report dated June 12, 2013 (Report), the development of draft guidelines and a regulatory framework for FPI by merging FIIs and QFIs into a single investor class to be termed "FPI" so as to develop a harmonised model of investment routes.
- d. **FPI Regulations 2014:** SEBI, in its meeting on Oct. 5, 2013, accepted the recommendations of the Committee, and approved the draft FPI Regulations. Subsequently, SEBI (FPI) Regulations, 2014 were notified on January 07, 2014 followed by certain other enabling notifications by Ministry of Finance and RBI. It repeals the SEBI (Foreign Institutional Investors) Regulations, 1995.

- e. **Amendments in Existing Regulations:** To substitute an existing FII / sub account with FPI SEBI issued notifications to make appropriate changes in the following regulations:
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - Securities and Exchange Board of India ( Intermediaries) Regulations, 2008;
  - Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993;
  - Securities and Exchange Board of India (Mutual Funds) Regulations, 1996;
  - Securities and Exchange Board of India (Central Database of Market Participants) Regulations, 2003;
  - Securities and Exchange Board of India (Certification of Associated persons in the Securities Market) Regulations, 2007.

### SALIENT FEATURES OF SEBI (FPI) REGULATIONS, 2014

- Foreign Portfolio Investor:** The FPI Regulations define the term “Foreign Portfolio Investor” (FPI) as a person who satisfies the eligibility criteria prescribed under Regulation 4 of the FPI Regulations and has been registered under Chapter II of the FPI Regulations, and an FPI shall be deemed to be an “intermediary” in terms of the provisions of the SEBI Act, 1992 (as amended from time to time).
- Registration of FPIs:** The FPI Regulations shift the onus of registering an FPI with SEBI to DDPs (authorized by SEBI). The FPI Regulations define the term “Designated Depository Participant” (DDP) as a person who has been approved by the board under Chapter III of these regulations. No person or entity shall buy or sell or otherwise deal in securities as a ‘FPI’ unless it has obtained a certificate granted by DDP on behalf of the board. The key conditions to be satisfied by an entity to be granted registration as an FPI, inter alia, include the following:
  - Applicant should be a resident in a country whose regulator is a signatory to International Organizations of Securities Commissions (IOSCO) Multilateral Memorandum of Understanding (MMOU) (Appendix A Signatories) or a signatory of a bilateral MOU with SEBI.
  - Applicant should not be resident in India
  - The Applicant should not be a Non-Resident Indian (NRI).
  - The applicant (if it is a company) is permitted by its memorandum of association and articles of association or equivalent documents to invest on its own or on its clients’ behalf;
  - The applicant has sufficient experience with a good track record, is professionally competent and financially sound and has a generally good reputation of fairness and integrity; and
  - The applicant satisfies the “fit and proper” person test laid down by SEBI under Schedule II of SEBI (Intermediaries) Regulations, 2008.
  - Applicant should not be resident in a country identified by the Financial Action Task Force (FATF) as a deficient jurisdiction.
  - If the applicant is a bank, it is a resident of a country whose central bank is a member of the Bank for International Settlements;

All the FPI will be provided FPI registration number. With a view to have a centralized number generation system, SEBI has authorized NSDL to generate these numbers.
- Categories of Foreign Portfolio Investors:** The FPI categorization follow the risk based KYC regime as set out in SEBI’s circular dated September 12, 2013, for foreign investors investing under portfolio investment scheme. From the point of view of KYC, the committee recommended (and the FPI Regulations provide) for following categorization of FPIs based on their perceived risk profile:

Category I (Low Risk)	Category II (Moderate Risk)	Category III (High Risk)
Government and Government-related investors	• Appropriately regulated broad based funds such as investment	All other eligible foreign investors investing in India



such as central banks, Government agencies, sovereign wealth funds or international and multilateral organizations or agencies	<p>trusts, mutual funds, and insurance/reinsurance companies.</p> <ul style="list-style-type: none"> <li>• Appropriately regulated persons which include asset management companies, banks, investment managers/ advisors, portfolio managers.</li> <li>• Broad-based funds that are not appropriately regulated but whose investment manager is appropriately regulated;</li> <li>• University funds and pension funds; and</li> <li>• University related endowments already registered with SEBI as FIIs or sub-accounts.</li> </ul>	under the Portfolio Investment Scheme, not eligible under Category I and II such as Endowments, Charitable Societies/Trust, Foundations, Corporate Bodies, Trusts, Individuals, Family Offices, etc.
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• **Broad-based Fund:** Means a fund, established or incorporated outside India which has at least 20 investors with no investor holding more than 49% of the shares or units of the fund. If there is an institutional investor who holds more than 49% of the shares or units in the fund, then such institutional investor must itself be a broad-based fund. For ascertaining the number of investors in a fund, both direct and underlying investors shall be counted.

- Impact on existing FIIs, sub-accounts and QFIs:** Any Foreign Institutional Investor and sub-accounts who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995 (FII Regulations). Existing QFIs can continue to trade for a period of 1 year starting from January 7, 2014 (date of notification of FPI Regulation 2014). QFIs will have to exit the market if FPI registration is not obtained within 1 year from January 7, 2014.
- Registration Fees:** The registration fees will be collected by the respective DDPs in advance in every three years and be remitted the same to SEBI. Fees structure for FPIs is as follows:

Category I (Low Risk)	Category II (Moderate Risk)	Category III (High Risk)
Exempted from payment of registration fees*	USD 3,000 for every block of three years.	USD 300 for every block of three years.

\* A. If several FPIs have common beneficial owners, only one FPI shall be exempt from registration fees. Others shall pay fees as applicable to category II.

B. If the beneficial owner is an international/ multilateral agency, which has been granted privileges and immunities from payment of tax and duties by the Central Government, no registration fee will be charged from such agency.

**Conversion Fees:** At the time of conversion to FPI, any Foreign Institutional Investor and sub-accounts holder shall be required to pay conversion fees of USD 1,000 to SEBI on or before the expiry of its registration as an FII or sub account.

- Investment Limit:** Regulation 21(7) of the FPI Regulations states that a single FPI or an investor group shall purchase below ten percent of the total issued capital of a company. If FPI entities invest through multiple FPI entities, the investment limits of all such entities shall be clubbed as the investment limit as applicable to a single FPI. The securities shall be registered in the name of the foreign portfolio investor as a beneficial owner for the purposes of the Depository Act, 1996.
- Investment Scope:** The investment restrictions stipulated under the FPI Regulations are more or less similar to those provided under the FII Regulations. FPIs are permitted to invest only in the following instruments:

- Securities in primary as well as secondary markets including shares, debentures and warrants of listed companies or to be listed on recognized stock exchange in India.
  - Commercial Papers
  - Derivatives traded on a recognized stock exchange
  - Security Receipts issued by Asset Reconstruction Companies
  - Indian Depository Receipts
  - RBI specified perpetual debt instruments and debt capital instruments
  - Non-convertible bonds by the Reserve Bank of India (RBI) specified Infrastructure Finance Companies (IFCs)
  - Listed and unlisted non-convertible infrastructure debentures / bonds
  - Units of domestic mutual fund schemes
  - Units of collective investment schemes
  - INR denominated credit enhanced bonds
  - Such other instruments specified by the Board from time to time.
- 8. Offshore Derivative instruments:** Regulation 22 provides that;
- a. FPIs issuing ODIs can issue such instruments only after the entity to which the instrument is issued, is compliant with KYC norms.
  - b. Category I FPIs and Category II FPIs (which are directly regulated by an appropriate foreign regulatory authority) are permitted to issue, subscribe and otherwise deal in offshore derivative instruments (“ODIs”).
  - c. Unregulated broad-based funds, classified as Category II FPIs, by virtue of their investment manager being appropriately regulated, shall not issue, subscribe or otherwise deal in ODIs directly or indirectly. The restriction applies to all Category III FPIs.
  - d. ODIs already issued by FIIs and presently outstanding shall be permitted to continue under the FPI regime.
  - e. Reporting and other compliance norms as applicable under the FII regime will continue to apply to FPIs issuing ODIs.
- 9. Tax Regime for FPIs:** On January 22, 2014, the Central Board of Direct Taxes (CBDT) announced that uniform tax rate will be applied to all FPIs, regardless of whether it is an FII or a QFI, which effectively harmonized the tax rate applicable to foreign investors in Indian capital markets. It will be the responsibility of the Depository Participants to ensure tax payment.

**Further development in tax regime –**

(1). While presenting the union budget for fiscal 2014-15, Finance Minister Arun Jaitley said “FPIs have invested more than Rs 8 lakh crore (about USD 130 billion) in India. One of their concerns is uncertainty in taxation on account of characterisation of their income. With a view to put an end to this uncertainty and to encourage these fund managers to shift to India, I propose to provide that income arising to foreign portfolio investors from transaction in securities will be treated as capital gains”.

Thus;

- ❖ To treat income from FPI as capital gains, the government has said amendments would be made to the norms governing FPIs with effect from April 1, 2015.
- ❖ Under the proposed amendments, any security held by FII which would be treated as capital asset only so that any income arising from transfer of such security by FPI would be in the nature of capital gain.
- ❖ As per norms, there are no taxes on long term capital gains while short term capital gains are taxable at the rate of 15 per cent.

- 10. RBI simplified Foreign Portfolio Investment Norms with effect from March and April, 2014:** The RBI has simplified FPI norms by putting in place an easier registration process and operating framework with an aim to attract foreign inflows.

**11. Responsibilities of Foreign Portfolio Investors:**

From registering themselves as FPIs to follow the prescribed laws, Foreign Portfolio Investors have to fulfill the following obligations:

1. Engage a Designated Depository Participant to obtain the certificate of registration and to fulfill required formalities.
2. Appoint a Designated Bank to open foreign currency denominated account and special non- resident rupee account.
3. Appoint a Custodian of Securities who will not only report about the transactions entered into by the FPI (on daily basis) to the depositories and SEBI but also monitor investment of the FPIs to ensure that combined holding of all FPIs remain within the prescribed limit.
4. A compliance officer must be appointed by all the FPIs (excluding FPI as an individual) to look after the compliance of Act, rules, regulations, guidelines, instructions and notifications issued by the SEBI or the Central Government or the DDPs. Any non compliance must be reported by him immediately and independently. Individuals will be personally responsible for compliance of concerned regulations.

**12. Code of Conduct:** Regulation 24 describes that a foreign portfolio investor shall:

- a. Observe high standards of integrity, fairness and professionalism in all dealings in the Indian securities market with intermediaries, regulatory and other government authorities
- b. At all times, render high standards of service, exercise due diligence and independent professional judgment
- c. Insure and maintain confidentiality in respect of trades done on its own behalf and/or on behalf of its clients.
- d. Maintain an appropriate level of knowledge and competency and abide by the provisions of the Act, regulations made there under and the circulars and guidelines, which may be applicable and relevant to the activities carried on by it. Every foreign portfolio investor shall also comply with award of the Ombudsman and decision of the Board under Securities and Exchange Board of India (Ombudsman) Regulations, 2003.
- e. Not make any untrue statement or suppress any material fact in any documents, reports or information to be furnished to the designated depository participant and/or Board.
- f. Ensure that good corporate policies and corporate governance are observed by it.
- g. Ensure that it does not engage in fraudulent and manipulative transactions in the securities listed in any stock exchange in India.
- h. Ensure clear segregation of its own money/securities and its client's money/securities and arms length relationship between its business of fund management/investment and its other business.
- i. A foreign portfolio investor or any of its directors or managers shall not, either through its/his own account or through any associate or family members, relatives or friends indulge in any insider trading.
- j. A foreign portfolio investor shall not be a party to or instrumental for – a) creation of false market in securities listed or proposed to be listed in any stock exchange in India; b) price rigging or manipulation of prices of securities listed or proposed to be listed in any stock exchange in India; c) passing of price sensitive information to any person or intermediary in the securities market.

**CONCLUSION**

Through capital market liberalization, foreign capital has become increasingly significant source of finance. In developing countries like India, foreign capital helps in increasing the productivity of labour and to build up foreign exchange reserves to meet the current account deficit. Foreign investment provides a channel through which country can have access to foreign capital. Overtime, the regulatory measures of SEBI have become liberal, which has increasingly encouraged FIIs to invest in India. Post liberalization, investments through FPIs has been the major source of foreign investments in India.

The recently notified Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 significantly revises the regulation of foreign portfolio investments into India. It seek to introduce a risk-based approach towards investor Know Your Customer (KYC) requirements, DDPs are authorised to process

registration on behalf of SEBI, permanent registration of FPIs which may prove more conducive to investors focused on long-term investment, ease in the entry process and reduce timelines for investor participants and the taxation will now be more uniform.

However, there have been some criticisms of the new regulations, principally with respect to the negative impact they may have on the incentives for non-resident Indians (NRIs) to invest in their home country and inflows of capital from hedge funds. In addition, custodians (called designated depository participants) would have to clarify how to conduct their due diligence under the new regime. The prospect of having to request an onerous amount of information from their clients in order to satisfy the new rules may ultimately defeat SEBI's attempt of simplification and expediency as well as to streamline the process. Further, ambiguity on the 'broad based' criteria, eligibility to issue/subscribe to offshore derivative instruments and clubbing of investment limit are the key concerns SEBI must revisit the current position.

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## **TRENDS AND PATTERN OF FDI IN INDIA**

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### **ABSTRACT**

*FDI Means Foreign Direct Investment, an element of a country's national financial statement. Foreign direct investment is investment of foreign resources into domestic resources, equipment, and organizations. The FDI can take any type or form to enter into any country. The different types of FDI in India are joint ventures and acquisition of assets in a country and Greenfield ventures. In the other words we can say that it is direct investment into production in a country by a company located in another country by buying a company in the target country or by expansion of the operation of their business in that country.*

*Foreign Direct investment plays vital role in the development of the nation. Sometimes domestically available financial resources are inadequate for the purpose of overall development of the country. Foreign capital is important resources to filling the gaps between domestic savings and investment. India can attract more foreign investments than it has done in the previous years. The present study has focused on the trends and pattern of FDI Flow in India during 2000 to 2014. The study also focuses on country wise approvals of FDI inflows to India and the FDI inflows in various sectors for the period 2000 to 2014. The study based on Secondary data which have been collected through Published reports of the Ministry of Commerce and Industry.*

*Keywords: FDI, Sectors; Country wise FDI*

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### **INTRODUCTION:**

Foreign absolute investment (FDI) is an investment in a business by an investor from another nation for which the investor has ascendancy over the operation purchased. In the added words we can say that it is absolute investment into assembly in a country by an aggregation amid in another country by affairs an aggregation in the another nation or by accretion the operation of their business in that nation. Adopted absolute investment is in adverse to portfolio investment which is an acquiescent investment in the balance of another country such as stocks and bonds. FDI arrival helps the developing countries to advance a cellophane and able action ambience for investment issues. FDI ensures a huge bulk of calm capital, assembly level, and application opportunities in the developing countries, which is an above footfall appear the bread-and-butter advance of the country. FDI has been a basic agency that has bolstered the bread-and-butter activity of India.

The FDI in India can be traced aback with the enactment of East India. Further, afterwards Independence issues apropos to adopted capital, operations of MNCs, acquired absorption of the action makers. Prior to 1991, the FDI action framework in India was awful regulated. The government aimed at appliance ascendancy over adopted barter transactions. All affairs in adopted barter were adapted beneath the Adopted Barter administration act. In 2012 a analysis conducted by UNCTAD It is begin that India as the additional a lot of important FDI destination (after China) for transnational corporations. With its constant advance achievement and abounding high-skilled manpower, India provides astronomic opportunities for investment as well provides a liberal, attractive, and investor affable investment climate.

The FDI can be classified into the afterward groups:

(a) Adopted absolute investment- which includes the allotment of investment in disinterestedness through SIA / FIPB, RBI, NRI, accretion of shares of Indian companies by NRIs beneath FEMA, disinterestedness basic of unincorporated bodies and added capital.

(b) Adopted portfolio investment-which consists of All-around Depository Receipts (GDR), American Depository Receipts (ADR), Foreign Institutional Investors (FIIs), offshore funds and others.

Foreign investments add an abundant accord to India's economy. The connected arrival of adopted absolute investment (FDI), which is now accustomed beyond several industries, acutely shows the acceptance that across investors accept in the country's economy. FDI inflows to India added 17 per cent in 2013 to ability US\$ 28 billion, as per a United Nations (UN) report. The Indian government's action administration and an able-bodied business ambience accept ensured that adopted basic accumulate abounding into the country. The government has taken abounding initiatives in contempt years such as giving alleviation in FDI norms in 2013, in sectors such as defense, PSU oil refineries, telecom, ability exchanges and banal exchanges, a part of others. In the for mentioned year, big all-around brands such as Tesco, Singapore Airlines and Etihad lined up to advance in India as the government opened added sectors to adopted investment.

## OBJECTIVE OF THE STUDY

1. To Study the trends of FDI Flow in India during 2000-01 to 2014
2. To analyze the FDI flows as to identify country wise approvals of FDI inflows to India.
3. To analyze the Sector wise distribution of FDI inflows.

## REVIEW OF LITERATURE

### Balasubramanyam.V.N and Vidya Mahambre (2003):

Balasubramanyam.V.N and Vidya Mahambre (2003) concluded that FDI is a very good means for the transfer of technology and knowhow to the developing countries.

### Laura Alfaro (2003)

Laura Alfaro (2003) finds that FDI flows into the different sectors of the economy (namely primary, manufacturing, and services) exert different effects on economic growth. FDI inflows into the primary sector tend to have a negative effect on growth, whereas FDI inflows in the manufacturing sector a positive one. Evidence from the foreign investments in the service sector is ambiguous.

### Sebastin Morris (2004)

Sebastin Morris (2004) has discussed the determinants of FDI over the regions of a large economy like India. He argues that, for all investments it is the regions of metropolitan cities that attract the bulk of FDI.

### Klaus E Meyer (2005)

Klaus E Meyer (2005) in his paper "Foreign Direct investment in Emerging Economies" focuses on the impact of FDI on host economies and on policy and managerial implications arising from potential impact. The study finds out that as emerging economies integrate into the global economies international trade and investment will continue to accelerate.

### Peng Hu (2006)

Peng Hu (2006) analyses various determinants that influence FDI inflows in India which include Economic growth, domestic demand, currency stability, government policy and labour force availability against other countries that are attracting FDI inflows. Analyzing the new findings, it is observed that India has some competitive advantages in attracting FDI inflows, like a large pool of high quality labour force which is an absolute advantage of India against other developing countries like China and Mexico.

### Kumar N. (2007)

Kumar N. Investigated that the sharp rise in OFDI since 1991 has been accompanied by a shift in the geographical and sectoral focus of Indian investments. Enterprises that are already engaged in exporting are more likely to be outward investors. Finally, policy liberalization of the 1990s has encouraged Indian enterprises to venture abroad.

### Chandana Chakraborty and Peter Nunnenkamp (2008)

Chandana Chakraborty and Peter Nunnenkamp (2008) said that booming foreign direct investment in post-reform India is widely believed to promote economic growth.

### Singh S., Singh M. (2011)

This study investigates the trend of FDI inflow to India, during 1970–2007 using time series data. This paper aims to study the reasons behind the fluctuations of the FDI inflow in India and to search the cause that is responsible for the fluctuations of the trends of FDI.

## RESEARCH METHODOLOGY

The present abstraction is based on the Accessory data. The accordant accessory abstracts have been calm from letters of the Ministry of Commerce and Industry, Department of Industrial Promotion and Policy, Government of India, Reserve Bank of India, and World Investment Report. The time duration of the abstraction has been taken from 2000 to 2014.

## DATA ANALYSIS AND INTERPRETATION

**Table: 1 CUMULATIVE FDI FLOWS INTO INDIA (2000-2014)**

1	<b>CUMULATIVE AMOUNT OF FDI INFLOWS</b> (Equity inflows + 'Re-invested earnings' + 'Other capital')	-	US\$ 323,912 million
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2.	CUMULATIVE AMOUNT OF FDI EQUITY INFLOWS (excluding, amount remitted through RBI's- +NRI Schemes)	Rs. 1,043,897 crore	US\$ 217,581 million
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Sources: DIPP, Federal ministry of commerce and industry, govt of India

**Table 2: Financial year wise data for FDI inflows from 2000 to 2014**

S.NO	Financial year	*Total FDI flows in india U\$ million	Growth in %
1	2000-01	4,029	-
2	2001-02	6,130	52
3	2002-03	5,035	-18
4	2003-04	4,322	-14
5	2004-05	6,051	40
6	2005-06	8,961	48
7	2006-07	22,826	146
8	2007-08	34,843	53
9	2008-09	41,873	20
10	2009-10	37,745	-10
11	2010-2011	34,847	-08
12	2011-2012	46,556	34
13	2012-2013	34,298	-26
14	2013-2014 (march)	36396	6

**Total FDI inflows = Equity + Re invested capital + other capital**

Source: DIPP, Federal ministry of commerce and industry, govt of India

#### Interpretation:

Table no 1 and table No 2 depicts that flows of FDI received in India during April 2000 to March 2014 is US\$ 323,912 million and FDI inflow in India has shown an increasing trend. Due to result of Foreign Exchange Management Act (FEMA) which is introduced in 1999. Further it depicts negative trend up to year 2003-2004. But from the duration 2004-05 to 2008-09 investment into India once again start increasing. The highest FDI inflows growth in the country in 2006-2007 year was 146%. Further, FDI inflows rose by 34 % to US\$ 46,556 million during 2011-12. Last year April 2012-13 has shown negative growth rate i.e. -21% to US\$ 36,860 million while the cumulative amount of FDI equity inflows from April 2000 to January 2014 stood at US\$ 308,827 billion, according to the latest data released by the Department of Industrial Policy and Promotion (DIPP).

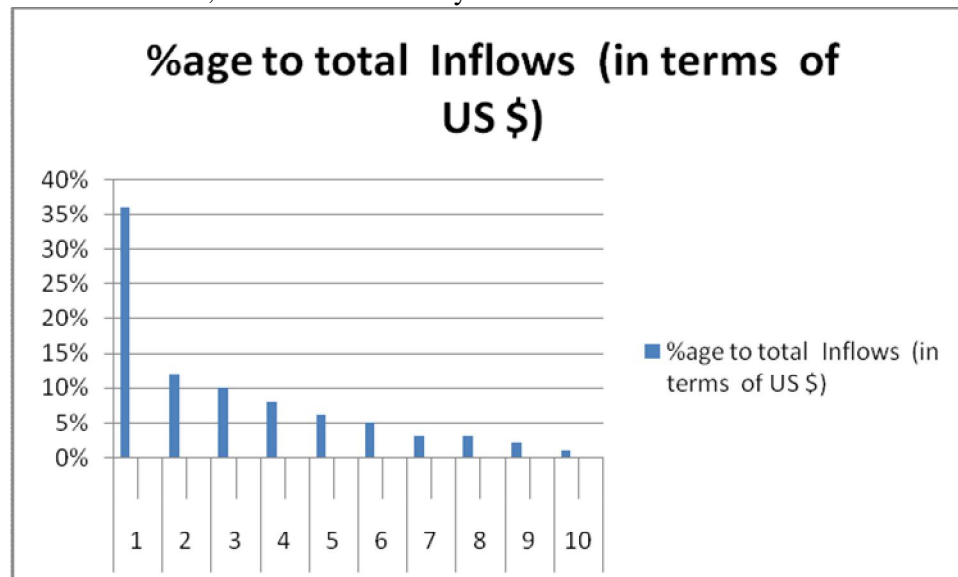
**Table 3: SHARE OF TOP INVESTING COUNTRIES FDI EQUITY INFLOWS**

Rank	Country	2011-12 ( April - March)	2012-13 (April – March)	2013-14 (April, 13- March, 2014)	Cumulative Inflows (April '00 - March '14)	%age to total Inflows (in terms of US \$)
1.	MAURITIUS	9,942	9,497	4,859	78,525	36 %
2.	SINGAPORE	5,257	2,308	5,985	25,445	12 %
3.	U.K.	7,874	1,080	3,215	20,764	10 %
4.	JAPAN	2,972	2,237	1,718	16,268	8 %
5.	U.S.A.	1,115	557	806	11,927	6 %
6.	NETHERLANDS	1,409	1,856	2,270	11,236	5 %
7.	CYPRUS	1,587	490	557	7,446	3 %
8.	GERMANY	1,622	860	1,038	6,519	3 %
9	FRANCE	663	646	305	3,879	2 %
10.	SWITZERLAND	353	180	341	2,708	1 %
Total FDI inflows from all countries		35,121	22,423	24,299	217,703	86%

Sources: DIPP, Federal Ministry of Commerce & Industry, Government of India

**Interpretation:**

Table depicts the country wise FDI inflow in India during April 2011 -March 2014. Mauritius emerged as the most dominant source of FDI contributing 78,525 US\$ million of the total investment in the country. It is because the India has Double Taxation Avoidance Agreement (DTAA) with Mauritius. This (DTAA) type of taxation treaty has been made out with Singapore .So Singapore is second largest Investor of FDI inflow in India. The other major countries are U.K with a relative share 20,764 US\$ million followed by Japan. While some countries like Switzerland, France and Germany has fewer shares in total FDI Inflow.



**Figure: 1 Percentage to Total Inflows (in terms of US \$)**

Figure 1 represent the %age of total FDI inflow in India by different countries. 86 percent total FDI inflow in the India by ten countries in which Mauritius contribute 36 percentage of the total investment in country followed by Singapore, United Kingdom and Japan.

**Table 4: Statement on Sector-wise FDI Equity Inflows from April, 2000 to March, 2014**

Sr.No	Sector	Amount of FDI Inflows		%age with total FDI Inflows (+)
		In crore	(In US\$ million)	
1	Services sector	185,569.73	39,459.70	18.14
2	construction	108,557.49	23,306.25	10.71
3	telecommunication s	66,719.51	14,163.01	6.51
4	computer	59,670.51	12,817.37	5.89
5	Drugs & Pharma	56,070.29	11,597.50	5.33
6	Automobile industry	48,196.52	9,812.13	4.51
7	chemicals	45,233.58	9,667.58	4.44
8	Power	42,655.38	8,900.30	4.09
9	Metallurgical Indu	38,249.67	8,074.70	3.71
10	Hotel & Tourism	36,208.76	7,117.63	3.27
11	Food processing	33,788.15	5,793.95	2.66
12	Petroleum& gas	25,486.80	5,493.71	2.52
13	Trading	26,837.49	5,299.19	2.44
14	Information& broad	18,050.33	3,712.72	1.71
15	Electrical equipments	15,479.65	3,317.01	1.52
16	Non-conventional energy	15,393.83	3,005.47	1.38
17	cement Industry	13,370.32	2,880.43	1.32

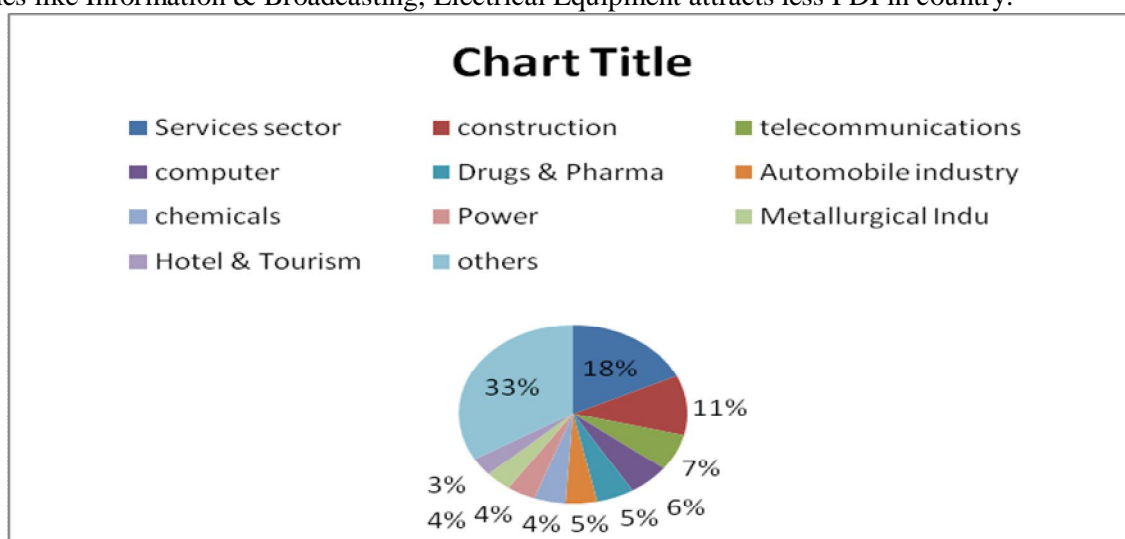


18	Industrial machinery	13,912.10	2,779.52	1.28
19	Miscellaneous Industry	12,236.56	2,606.83	1.20
20	construction activities	12,671.04	2,575.79	1.18
21	consultancy services	11,447.23	2,380.99	1.09
22	Hospital & diagnostic	11,432.53	2,281.91	1.05
23	Fermentation Indus	10,203.45	1,949.21	0.90
24	Agriculture services	8,357.40	1,699.71	0.78
25	ports	6,719.33	1,635.40	0.75
26	Rubber goods	8,110.46	1,503.59	0.69
27	Textiles	6,908.38	1,424.92	0.65
28	Electronics	6,225.55	1,330.80	0.61
29	sea transport	5,618.53	1,214.99	0.56
30	prime mover	5,453.34	1,061.46	0.49
31	Mining	4,445.26	1,011.03	0.46
32	Education	4,875.54	946.44	0.43
33	paper and pulp	4,217.37	892.40	0.41
34	medical industry	3,948.08	777.94	0.36
35	soaps, cosmetics	3,779.94	740.84	0.34
36	machine tools	3,364.84	687.52	0.32
37	ceramics	3,065.30	658.22	0.30
38	railway related	2,667.69	507.26	0.23
39	Air transport	2,306.62	495.24	0.23
40	Diamond, gold ornaments	2,065.60	433.32	0.20
41	Glass	2,195.22	432.17	0.20
42	vegetable oils	2,027.58	406.50	0.19
43	printing of books	1,960.29	386.10	0.18
44	Agricultural machinery	1,708.16	345.21	0.16
45	Fertilizers	1,538.09	318.55	0.15
46	commercial, office	1,313.53	275.96	0.13
47	Earth-moving machinery	983.48	209.39	0.10
48	scientific instruments	766.92	139.56	0.06
49	leather	562.51	113.57	0.05
50	tea and coffee	489.46	107.07	0.05
51	Retail trading	528.62	106.66	0.05
52	Timber products	433.96	85.32	0.04
53	Industrial instruments	310.56	67.06	0.03
54	photographic raw film	269.26	66.54	0.03
55	Boilers	306.75	62.00	0.03
56	sugar	261.37	54.90	0.03
57	coal production	119.19	27.73	0.01
58	dye-stuffs	87.32	19.50	0.01
59	Glue and gelatin	76.53	15.52	0.01
60	Mathematical,	39.80	7.98	0.00

61	Defence industries	24.36	4.94	0.00
62	coir	13.75	2.71	0.00
63	Miscellaneous industries	38,310.57	8,312.39	3.82
SUB-TOTAL		1,043,897.41	217,581.30	100.00
64	RBI's- NRI schemes (2000-2002)	533.06	121.33	-
GRAND TOTAL		1,044,430.47	217,702.63	

**Interpretation:**

Table 3 represents the FDI inflows in various sectors for the duration April 2000 to March 2014 data reveals that most of the foreign countries like to invest in service sector. Services sector includes Financial, Banking, Insurance, Non-Financial / Business etc. The Share of Service sector in total FDI is 18.14 per cent. Second largest share of FDI is in the construction development. Large amount of FDI has also taken place in area of telecommunication. The telecom sector is now become one of the fastest growing industries in India. Some industries like Information & Broadcasting; Electrical Equipment attracts less FDI in country.



**Figure: 2 Percentage wise share of FDI in India**

**Interpretation:**

Figure 2 also revealed the graphically sector wise FDI inflow in the country. It represent the highest share of FDI in services sector 18% followed by construction sector and others sectors it include various sector which contribute 33% in FDI.

**GOVERNMENT INITIATIVES TO ENHANCE THE FDI SHARE**

Indian Government has cleared a proposal which permits 100 every penny FDI in route base, barring operations. In spite of the fact that the move does not permit remote organization to work trains, it permits them to give administrations like do to make the system and supply prepares for projectile trains and so on the suggestions of the FIPB in its 207th gathering hung on July 4, 2014, the legislature affirmed 14 recommendations of FDI adding up to about Rs 1,528.38 crore (Us\$ 249.78 million). Furthermore, based on the suggestions of the FIPB in its gathering hung on June 11, 2014, the legislature affirmed 19 recommendations of FDI adding up to about Rs 2,326.72 crore (Us\$ 380.25 million).

The Union Government has cleared a bill to raise the remote speculation roof in private insurance agencies from 26 every penny to 49 every penny, with the stipulation that the administration and control of the organizations must be with Indians. The Reserve Bank of India (RBI) has permitted various remote speculators to contribute, on repatriation premise, in non-convertible/ redeemable inclination shares or debentures which are issued by Indian organizations and are recorded on settled stock trades in the nation.

In a push to accumulate more ventures into obligation and value showcases, the RBI has secured a system for speculations which permits remote portfolio speculators to join in open offers, buyback of securities and disinvestment of shares by the Central or state governments.

**FUTURE PROSPECTS OF FDI IN INDIA**

Remote speculation inflows are relied upon to increment by more than two times and cross the US\$ 60 billion imprint in FY15 as outside speculators begin picking up trust in India's new government, according to an industry study. India will require around US \$1 trillion in the twelfth Five-Year Plan (2012–17), to reserve framework development covering segments like roadways, ports and aviation routes. This obliges help regarding FDI. The year 2013-2014 saw remote venture into parts like autos, machine programming and equipment, development advancement, power, administrations, and information transfers, among others.

**CONCLUSIONS**

Outside immediate speculation assumes an imperative part in India's dynamic development. It is vital driver of development. The cases are programming or administrations industry, bike, car and auto-segment commercial enterprises, gadgets and information transfers.

FDI in the retail portion, upheld by compelling neighborhood organizations, can assume comparative part. The most critical measurement of the conceivable profits is era of world class store network in India which will diminish exchange, data and creation expenses of business and grow showcases essentially. The principle obligation of government is to create and execute compelling and self-governing administrative organizations limiting against aggressive direct by firms, work and ecological regulation. The legislature needs to make valid responsibilities of its approaches. Specialists respond distinctively on the off chance that they accept that the change is just political window-dressing and the greater part of it will be withdrawn even with restriction. This conduct has a huge impact on the accomplishment of the changes and the time it takes for the change process. In the event that the administration demonstrations entrepreneurially in transforming its strategies, it sends sign of non-valid duties which demoralizes ventures particularly in solid resources (with high altered and sunk expenses

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## **WOMEN WORKERS IN UNORGANISED RETAILING: A MARKET SURVEY OF MODINAGAR TOWN**

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### **ABSTRACT**

*A profound analysis of the socio-economic conditions of unorganised female workers in Modinagar town throws light on the fact that the unorganised female workers are facing dreadful working conditions at their place of work even after the preface of various legal provisions made by the Government in India. They are not having the benefits of bonus, compensation, weekly off, working hours (usually eight hours), medical benefit, social security benefit and employment security etc. So, the government should make efforts to improve their working conditions in terms of occupational safety, working hours, payment of adequate wages to them so that the women workers engaged in unorganised sector may have decent and dignified work. The majority of female workers are not familiar with the schemes. It is clear that the scope for improvement in the administration of the schemes is considerable and needs to be initiated without any loss of time. Illiteracy has been the major hurdle in the way of unorganised female workers preventing them in knowing and understanding their worth, rights and place in society. So, there is an urgent need for making education more practical and more effective.*

*Key Words: Employment, social security, unorganised sector, women workers, working conditions*

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### **INTRODUCTION**

Women constitute the largest segment of India's unorganised workforce. According to National Council for Applied Economic Research (NCAER), almost 97 per cent female workers are involved in the unorganised or informal sector. (Nath, 2009) They are from the poorest rural households and very often from scheduled, backward or tribal castes.

Women's work most of the time goes unrecognised and the benefits hardly reach them. They enter into the labour market only when the economic compulsions force them to supplement the meagre family earnings. The concept to work as a supplementing or balancing force in the family has made them susceptible to all sorts of discriminatory treatment and exploitation (physically, economically and socially) in the field of employment.

At the root of all malaise that women suffer in employment is mainly due to the absence or poor quality of education that they get in Indian society. Indian history reveals that so long as women are equally educated, they had equal rights. Gradually they were withdrawn from education and thereafter they became second grade citizen. Thus, for thousands of years, women have been made silent and invisible not only by pressure against them playing any role outside the home but also by lack of education. Education is essential in the process of women gaining confidence, self-esteem and the skills to equip them in the struggle for equal right. A brief generalised account of the conditions of women workers is being given below:

### **DOUBLE BURDEN OF WORK**

The problems of the women workers in the unorganised sector in particular deserve special emphasis because of their marginalised position within the class of workers. The double burden of work is even more arduous when they have to perform a reproductive role at home front as well as long hours to obtain a subsistence wage at the centre of employment. A reproductive role of women is less visible and less recognised by the society. They engage in multiple livelihood activities to fulfill their productive and reproductive role. In the year 2000, the Government of India provided official visibility to this double burden of work through a pilot study of utilisation of time by men and women in six states according to which women spend nearly 35 hours a week on care of children, old and the sick at home and household maintenance compared to less than four hours spent by men. (CSO, 2000) In case of women *beedi* workers it was found that a woman is associated with her house and is expected to look after domestic chores and her typical roles are those of a housewife and a mother. Lack of education, ignorance and poverty compel the women from this class to accept whatever unskilled job is available on whatever wage the employer wishes to pay. (George, 1990)

### **GENDER DISCRIMINATION**

Gender discrimination at the workplace is subtle and is reflected in the nature of work performed, valuation of the skills and the technology used by men and women. Generally lower wage rate jobs are assigned to women and higher wage rate jobs are assigned to men.

According to a few researchers, women workers suffer vital disadvantages comparative to men in their search for employment opportunities, lower real wages, increased uncertainties and irregularities of employment. They do not possess much of skill, training and education for the type of work they perform. Thus, women in the unorganised sector are oppressed sections of the society as they live under subdued conditions with family and children, devoid of proper living and working conditions, even they receive humiliating treatment from the contractors. (Jawahar Lal Singh *et. al.*, 2002)

In a study of the garment industry in Tiruppur, it was noted that women workers in Tiruppur were concentrated in the lowest paid category of workers receiving substantially lower wages than men. Women were concentrated in embroidery, cleaning, finishing, tagging and packaging. Most recently, women are entering into stitching in large numbers. There is a clear sexual division of labour and with the introduction of machines this has further been augmented and facilitated. The fashion masters are the most skilled and this category is exclusively reserved for male workers. Machine attendants carry out the actual process of knitting, control, adjust and monitor the process with the assistance of helpers. Female workers are mostly helpers in these units and their chance of moving from helpers to attendants is nil, while the male workers are able to make this vertical movement. This very clear sexual division of labour has implications for the wages earned, permanency in the job and the possibilities for upward mobility in the industry. (Joshi, 2002) In a study it was also observed that women receive lower wages and have limited job mobility in the hierarchy of the knitwear industry. (Neetha, 2002)

### **WAGES AND EARNINGS**

In a research work, it was observed that *agarbatti* rollers whether home or factory-based are paid on a piece-rate basis. Earnings vary across states with workers in Karnataka appearing to be somewhat better placed in contrast to their counterparts in Gujarat and Andhra Pradesh, the other two states for which estimates are available. Workers here are paid at a rate of Rs. 9 per 1000 sticks and at an average productivity of 4000 sticks per full working day manage an effective wage rate of Rs. 36 per day. The average worker manages to earn about Rs. 1000 per month. In Gujarat, the rate is much lower at Rs. 5 per 1000 sticks and combined with lower productivity rates yields the workers incomes in the range of Rs. 325 per month. Payment in both these states is reported to be on a monthly basis. In Andhra Pradesh a rate of Rs. 6 per kilo of *masala* processed is reported. Earnings for a family of six were reported in the range of Rs. 400 to 800 for a six day week implying an effective wage of Rs. 12 to 20 per day. Further, if the product is rejected for quality reasons the loss has to be borne by the workers lowering earnings further. (Krishnamoorthy, 1999) It was also detected that women working in mining industry of Rajasthan are deprived of even the minimum wages, what to talk of welfare measures. They are never employed on a permanent basis. (Sengupta, 2005)

### **WORKING CONDITIONS**

The working conditions are another important aspect of the unorganised sector, and are of particular importance to the women workers. The assessment of working conditions of women labour is also important to have a deep understanding of their life.

The reasons for vulnerability of the unorganised women workers are irregular work, low economic status, little or no bargaining power, and lack of control over earnings, need to balance paid work with care for children and home, little or no access to institutional credit, training and information, and lack of assets. Unequal gender relations assume a very important role in defining their insecurities. (Chatterjee, 2009)

Through a study it was observed that women work as hard as men, perhaps even more, considering the burden of household duties and rearing children. They work mainly in the textile, garments and carpet clusters. More women than men report injuries at work. Two-thirds of the women say that the average duration of maternity leave is 90 days, but without remuneration. (Rajalakshmi, 2005)

In a study about the women working in the textile shops of Trivendrum found that women are not provided with adequate space for taking food and rest. Women in this field are not getting service benefits as and when they quit the field. The women in this field are getting a nominal increment as per the whims and fancies of the owner. The facility of provident fund and insurance is limited to only two percent workers. (Usha)

### **SIZE AND DISTRIBUTION**

In 2004-2005, there were 394.90 million workers employed in informal sector out of which 315.08 million were in rural and 79.82 million workers were in urban areas. Out of 62.57 million workers employed in formal sector, 27.99 million were in rural and 34.58 million were in urban areas respectively. In totality employment

was 457.46 million in both sectors. In rural areas, male employment was 197.87 million and 21.17 million in informal and formal sectors respectively, and female employment was 117.21 million and 6.82 million in informal and formal sectors respectively. While in urban areas, male workers were 61.94 million and 28.46 million in informal and formal sectors respectively, and female workers were 17.88 million and 6.12 million in informal and formal sectors respectively. (Table 1.1)

**Table 1.1 Sector-Wise Distribution of Workers by Area and Sex, 2004-2005**

(In million)

Area	Sex	Informal Sector	Formal Sector	Total
Rural	Male	197.87	21.17	219.04
	Female	117.21	6.82	124.03
	Persons	315.08	27.99	343.07
Urban	Male	61.94	28.46	90.40
	Female	17.88	6.12	24.00
	Persons	79.82	34.58	114.40
Total	Male	259.81	49.63	309.44
	Female	135.09	13.94	148.03
	Persons	394.90	62.57	457.46

Source: NCEUS Task Force Report, GOI, 2008

## OCCUPATIONAL PROFILE

Unorganised workers are distributed in different occupations shown in table 1.2. Women are concentrated in production related occupations in the unorganised manufacturing sector whereas men are predominantly in sales activities after production related activities in the unorganised sector.

**Table 1.2 Percentage Distribution of Non-Agricultural Workers across Occupational Groups by Status and Gender, 2004-2005**

Occupational Category	Unorganised Workers		
	Male	Female	Total
Professional, Technical etc.	4.5	6.5	4.9
Administrative and Managerial	9.4	7.3	9.0
Clerical etc.	1.9	1.0	1.7
Sales	26.6	15.3	24.2
Service	6.9	19.6	9.6
Farmers and Related	0.2	0.1	0.2
Production, Transport and Related	50.5	50.2	50.4
All Occupational Categories	100	100	100

Source: NCEUS Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector, Government of India, 2007

## REVIEW OF LITERATURE

While surveying the literature on unorganised labour one finds that numerous studies have been done from different angles by social scientists at macro, regional, district and micro level based on primary as well as secondary sources of data. Therefore, a brief summary of selected papers is being given below:

A study indicated that wage differentiation, turn-over of equal work and more submissive nature of women were important attraction for the employers to employ women in the construction field. (Manohar, 1976) In a study in 1996 it was observed that ignorance, tradition-bound attitudes, lack of skill, seasonal nature of employment, heavy physical work, lack of job security, long hours of work, lack of minimum facilities at the workplace, ill-treatment and bondage were some of the features of the employment of women in construction sector. (Tripathy, 1996) A researcher examined the factors aggravating pitiable conditions of female workers are lack of sanitary facility, unsafe conditions, and exploitation and gender discriminations. These women mainly worked in unorganised sector to supplement the family income and face all the other hardships of life. (Pandey, 1998) It was also found that the wages paid to females were very low when compared to males for the same work. They worked till the advanced stages of pregnancy and returned to work within two months after

confinement. (Reddy & Reddy, 2003) In spite of being actively involved in economic activities for survival, women workers focus on bearing and rearing of their children which is their prime responsibility, and thus they end up with playing roles in both production and reproduction. (Nandal,2006) A few researchers studied that apart from the general hardships living in an area with a poor environment, women of slum areas suffered from many disadvantages, they faced a heavier work burden because employment didnot free them from responsibility of housework. Lack of education and low income of the family was thecompelling factor for the women folk to opt for seeking petty jobs in unorganised sectors toaugment the family earning to sustain livelihood. About 40per cent had faced humiliationby higher authorities at their workplace and 30 per cent were sexually harassed by their male colleagues,who would often tease or touch them for noreason. (Kotwalet. *al.*, 2008) A highly visible percentage of women workers continue to live a life full of subsistence, compromises andmost of their own access in terms of right to life is subsidized. The most important determining factor to suchin access and denial primarily evolves out of poor literacy and lack of awareness resulting in self-exclusion fromthe mainstream opportunities.(Mohapatra, 2012) Most of the female workers in construction industry belong to the migrant families. Within the industry as they have to face several adverse situations such like sexual harassment, wages discriminations, injuries and deceases are the major factors due to which women even though work hard, but lag behind the men. The scenario only can be changed with the government intervention, by implementing the policies strictly. Stem action has to be taken against all those who harasses the employees. (Devi &Kiran, 2013) In a study of Kanyakumari District, it was found that thestandards of living of the cashew industrieswomen workers are very low and theirsocio-economic conditions are very poor. (Sivanesan,2013)

### **OBJECTIVES OF THE STUDY**

The objective of the present study is to make an honest attempt to know the socio-economic conditions of the female retail workers employed in Modinagar town. The objectives, therefore, set forth for the present study, are as under:

1. To examine social and economic conditions of female workers, in general, engaged in retail trade.
2. To estimate the size, composition and distribution of female workers engaged in retail trade in Modinagar town.
3. To suggest measures to improve socio-economic conditions of the female workers employed in retail sector.

### **HYPOTHESES TO BE TESTED FOR THE STUDY**

The following hypotheses have been taken for the present study:

1.  $H_{n1}$ :Working conditions of female unorganised retail trade workers are appalling.  
 $H_{a1}$ : Working conditions of female unorganised retail trade workers are not appalling.
2.  $H_{n2}$ :There is gender bias in wage ratesin unorganised retail trade.  
 $H_{a2}$ :There is no gender bias in wage rates inunorganised retail trade.
3.  $H_{n3}$ :There is gender bias in unorganised retail trade employment.  
 $H_{a3}$ :There is no gender bias in unorganised retail trade employment.

### **RESEARCH METHODOLOGY**

In present study, for empirical purpose, primary data have been collected through especially designed 'Schedule' in which responses of female unorganised workers engaged in retail trade of Modinagar town have been recorded. For theoretical analysis, secondary data have been collected from secondary sources.

Out of 4000 shops only 400 shops have been taken as sample size which is 10 per cent of the total population size. All the shops of Modinagar market have been divided into four categories namely – durables, semi-durables, non-durables and services which represent four strata of equal size. In this study each category has been further divided into five sub-categories (strata) and each sub-category consists of 20 shops. Thus, there are 20 sub-categories having 20 shops each thereby forming total sample size i.e. 400 shops. For the purpose of analysis of the observations recorded through the sample survey of Modinagar town, Chi-Square test has been applied to test aforementioned hypotheses.

## DATA ANALYSIS AND INTERPRETATION

### Analysis based on the Observations of the Structure of the Sample

During the period of field survey, a number of responses had been collected from the workers of 400 shops (i.e. sample size). The composition of the workforce of the area under study shows that 170 workers (27.2 per cent) are working in shops dealing in retail trade of services, 154 workers (24.7 per cent) are engaged in retail trade of non-durables, 176 workers (28.2 per cent) in semi-durables and 124 workers (19.9 per cent) in durables. Thus, maximum workers were engaged in semi-durables while the lowest in durables. (Fig. 1.1)

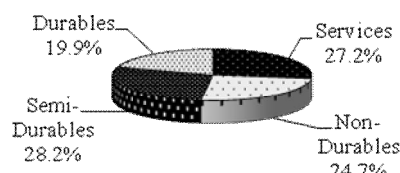


Fig. 1.1 Distribution of Workers according to the Type of Retail Trade

The total sample when classified on the basis of sex, it was found that there were 562 males (90.1 per cent) and 62 females (9.9 per cent). Out of 62 females, 48 females were engaged in services having maximum percentage of female workers i.e. 77.4 per cent and only 14 females (22.6 per cent) were engaged in semi-durables. While no female workers were found in case of durables and non-durables. In case of services females were mainly concentrated in beauty parlours, tailoring shops and mobile galleries while in case of semi-durables females were mainly serving in general stores. It indicates that females have to take into consideration several factors before they join any shop as a sales woman e.g. the family honour, environment at workplace, distance from her place of residence, whether there is any other female employee, the type of commodity to be sold etc. etc. The observations also indicate that there is wide scope for female workers in services as compared to other kind of retail trades.

### Age and Sex Composition

These workers when classified on the basis of age-wise composition, it is observed that in Modinagar town 62 female workers (100 per cent) were in the age group of 15-39 years. No female worker had been noticed either below 14 years or above 40 years.

### Marital Status

While asking about the marital status of the workers it was found that out of 62 female workers, 35 were (56.5 per cent) married and the remaining 27 were (43.5 per cent) unmarried. It is clear that the percentage of married women workers was higher than unmarried women workers; hence the burden of responsibilities was more on the shoulders of married women workers. (Fig. 1.2)



Fig. 1.2 Marital Status of Workers

### Level of Education

So far as the literacy level of workers is concerned the field survey shows that out of 62 workers 3 workers (4.2 per cent) were illiterate, 23 workers (36.9 per cent) came under the category of 1-8 level of education, 31 workers (50.9 per cent) under 9-12 level of education and the remaining 5 workers (8 per cent) were under the category of twelve plus. Maximum workers (50.9 per cent) were under the category of 9-12 level of education and only 4.2 per cent were illiterate. In totality 59 workers (95.8 per cent) were literate. Most of the workers were providing a helping hand to meet out their family expenditure. There were 18 female workers (9.6 per cent) working in order to fulfill their requirement of education. They were supporting not only their family income but also their education.



### Monthly Income

Out of 62 workers, 50 workers (80.6 per cent) had very low monthly income which was below 3000 per month, 12 workers (19.4 per cent) had low income (Rs. 3000-5000 per month) and no worker was found having monthly income of more than Rs. 5000. Thus, maximum workers (80.6 per cent) were earning a very small income i.e. below Rs. 3000. (Table 1.3)

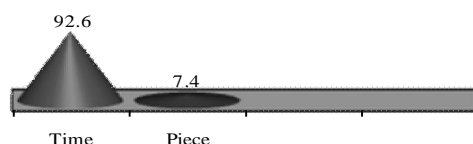
**Table 1.3 Monthly Income of Female Workers ( In rupees )**

<b>Very Low Income (Below 3000)</b>	<b>Low Income (3000-5000)</b>	<b>Medium Income (5000+)</b>	<b>Total</b>
50 (80.6)	12 (19.4)	0 (0.0)	62 (100.0)

Note: Figures given in brackets indicate percentages.

### Wage System

There are both types of wage systems prevalent for the retail trade female employees of Modinagar town i.e. time wage as well as piece wage. The system depends on the type of retail trade. For example, in case of tailoring, beauty parlours etc. wages per piece are paid. But in case of cloth house, readymade garments, kitchenware etc., wages are paid according to the time spent over there. In Modinagar, 57 workers (92.6 per cent) were paid as per time wage system and the remaining 5 workers (7.4 per cent) as per piece wage system. (Fig. 1.3)



**Fig. 1.3 Wage System**

In beauty parlours they were getting piece wages (Rs. 50-60 per head) having seasonal nature of their occupation and in case of tailoring shops they were getting piece wages (Rs. 10-45 per piece).

### Working Conditions

The working conditions of the unorganised female workers engaged in retail trade of Modinagar town is given below:

#### (a) Working Hours

So far as working hours (per day) are concerned, it is found that out of 62 female workers, 3 workers (5.5 per cent) work less than eight hours per day, 57 workers (91.3 per cent) work eight to twelve hours per day and the remaining 2 workers (3.2 per cent) work more than twelve hours. Their working hours does not include lunch break and tea break. For lunch and tea, the employers provide 10 minutes break during working hours. Sometimes there is no tea break. The workers have their tea while working. As per the Uttar Pradesh Dookan Aur Vanijya Adhishthan Adhiniyam, 1962, the workers working in shops and commercial establishments can work only eight hours (maximum) per day. Data also show that only 5.5 per cent workers are working according to the law regarding working hours. (Table 1.4)

**Table 1.4 Working Hours Per Day**

<b>Less than 8</b>	<b>8-12</b>	<b>12+</b>	<b>Total</b>
3 (5.5)	57 (91.3)	2 (3.2)	62 (100.0)

Note: Figures given in brackets indicate percentages.

#### (c) Payment for Overtime Work

The astonishing fact that was found during survey is that the workers do not get anything as overtime despite the fact that they usually work for long hours. Generally the working hours are 10-12 i.e. right from 9:00 am to

8:00 pm or 9:00 pm. Generally, the shops close down at 8:00 pm in the winters but in summer the shops close down only after 9:00 pm. During the busy season e.g. during festivals and marriage season the business activities continue for long hours. Even weekly off is not provided during hectic business activities and no additional payment is made as overtime. However, some food or breakfast is provided so that the work does not suffer. When the workers were cross examined whether they get compensatory leave for the additional work they do, the investigator could not get the answer in affirmative.

**(d) Incentives/ Bonus/ Cut/ Commission on Sales Promotion**

During survey, it had been found that out of 62 workers, 58 workers (94.2 per cent) did not receive any incentive or bonus or cut or commission on sales promotion. Only 4 workers (5.8 per cent) received incentives/ bonus/ cut/ commission on sales promotion. The researcher found that there were only two sub-categories namely beauty parlours and readymade garments where the employers provide commission on sales promotion to their employees. In case of beauty parlours there were only 2 workers who were getting Rs. 50 per head as the commission on sales promotion which is applicable only during the season of festivals and marriages. In case of readymade garments commission on sales promotion was the lowest i.e. only Rs. 1 or Rs. 2 per piece. There were also only 2 workers who were receiving commission. The policy of providing commission on sales promotion to the employees by the employers is adopted just to expand their business and the employees' interest is to earn additional income by way of this policy.

**(e) Medical Facility**

The survey reveals that minor medical ailment expenses are met by the shop owners but if somebody is sick for a long time no medical facility is provided by the employer. The general ethics that is followed in the shops is that if the worker meets some injury during working hours immediate relief is provided by sending him to the doctor but the follow up expenses are not met. There are no norms or rules for providing medical aid to the workers.

**(f) Compensation**

Out of 62 female workers, no worker had availed the benefit of compensation for permanent disability from his employer that means compensation to the employees is not accepted by the employers of Modinagar town.

**(g) Provision of Leave**

Another highly painful revelation of the present survey is that out of 62 workers, 44 workers (70.5 per cent) had not been provided weekly off. They worked all days in a week. 17 workers (27.6 per cent) had been provided one weekly off and only 1 worker (1.9 per cent) had been provided more than one weekly off. (Table 1.5) The shopowners do not follow any rule regarding leave, may be weekly off, public holiday, festival leave or sick leave. However, workers have availed of leave during sickness and no wage cut has been put on them but the shopowners do not allow having unnecessary leave availed of by their employees. Like organised sector there is no provision for encashment of leave in unorganised sector.

**Table 1.5 Weekly Off**

<b>Zero</b>	<b>One</b>	<b>1+</b>	<b>Total</b>
44 (70.5)	17 (27.6)	1 (1.9)	62 (100.0)

Note: Figures given in brackets indicate percentages.

**Social Security**

If the issue of social security of unorganised female workers of Modinagar town is to be discussed, employers neither provide the benefit of Employees' Provident Fund (EPF) nor provide any kind of health insurance, medical insurance, maternity benefits, old age benefit etc. etc. to their employees.

**Other Benefits**

When an enquiry was made regarding other benefits provided by the employers to their employees, the workers told that breakfast, lunch, dinner, tea or coffee, ration and others (including festival gifts, clothes, sweets, money etc.) have been provided to them. But all workers did not avail such benefits. Out of 62 workers, only tea to 44 workers (70 per cent) employed in beauty parlour, readymade garments, tailors, etc. was provided but 18 workers (29 per cent) were found who were not availing of any benefit. No case was found in which the worker was availing of all the benefits from the employer.

### Job Security

The unorganised sector most of the workers do not have year round employment and even when employment is available the income is very low. There are no rules and regulations and even the bare minimal provisions of law which are universally implemented are ignored.

The study shows irregular or temporary or seasonal nature of employment in unorganised retail trade of Modinagar town. Most of the workers are employed without any work experience. Only a few occupations require some work experience e.g. tailoring, beauty parlours etc. The workers do not have regular employment and so the question of job security does not arise.

There were no training facilities except for tailoring and beauty parlours, but during training period neither wages nor transportation cost is provided to the workers and thereafter they are appointed by their trainers as employees at their workplace. The survey reveals that for such workers there was no definite period of job, no agreement between the worker and the employer and no pay scales as such, only an agreed wage differing from person to person is in practice. The period of job is variable depending on the interest of the workers or the requirement of the employer e.g. from one month to one year but rarely for a few years.

In the last case where the worker was in job for a few years at the same workplace, the annual increment was negligible. The investigator found a few examples during the survey where the workers had been working for more than 10 years at the same workplace but in spite of passing a long period of time over there the annual increment in their wages was negligible. These examples were found in case of mainly beauty parlour and tailoring shops.

### Mode of Payment

Employees of retail trade in Modinagar do not get their pay on 1<sup>st</sup> of every month rather their month is calculated by the date of joining. When a worker is paid on the date of his joining, it is called 'payment in time', before the date of joining called 'advance payment' and after the date of joining called 'late payment'. In case of piece wage, payment on the same day just after completing a piece is called 'in time payment', after the day of completing the piece called 'late payment' and before completing the piece called 'advance payment'.

In Modinagar, there were 44 workers (70.9 per cent) who got their payment in advance. The reason is simple that pay is so inadequate that one can not pull on for the whole month and seeks loan against next month wages. There were 14 workers (22.6 per cent) who got their payment in time. Sometimes the employers are very punctual and sometimes they do not take care of their employees. The remaining 4 workers (6.5 per cent) got their payment late as shown in table 1.6.

**Table 1.6 Mode of Payment of Wages**

Advance	In Time	Late	Total
44 (70.9)	14 (22.6)	4 (6.5)	62 (100.0)

Note: Figures given in brackets indicate percentages.

### Wage Cut

The survey revealed that wage cut rule has been followed by the employers in Modinagar town. Wages of the unorganised workers are deducted in case of breaking items, ignorance, late arrival at the workplace, and irresponsibility or any other mishappening with the stuff of the shop.

### Maltreatment met by the Workers

It was revealed that out of 62, 41 workers (66.1 per cent) said that employers generally misbehave with them. This maltreatment of the employers include putting extra work-load, fine, cancelling leave, etc. The remaining 21 workers (33.9 per cent) said that there is no misbehave done by the employers with them. Their employers are very polite and kind and provide every possible help whenever required to them.

### Analysis based on Chi Square Test

In the present study Chi-Square test is being used for further probing of the inter-dependence of two attributes. Some issues which need statistical test are being examined below with the help of  $\chi^2$  test.

**1. Distribution of Total Workers by Sex and Levels of Income**

The table 1.7 (A) provides monthly income of workers in columns and their sex in rows i.e., there are total 562 males and 62 females. Out of 562 males 342 earn income less than 3000 per month, 200 earn 3000-5000 per month and only 20 earn more than 5000 per month. So as out of 62 females, 50 have less than 3000 per month, 12 falls in the class of 3-5 thousand and none above 5000 per month. These frequencies are based upon actual survey so it is called 'observed frequency table'.

**Table 1.7 (A) Observed Frequencies (O)**

Monthly Income of Workers (Rs.)					
		Very Low Income (Below 3000)	Low Income (3000-5000)	Medium Income (Above 5000)	Total
Sex	Male	342	200	20	562
	Female	50	12	0	62
	Total	392	212	20	624

The calculated expected frequencies have been shown below in the contingency table of expected frequencies:

**Table 1.7 (B) Expected Frequencies (E)**

Monthly Income of Workers (Rs.)					
		Very Low Income (Below 3000)	Low Income (3000-5000)	Medium Income (Above 5000)	Total
Sex	Male	353.1	190.9	18	562
	Female	38.9	21.1	2	62
	Total	392	212	20	624

With the help of table 1.7 (A) and 1.7 (B), the value of Chi-Square statistic has been calculated that is 10.097. The table value of Chi-Square is 5.99 at 5% level of significance at 2 degrees of freedom. Since calculated value of Chi-Square is more than its table value, the null hypothesis is rejected. It means that monthly income is not independent of sex. It means there is a sex bias in wage rate determination in the area under study.

**2. Chi-Square Test between Type of Shops and Sex of the Workers**

The purpose of this study is to examine whether there is a sex bias in appointing a sales person in different types of shops. The types of shops have been classified as durables, non-durables, semi-durables and services. These four have been put on vertical axis and male-female workers on horizontal axis. Thus, in the table  $2 \times 4$  the observed frequencies are put in table 1.8 (A) that means, these frequencies are based upon empirical data. If the observed value of  $\chi^2$  is greater than the expected value it is safe to reject the null hypothesis i.e. different kinds of shops do not take the sex of the worker as a factor while giving him/ her employment. But in the present case observed value is much higher than expected value thus null hypothesis is rejected and it is safe to conclude that there is a sex bias in appointment in different kinds of shops.

**Table 1.8 (A) Observed Frequencies**

Type of Shops						
		Services	Non-Durables	Semi-Durables	Durables	Total
Sex	Male	122	154	162	124	562
	Female	48	0	14	0	62
	Total	170	154	176	124	624

**Table 1.8 (B) Expected Frequencies**

Type of Shops						
		Services	Non-Durables	Semi-Durables	Durables	Total
Sex	Male	153.1	138.7	158.5	111.7	562
	Female	16.9	15.3	17.5	12.3	62
	Total	170	154	176	124	624

Value of Chi-Square ( $\chi^2$ ) =  $\sum (O-E)^2/E = 94.968$

Degree of freedom = (r-1) (c-1) = (2-1) (4-1) = 3

The table value of Chi-Square is 7.81 at 5% level of significance and 3 degrees of freedom. Since calculated value of Chi-Square is more than its table value, the null hypothesis is rejected. It means that type of shops is not independent of sex.

### TESTING OF HYPOTHESES

In the present study three hypotheses have been framed and tested which are shown below:

1. Hypothesis 1 ( $H_{n1}$ ) which states that **working conditions of female unorganised retail trade workers are deplorable**, has been tested while taking into account the working hours per day, conveyance, payment for overtime work, incentives/ bonus/ cut/ commission on sales promotion, medical facility, compensation and provision of leave.

As per the Uttar Pradesh Dookan Aur Vanijya Adhishthan Adhiniyam, 1962, the workers working in shops and commercial establishments can work only eight hours per day. But data show that only 5.5 per cent workers are working according to the law.

The survey revealed that the workers do not get anything as overtime despite the fact that they usually work for longer hours. However, some food or breakfast is provided so that the work does not suffer.

Only 5.8 per cent workers receive incentives/ bonus/ cut/ commission on sales promotion while the other 94.2 per cent do not receive any incentive.

The survey reveals that minor medical ailment expenses are met by the shop owners but if somebody is sick for a long time no medical facility is provided by the employer. The general ethics followed in the shops are that if the worker meets some injury during working hours immediate relief is provided by sending him to the doctor but the follow up expenses are not met. There are no norms or rules for providing medical aid to the workers.

Out of 62 workers, no worker has availed of the benefit of compensation for permanent disability from his employer that means compensation to the employees is not accepted by the employers of Modinagar town.

Out of 62 workers, 44 workers (70.5 per cent) do not avail of even one weekly off. The shop owners do not follow any rule regarding leave, may be weekly off, public holiday, festival leave or sick leave. There is no such entitlement.

On the basis of the above observations the Hypothesis 1 ( $H_{n1}$ ) has been accepted that the unorganised female workers are facing appalling or deplorable working conditions.

2. Hypothesis 2 ( $H_{n2}$ ) states that **there is gender bias in wage rates in unorganised retail trade**. To test this hypothesis  $\chi^2$  test has been applied to test the independence of monthly income and sex which shows that the table value of Chi-Square is 5.99 at 5% level of significance and 2 degrees of freedom. Since calculated value of Chi-Square (i.e. 10.097) is more than its table value, the null hypothesis is rejected. It means that monthly income is not independent of sex. It means there is a gender bias in wage rate determination in the area under study. [Table 1.7 (A) & 1.7 (B)]

3. Hypothesis 3 ( $H_{n3}$ ) states that **there is gender bias in unorganised retail trade employment**. To test this hypothesis the  $\chi^2$  test has also been applied to test the independence of type of shops and sex. The investigator found that the table value of Chi-Square is 7.81 at 5% level of significance and 3 degrees of freedom. Since calculated value of Chi-Square (i.e. 94.968) is more than its table value, the null hypothesis is rejected. It means that type of shops is not independent of sex. There is a sex bias in appointment in different kinds of shops or the shop owners take the sex of the worker as a factor while giving him/ her employment. Thus, Hypothesis 3 ( $H_{n3}$ ) is accepted. [Table 1.8 (A) & 1.8 (B)]

### FINDINGS AND SUGGESTIONS

#### Major Findings

After a deep examination of the problems of the unorganised women workers engaged in retail trade of Modinagar town the investigator found that mostly females serve in service shops whereas males in semi-durables. Females do not like the job of sales girl/ woman in general stores as they do not join as single female worker. If there is already one, she can be the second one. As the first woman worker, they do not prefer a

general store. Unmarried were 43.5 per cent against 56.5 per cent married. Only 4.2 per cent workers were illiterate. All the female workers get less than 5000 per month out of which 50 (80.6 per cent of total) get less than 3000 per month i.e. less than Rs. 100/- per day. Most of the workers spend a large part of their wages to meet out their family expenses so they have to take advance from their employers as they fail to fulfill their family requirements. This is the basic reason due to which females have to work under exploitative or vulnerable conditions. Piece wage system prevails in tailoring and in beauty parlours otherwise there is time wage system. The working hours are between 8-12 hours. There are only 3 workers who were working less than eight hours a day, rest all have more than eight hours. There is nothing like payment for overtime work. There was no provision of compensatory leave. In the name of incentive, out of 62, only 4 workers were getting some kind of incentive. It was more popular in readymade garments and beauty parlours. If there is any injury during working hours at the workplace, medical aid is provided but no follow up expenses are met by the employer. There are 70.5 per cent workers who do not avail of even one weekly off. There are no provisions for social security. Provision of tea is a common feature and all the females get this benefit. The nature of employment is irregular or temporary or seasonal in unorganised retail trade of Modinagar town. The workers do not have regular employment or job security. Majority of workers get their payment in advance. Employers misbehave with a large number of saleswomen and this percentage is as high as 66. They are maltreated and meet inhuman behaviour.

### **SUGGESTIONS**

After finding the above mentioned facts about the women workers in Modinagar town, the following suggestions could be made:

1. Illiteracy has been the major hurdle in the way of unorganised female workers preventing them in knowing and understanding their worth, rights and place in society. So, there is an urgent need for making education more practical and more effective.
2. The majority of female workers are not familiar with the schemes. A massive awareness generation programme, therefore, has to be launched by using media and organisations. It is clear that the scope for improvement in the administration of the schemes is considerable and needs to be initiated without any loss of time.
3. The government should make efforts to improve their working conditions in terms of occupational safety, working hours, payment of adequate wages to them so that the women workers engaged in unorganised sector may have decent and honorable work.
4. The government should give necessary training to the women workers to increase their efficiency.

Thus, unfortunately women are facing a lot of problems in their working environment. Their socio-economic status will be improved only if adequate measures are taken to overcome their problems. The state and central government can formulate many policies to increase the welfare of the workers.

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**LEGAL PROTECTION OF GEOGRAPHICAL INDICATIONS IN KASHMIR: HASSLES AND HURDLES WITH SPECIAL REFERENCE TO THE HANDICRAFTS SECTOR**

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**ABSTRACT**

*Geographical Indications have emerged as a contentious intellectual property rights issue within the realm of World Trade Organisation after the conclusion of Uruguay Round of Trade negotiations. GIs have tried to encompass within its ambit Traditional and Cultural Expressions which in turn include handicrafts. Kashmir is situated in the Western part of the Himalayan range and its position as a frontier region is reflected in its art and culture. Many of the Kashmiri handicraft products have been accorded GI status. Handicrafts are afforded suitable legal protection under the TRIPS Agreement. However, the Indian law on the subject is silent on many aspects of the protection of handicrafts and hence needs a fresh look. This paper highlights the grey areas in the Indian GI law and their consequent impact on the handicrafts sector.*

*Key words: Handicrafts, Geographical Indication, Quality Control, Traditional Knowledge, Kashmir*

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Geographical Indications (GIs) is an intellectual property right (IPR) and as an instrument of intellectual property protection has certain peculiar features, which, in contrast to other IPRs, are considered to be relatively more amenable to the customary practices of the indigenous communities (Kasturi Das, 2010). The protection of this IPR is related to the term “indication” and the indication for the product is the subject matter for this protection, not the product itself (Silke Von Lewinski, 2008). An indication is a sign, which is the object of protection under various international instruments and national laws relating to GIs and Appellations of Origin (AO). In the recent past, GIs have emerged as a significant intellectual property rights issue in the Indian context. Although India has had in its possession a considerable number of products that could qualify as geographical designators, the initiatives to protect this potential began only recently when the country established a sui generis system of GI protection with the enactment of The Geographical Indication of Goods (Registration and Protection) Act, 1999 (hereinafter referred to as the GI Act, 1999) coupled with the Geographical Indication of Goods (Registration and Protection) Rules, 2002 (hereinafter referred to as the GI Rules, 2002). Among the considerable number of products that have been registered as GIs in India, Kashmiri handicrafts occupy an important place. Six Kashmiri products have been granted GI status till date. viz., Kashmiri *Pashmina*, *Kani Shawl*, Kashmiri *Sozani*, *Khatamband*, *Papier Machie* and *Walnut Woodcarving*. The other potential candidates for GI status from Kashmir are Kashmiri *Qaleen* (Carpet), Chain Stitch and Crewel Embroidery, Namdha Felt, Kashmiri *Pinjirakari* etc. Traditionally, the use of GIs is linked to handicrafts due to human ingenuity and skill involved in their production. GIs highlight the specific qualities of a product due to human factors that can only be found in the place of origin of the products such as specific manufacturing skills and traditions (Dev Gangjee, 2012). Proactive protection of origin guaranteed products from Kashmir which involve traditional knowledge in their production deserves strong emphasis. By registration of GIs at least some degree of indirect protection may be obtained for achievements that would otherwise fall short of existing protection schemes such as traditionally made handicrafts. The protection obtained in this way can only be called “indirect”. It is due to the fact that according to the legal structure of GIs, it is not the achievement as such that is protected but rather the sign indicating the geographical origin. GI protection for traditional handicrafts stemming from a certain region like Kashmir, especially if combined with rules or laws which ensure control of authenticity and quality, can help to gain a favorable position in the market for the products bearing the sign or indication in question.

It must be noted however, that to make use of GIs in a proactive manner, a considerable investment of time and money is required and in case of handicrafts sector it is only the State which can take such an initiative because the artisans dealing in traditional crafts lack incentives for such purpose. Apart from the costs for the registration as such, the launching of products of handicrafts along GI lines will only be successful if it is based on solid organisational structures, and if it is accompanied by thoroughly planned and closely monitored marketing schemes.

Most commonly associated with wines, cheeses and other agricultural products, GIs are known to be powerful marketing tools that enable consumers to differentiate between goods and make rational choice about price, quality and product characteristics. GIs are eminently suitable for citizens from developing nations to experiment individually or collectively with accessing global markets. Asserting one's position on a global market through branding encapsulating local products and its associated knowledge on production and cultural



expression may lead to self-discovery and a restatement and even preservation of traditions. The creation of value in the minds of those expressing culture and in the market place is conducive to the protection of cultural diversity, as market differentiation, even in purely economic terms, increases consumer welfare. Its abilities to engender collective stakeholdership, the connection to a certain place or locality, and differentiating characteristics, make GIs eminently suitable to play a role in the protection, not only of a market in the traditional cultural expressions (TCEs) (WIPO Booklet No. 2) but also of TCEs and cultural diversity itself.

As handicrafts are included within TCEs, their trade is of prime importance for cultural industries that wish to export products embodying cultural expression freely across the globe, yet many states wish to reduce the influence of foreign culture and rather stimulate their own (Anselm Kamperman Sanders, 2010).

### HERITAGE OF KASHMIR

Kashmir is an abode of eternal beauty and the Kashmiris have won a great reputation as artisans, and are celebrated for their skill in art. The geographical position, tradition of craftsmanship and the congenial climate are favorable factors for the development of several industries in the state. Combined with the latest machinery these factors are sure to change its very face. It is pertinent to mention that the State of J&K has not been a great attraction for investors and with the result industrial sector has not grown. The chief source of revenue has been tourism and handicrafts.

Documents produced by UNCTAD, WTO and UNESCO have argued that crafts form a substantial part of a country's cultural heritage. Skills related to such crafts must be protected in the areas of their origin as well as their affiliation to a community. The economic argument spelt out in such documents is that when these crafts are copied or exported without the consent of crafts people, they are deprived of earnings that are rightfully theirs. Imitated crafts also give a bad name to the original crafts to the detriment of the economic validity of original craft activities.

#### Handicrafts Department at a Glance

S. No.	Year	Employment (Estimated) (Fig. in Lakhs)	Production (Estimated) (Rs. in Crores)	Revenue (Rs. in Lakhs)	Exports (Rs. in Crores)	Trainees Trained
1	2000-01	3.29	696.00	26.26	574.98	8180
2	2001-02	3.40	710.00	26.89	504.98	7145
3	2002-03	3.45	770.00	29.66	549.20	8640
4	2003-04	3.52	821.53	33.02	595.00	8081
5	2004-05	3.58	887.00	34.63	642.00	6495
6	2005-06	3.66	900.00	37.54	705.00	8061
7	2006-07	3.74	950.00	35.24	785.00	7726
8	2007-08	3.84	1614.59	43.40	867.50	7465
9	2008-09	3.91	1100.00	37.69	705.50	6918
10	2009-10	3.97	1000.50	39.06	661.27	7275
11	2010-11	4.03	1650.30	45.67	1004.10	7662
12	2011-12	-	1815.33	57.54	1643.37	7789

Source: Directorate of Handicrafts, Jammu and Kashmir

Kashmiri producers of handicrafts have often complained that outside imitations of original handicrafts of Kashmir undercut the real handicrafts of Kashmir thereby threatening the entire traditional handicraft industry including livelihood and highly developed skills. The number of unemployed youth is swelling and no government can afford to provide public sector jobs to them. The unemployment is also one of the reasons of the present discontentment in Kashmir. If the traditional crafts, for which J&K is known world over, is grabbed by the outsiders through false description or source of origin or imitation that will prove disastrous for Kashmir economically and will have far reaching political implications too.

The GI Act, 1999 has been passed to register geographical indications as is required under the Agreement on Trade Related Intellectual Property (TRIPS) also. However, this Act in its present form is not adequate for the protection of traditional Handicrafts.

### GEOGRAPHICAL INDICATIONS

The term Geographical Indication (GI) of goods has been defined as an indication which defines such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or a locality in that territory, where a given quality, reputation or other characteristics of

such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of goods concerned takes place in such territory, region or locality as the case may be (GI Act, 1999Section 2(a))

The above provision is based on Article 22 of the TRIPS Agreement. However, some expressions have been added in the above definition that are not in Article 22.

These expressions have not only unnecessarily constricted the scope but have brought this definition in conflict with the other provisions of the enactment that defines the term goods. A plain reading of the above provision reveals that the term GI is confined to agricultural goods, natural goods or manufactured goods. This would not include handicrafts because these are neither agricultural goods nor natural goods or manufactured goods. They are hand-made goods. Though, one may argue that the term “manufactured goods” would include handicrafts, it is not correct exposition. The dictionary meaning of the word “manufactured goods” is goods manufactured on large scale with the help of machinery. The fundamental argument of craftsmen in Kashmir is that their crafts are imitated in other parts of the country which are machine made and are passed on as Kashmiri brand. They demand protection of their crafts because they are handmade. The language used in Article 22 is flexible enough to include handicrafts. The ideal option was to adopt the language of Article 22 which would encompass handicrafts as well (TRIPS Article 22).

Notably, while Article 22 requires “a given quality, reputation or other characteristic” of the good to be essentially attributable to its geographical origin, the GI Act, in the case of manufactured goods, includes the additional requirement that one of the activities of either the production, processing, or preparation of the good concerned must also take place in the place of its geographical origin. This requirement is more stringent than that under Article 22. This can be explained by taking “Darjeeling tea” as an example. “Darjeeling tea” involves manufacture. The green tea leaves plucked from the tea bushes go through the range of rigorous processing stages before turning into the final product (called ‘made-tea’), which is ultimately sold in the market. Now, even if the tea leaves are plucked from Darjeeling, the GI Act will not allow the final product to be designated as “Darjeeling tea”, unless the processing also takes place within the Darjeeling region, as demarcated for the purpose of this GI. The TRIPS definition will, however, allow the final product to be designated as “Darjeeling tea”, even if the processing takes place outside the demarcated region of Darjeeling, if it can be established that “a given quality” (e.g. flavour, etc.), “reputation” or “other characteristics” of the tea is essentially attributable to the demarcated region associated with the GI ‘Darjeeling’ (Kasturi Das, 2007).

Besides, an explanation has been appended to Section 2(e) that has added to the worries of craftsmen. The explanation provides that the name of a country, region or locality cannot be registered as a GI. This principle has been borrowed from the trademark jurisprudence which operates with a different scheme of things. In *Imperial Tobacco Co. v Registrar Trade Marks*, AIR 1977 Cal. 413, it was held that the geographical terms are words in common use, designate a locality, a country or a section of country which cannot be monopolized as trade marks. A trademark based on the name of a country, locality or region cannot be registered under the Trade Marks Act as no individual will be allowed to trade on any geographical name of the country or region. As against this, the GI Act allows to reap the benefits of GI which may include the geographical names as well. The handicrafts of Kashmir cannot be identified by a layman unless they carry a Kashmiri tag. A Pashmina shawl or a carpet which is worth lakhs of rupees cannot be identified unless it is branded as Kashmiri Pashmina shawl or Kashmiri carpet. This explanation serves no purpose and has been incorporated without any apparent rationale. It is neither required under TRIPS nor is there any indirect reference made to such provision under TRIPS. Articles 22 and 23 of TRIPS do not prohibit registration of geographical names. Article 22 simply defines GI and enjoins the member states to provide legal means for interested parties to prevent the use of any means in the designation or presentation of a good that indicates or suggests that the goods in question originate in a manner which misleads the public as to the geographical origin of the goods. Thus, the explanation attached to the above provision has been appended without serving any worthwhile purpose (Farooq Ahmad Mir and Farhatul Ain, 2010).

## **DEFINITION OF GOODS**

Notably, while the TRIPS definition (as per Article 22) refers to “goods” as a whole, Section 2(f) of the GI Act specifies that:

“goods” means any agricultural, natural or manufactured goods or any goods of handicraft or of industry and includes food stuff.”

Some experts are of the view that the aforesaid categories of goods basically cover the entire gamut of “goods” and argue that the Indian definition does not really deviate from the scope of coverage of ‘goods’ under Article 22 of TRIPS.

It is however, submitted that the definition of goods in the GI Act cannot be used interchangeably with the definition of GI nor would it provide content to the definition of GI. There are a good number of judicial decisions suggesting that when in relation to the same subject- matter, different words are used in the same statute, there is a presumption that they are not used in the same sense.

This definition of goods is not in harmony with the definition of GI which is unnecessarily narrow in scope. Handmade goods are not covered in the definition of GI.

### **REGISTERED PROPRIETOR**

Registered proprietor in relation to a GI means any association of persons or producer or any organisation for the time being entered in the register as the registered proprietor of the GI. The term “producer” in relation to handicrafts means any person who trades or deals in such production, exploitation, making or manufacturing, as the case may be, of the goods (GI Act, 1999 Section 2(n) and Section 2(k)). This definition does not distinguish between a real producer, retailer or dealer. As a result of this discrepancy the benefits of the GI Act may not percolate down to the real producer.

The rural Kashmiri and inhabitants of economically backward pockets in urban areas are generally associated with different crafts. It is their labour and skill which is being reaped by the traders. They toil hard but receive less. It is their haplessness which is being exploited by the moneyed people who have access to global market. The artisans have kept these handicrafts tagged with GI alive. They should have been at the centre stage of any legal protection. The GI Act has accorded protection to the trader of these handicrafts which will prove to be a license for exploitation of grass root workers who give breath and blood to these crafts.

The registered proprietor of a GI in India has to be an “association of persons or producers”. Such a requirement often entails creation of a new “association”, thereby triggering the collective action problem upfront. In fact, as products using GIs pre-exist their registration and protection, the process of registration raises substantive issues concerning the reorganisation and governance of the supply chains. There are a number of specific tasks to be completed while reorganising the supply chains. These may include demarcating the geographical territory pertaining to the GI, defining the GI product, specifying its distinguishing characteristics, establishing the good-place link, agreeing on codes of practices to be followed while producing the product, developing mechanisms for quality control and methods of governance along the supply chain, among others. The registration process of a GI is, therefore, likely to involve some re-organisation of the product’s existing supply chain, leading to modifications in well-established commercial relations and distribution channels (D Rangnekar, 2004). This often results in new economic opportunities for some new players at the cost of some pre-existing ones, thereby creating room for conflicts.

### **Authorised User**

Any person claiming to be the producer of goods in respect of which a GI has been registered may apply in writing in a prescribed manner to the Registrar for registering him as an authorised user of such GI (GI Act, 1999 Section 17 (1)). Subsequent addition of authorised users can take place with a No Objection Certificate (N.O.C.) of the proprietor of the GI, which has strong monopolistic implications (GI Rules, 2002 Rule 56).

Only authorised users of a GI have a legitimate claim to the production of the product. Even a member of the geographical area does not automatically own the GI unless his name is listed on the list of authorised users. In fact it will not be a big surprise if the names of several poor and illiterate crafts-person are not listed. This would imply that legally such persons would be forced to stop production since only authorised users of the GI have a legitimate claim to the production of the product. Thus the Act is anomalous in so far as it puts the very people at the risk of suffering from it, the protection of the skill of whom is its actual claim.

The GI Act does not make provision for inheriting the status of authorised user of the GI. This is anomalous mainly because the production of most GI products often runs in the family (especially in case of handicrafts) and is learnt, inherited and carried forward by subsequent generations. Strange, that while the family remains most crucial in passing on the very skill in question, the Act does not allow GI users to pass down the legal status to practice the skill within the family.

### **APPLICATION PROCEDURE**

The application procedure is horribly expensive. While the registration fee itself is rupees five thousand, (GI Act, 1999 Schedule I) the drafting of the application which includes putting together documentation on the

historical and commercial significance of the product is time consuming and therefore expensive. Putting together, the application alone costs 150 hours of specialist staff (lawyers, social scientists, etc.) and 1000 hours of support staff.

From the date of filing the application for the GI, it may take as many as 2-3 years before the GI status is granted. Further there is only a single office for registration of GIs (in Chennai). All this amounts to considerable operational inconveniences.

### **ISSUE OF MIGRATION OF CRAFTSMEN**

The Act is silent on the issue of migration. What if a skilled worker, also an authorised user, leaves for a distant town? Does he still holds the right to produce the “products”? Also, if a person migrates to that geographical area and after a few months learns the skill can he register himself as an authorised user? For instance, a weaver of a *Kani* shawl may move from Kanihama, a small village in district Budgam of valley to another part of India. He may continue to use his skill, design base and process in a new location, yet he is no longer a weaver of “*Kani*” shawl. Thus, reliance on the physical location alone for the protection of the use of a name may cause unnecessary hardship. A community is not necessarily a physical location, but a shared resource of custom and tradition, in which the expression of self remains possible (J Gibson, 2004).

It has been argued that the use of GI may operate unfairly when a person from outside moves into a defined geographical area. Traditions in manufacture and staff skills can be shifted from one geographical area to another given the increasing mobility of human resources in all parts of the world (WIPO, 2004). Whenever people go to other places, they bring along some product (such as sweets, textiles, handicrafts, artefacts, etc.) that has specific reputation due to its association with its place of origin (SK Soam, 2005). Due to geographical limitation of GIs protection, it is argued that related cultural practices and traditional methods of production may not be protected in the case of manufacture of a product by people migrating from one place to another (C Oguamanam, 2008).

### **QUALITY CONTROL**

Quality, reputation and characteristics are three criteria to be specified before the registration of a GI. While the GI Act ensures benchmarking of reputation and characteristics, there is no provision for quality control before and after registration. Quality control and enforcement calls for effective regulatory mechanism.

There is a provision in the GI Act and Rules that calls for furnishing of information on the “particulars of the mechanism to ensure that the standards, quality, integrity and consistency or other special characteristics...which are maintained by the producers, makers or manufacturers of goods ...”. (GI Act, 1999 Section 11(2)). It also requires the applicant to furnish the “particulars, if any, to regulate the use of the GI ... in the definite territory, region or locality mentioned in the application” (GI Rules Section 32 (1) (6) (b)). However, as indicated by the phrase “if any”, the inspection structure is not a mandatory requirement to be fulfilled while registering GIs in India. As for quality control, often furnishing details about initiatives/plans to set in place quality control mechanisms (rather than already established mechanisms) may be sufficient to have a GI registered, while the mechanism may follow suit. While it is imperative on the part of the GI Registry to implement these provisions stringently, it is also important for the stakeholders of GIs to ensure that appropriate quality control mechanisms are set in place.

### **DURATION OF GI STATUS**

The status of GI is valid only for a period of ten years. The application procedure for the GI involves an examination of the geographical region’s cultural and historical past, taking into consideration the various factors, which might have contributed to the uniqueness of the product. Much of this will not have undergone any considerable change after ten years. If this period is set in order to evaluate the existence and vigour in the supply of the product after a period of time, mandating re-application for GI is unnecessary. This ten years clause seems blindly copied from the Trade Marks Act without considering its lack of application for the GI Act.

### **FOREIGN REGISTRATION**

The GI Act has its validity within the geographical territory of the country. India cannot expect the USA not to register any Indian GI unless the Indian law ensures that no GI registered in any other WTO member country will be registered as such in India. GI registration needs to be honoured on a reciprocal basis among member countries. It is not known whether India has initiated any reciprocal bilateral agreements to honour registered Indian GIs. An essential prerequisite for establishing GI status in foreign countries is obtaining legal protection made available by those countries. However, it may turn out to be a daunting task to acquire legal armour in various target countries as per their respective legal frameworks, more so because there exist significant

divergences among countries with regard to the modes and the purposes of protection of GIs. Notably, TRIPS (Article 1.1) leaves it up to the member countries to determine the appropriate method of implementing the provisions of the Agreement within their own legal framework.

In countries that require registration of GIs under a sui generis system such as India, the claimant to the GI are required to codify distinctive facts related to their products, production processes, uniqueness, geographical origin, etc. Specifying these facts in rigorous legal language, as per the requirements of the country concerned, is a technical and costly venture. In Europe, for instance, such one time effort alone could cost US 20,000 dollars (S Wagle, 2007).

### **ENFORCEMENT WITHIN AND OUTSIDE INDIA**

Once legal rights over a GI are obtained, they have to be defended and enforced. This entails continuous monitoring of the markets to determine whether counterfeit goods are being passed off. While rampant misuse of many Indian GIs demonstrates the urgent need for effective enforcement, the extent of misuse that has already cropped up makes the task rather difficult. Instances of misuse from within and outside the country are plentiful for Indian handicrafts and Kashmiri crafts are not an exception. For instance, in the case of Kashmiri *Pashmina* shawls, already a registered GI in India, threats come from power-loom made substitutes such as, Semi-*pashmina*, Silk-*pashmina* and various other categories of woolen shawls produced within India as well as from shawls produced in Nepal or China that are often passed off as original *Pashmina* in the global market, where there is a huge demand for these high-end shawls.

The enforcement of GIs associated with such traditional arts and crafts products would be an extremely challenging venture even in India, let alone in other countries. In the first place, handicrafts are sold from a variety of formal and informal outlets in India making it a Herculean task to keep vigilance on imitations. Moreover, there are so many varieties of blended and machine-made products available in the market that regulating this trade is far from easy.

The enforcement of GIs in foreign jurisdictions is an even greater challenge for stakeholders from a developing country like India. Monitoring the foreign markets requires hiring the services of a watch dog agency, which is a very expensive proposition, as is fighting legal battles overseas, particularly in developed countries, which generally entails hiring legal services from those countries at exorbitant rates (at least as per developing country standards).

### **PROHIBITION OF REGISTRATION OF CERTAIN GEOGRAPHICAL INDICATIONS**

Section 9 of the GI Act deals with the prohibition of registration of certain geographical indications. This section is based on Article 24.9 of the TRIPS. Article 24.9 states three situations under which the member countries are said to have no obligation to protect a GI. The first is the case where the indication is not protected in its country of origin. Now, a GI may not be protected in the country of origin not only because it has become a generic name but also for other reasons, for instance the absence of a statute on GIs. The first criterion included in section 9(f) of the GI Act, however, restricts itself only to those cases where the concerned GI is not protected in its country of origin, solely due to the fact that it is a generic name. Thus the provision in the GI Act is narrower than its counterpart in TRIPS.

### **PROTECTION OF TRADITIONAL KNOWLEDGE (TK)**

India has introduced and modified its IPR laws to take care of traditional knowledge largely biodiversity and medicinal knowledge. Crafts have not been given much consideration.

The different crafts in Kashmir are carried on professional lines by the inhabitants of particular area(s) generation after generation. These are based on skill, knowledge and experience. Some of these crafts are based on what in local language is known as *taleem*. This *taleem* is based on traditional knowledge and is copied script which can be prepared by a trained professional and read by trained persons only. It consists of precise instructions that are to be strictly followed by the weaver during the weaving process. This coded script is in real form a weaver's technical language.

The *taleem* cannot be accorded copyright protection as it is already in public domain and no individual is entitled to claim exclusive copyright protection over it. It cannot be protected under the Design Act as it does not satisfy the requirements of originality, novelty and no prior publication. The TK needs protection and it is to be protected under the GI Act itself. However, there are some writers who deny the suitability of GIs to protect TK on the ground that GI protection is of assistance only where the knowledge is associated with a defined geographical area. Thus, if the knowledge is scattered, as in the case of Ayurvedic system of medicine, a GI cannot be used (Shivani Singhal, 2008). Further, the goods must enjoy a commercial reputation. This is because

a GI merely signifies the true source of the goods, and if the source is not important to the consumer, protection by means of a GI is immaterial. It has been suggested that the representatives of interested local communities must first survey the industry and consumer groups regarding the market demands for various indigenous products because a significant market for the product is an essential criterion for the use of a GI (DR Downes, 2000).

A large portion of TK is currently being documented, but GI cannot be used to protect all of it because knowledge underlying a GI remains in the public domain, and hence its misappropriation (qua biopiracy) is not protected against. As such GIs should be considered as a part of a wider set of policy measures that seek to protect and reward indigenous knowledge. This raises the possibility of complementary, though overlapping, IPRs covering similar subject matter. By way of example, consider handicrafts: the technical content may be protected as a technical idea, while the cultural value as a form of expression and its distinctive characteristics through marks or indications of geographical origin. Keeping in view the inadequacy of GIs for the protection of TK, some countries have devised sui generis systems to protect their indigenous knowledge.

There are, however, the writers who argue that GIs may be better than sui generis system for the protection of that TK which has been in the public domain for so long that it is difficult to assign it to a specific right holder (M Pannizon and T Cottier, 2005).

As already pointed out that in case of handicrafts, the requisite knowledge is in the public domain and distinctiveness of the product is dependent on human factors, therefore, the product may be manufactured anywhere. However, when produced in a particular area, the product enjoys a unique reputation. In such cases, a GI affords considerable protection because consumers are willing to pay a premium in the market for products manufactured in that region, and using that region's traditional methods. GI seems to be one of the best ways of protecting such products because they cannot receive patent-like protection, nor do they derive their uniqueness from any natural factor available only in that area. Various studies have quantified the price premium associated with GI products. A consumer survey undertaken in the European Union (EU) in 1999, for instance, found that 40 percent of consumers would pay a 10 percent premium for origin-guaranteed products (WTO, 2004). Econometric models employing the hedonic pricing techniques also support the willingness to pay more for GI products. Though anecdotal, these studies bear testimony to the fact that GIs do have the potential to fetch a significant increase in value-added through premium pricing (Fink C., and K. Maskus, 2006).

## **CONCLUSION**

The handicrafts of Kashmir represent Kashmiri heritage and pride. These handicrafts have economic as well as employment incentives. The GI Act, 1999 facilitates registration of GIs but there are some hassles to be ironed out and certain hurdles to be removed. The provisions of the Act lack harmony. The legislation is not comprehensive enough to safeguard the interest of craftsmen and there is no provision to protect traditional knowledge involved in making of handicrafts. The Act is traditionally worded and legislators have lost sight of crucial economic and employment incentives involved in the crafts which the legislation attempts to safeguard, not to talk of invaluable cultural heritage. The law should be made flexible enough so as to make it complimentary and supplementary with other international legal instruments relating to GIs.

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## APPLICATION OF FOUNDRY WASTE SAND AND BAGASSE ASH IN CONCRETE

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### ABSTRACT

*Throughout the world concrete is being widely used for most of the construction work. Currently, India is taking major initiative to improve and develop its infrastructure to emerge as a major economic power. To meet out this rapid infrastructure development, huge quantity of concrete is required. At present the rates of the concrete ingredients are increasing greatly. Hence, the entire construction industry is in search of suitable and effective product that would considerably minimize the construction cost. The focus of this research work is on waste reduction for environmental, economic and technical reasons. This is an experimental study of an unique combination of foundry waste sand and Bagasse ash as replacement for natural sand and cement respectively. Foundry sand consists primarily of silica sand, coated with a thin film of burnt carbon, residual binder and dust. It can be used in concrete to improve its strength and other durability factors, which is technically sound and is environmentally safe. Bagasse ash, the residue from an in-line sugar industry has amorphous silica, which has pozzolanic properties. Previous studies have been carried out on bagasse ash obtained directly from the industries to study pozzolanic activity and their suitability as binders, partially replacing cement.*

*In this paper, foundry waste sand has been partially replaced in the ratio of 10%, 20% and 30% by weight of natural sand in concrete and the percentage of Bagasse ash as cement is limited to 10% by weight. Hardened concrete tests like compressive strength and split tensile strength at the curing age of 7, 28 and 56 days were carried out and the result shows that the optimum percentage for replacement of bagasse ash and foundry waste sand is 10% & 20% to cement and natural sand respectively.*

*Keywords: Bagasse ash (SCBA), Foundry waste sand, Compression test, Split tensile test.*

### 1. INTRODUCTION

Foundry sand is high quality silica sand with uniform physical characteristics. It is the by-product of the ferrous and non ferrous metal casting industries, where sand has been used for the centuries as a moulding material because of its thermal conductivity.

The physical and chemical characteristics of foundry sand will depend in great part on the type of casting process and the industries sector from which it originates. In modern foundry practice, sand is typically recycled and reuse through many production cycles. Industries estimates that approximately hundred million tonnes of sand is used in production annually of that 6-10 million tonnes are discarded annually and are available to be recycled into other products and in industries. The automotive industries and its parts are the major generator of foundry sand. Foundries purchase high quality size specific silica sand for used in their moulding and casting operations.

The raw sand is normally of a higher quality than the typical natural sand used in field construction sites. The sands form the outer shapes of the mould cavity. This sand normally rely upon a small amount of bentonite clay to act as the binder materials. Chemicals binders are also used to create "sand cores". Depending upon the geometry of the casting, sand cores are inserted into the mould cavity to form internal passages for the molten metal. Once the metal has solidified, the casting is separated from the moulding and core sands in shakeout process. This study presents the information about the civil engineering applications of foundry sand, which is technically sound and is environmentally safe.

Ordinary Portland cement is recognized as a major construction material throughout the world. Researchers all over the world today are focusing on ways of utilizing either industrial or agricultural waste, as a source of raw materials for industry. This waste, utilization would not only be economical, but may also result in foreign exchange earnings and environmental pollution control. Industrial wastes, such as blast furnace slag, fly ash and silica fume are being used as supplementary cement replacement materials. Currently, there has been an attempt to utilize the large amount of bagasse ash, the residue from an in-line sugar industry and the bagasse-biomass fuel in electric generation industry. When this waste is burned under controlled conditions, it also gives ash having amorphous silica, which has pozzolanic properties. A few studies have been carried out on the ashes



obtained directly from the industries to study pozzolanic activity and their suitability as binders, partially replacing cement<sup>5</sup>. Therefore it is possible to use sugarcane bagasse ash (SCBA) as cement replacement material to improve quality and reduce the cost of construction materials such as mortar, concrete pavers, concrete roof tiles and soil cement interlocking block

## 2. LITERATURE REVIEW

### 2.1 Methodology

The methodology adopted is comprised of primary tests on material and experimental test for compressive and split tensile test. Primary test were fineness modulus, specific gravity, bulk density, silt content, moisture content, water absorption and pH carried over concrete ingredients. Later compressive test and split tensile test were carried over the casted cubes and cylindrical mould.

Casting of 9 cubes and cylinder were done for 7, 28 & 56 days respectively. With varying proportion replacement of foundry waste sand of about 10%, 20% & 30% to natural sand and by keeping 10% bagasse ash constant replacement to cement.

**Table 2.1 Mix Designation Table**

Sr. No.	Designation	Description
1	M1	Ordinary Concrete
2	M2	10% of bagasse ash and 10% of foundry waste sand
3	M3	10% of bagasse ash and 20% of foundry waste sand
4	M4	10% of bagasse ash and 30% of foundry waste sand

### 2.2 Experimental Procedure

Concrete of mix proportion was used as discussed above which included two waste materials foundry waste sand and bagasse ash as partial replacement to natural sand and cement respectively. In project there was varying % replacement of foundry waste sand (i.e. 10% 20% & 30%) and bagasse ash was kept 10% constant. Main objective of project was to test and compare the Mechanical properties of foundry waste sand and bagasse ash concrete with ordinary concrete. So compressive test and split tensile test were carried out on cubes and moulds. In all 36 cubes and 36 cylinders were casted and kept for 7 days , 28 days & 56 days curing as discussed above in methodology. The compressive strength mould were of dimension 150mm x 150mm x 150mm and split tensile test mould were of dimension 150mm in diameter and 300 mm in length. These moulds were properly cleaned and their internal surfaces were properly oiled. As soon as the fresh concrete was prepared it was poured in layers in mould. At every layer 25 strokes were given with the help of a steel bar 16 mm dia., 0.6m long and bullet pointed at lower end. This process helped in achieving good compaction. After the moulds were being filled properly, finishing on top surface was carried out and these moulds after their curing period were tested on Compressive Testing Machine for compressive test and split tensile test.

## 3. ANALYSIS / RESULTS AND DISCUSSIONS

### 3.1 General

Following are the results obtained after testing for compressive strength and split tensile strength.

#### 3.1.1. Compressive Strength

Following are the results obtained after testing cubes for compressive test for 7, 28, & 56 days are shown in table 4.1.

**Table: 3.1 Compressive strength of concrete containing foundry waste sand at different curing ages.**

Sr. No.	Mixture	Average Compressive Strength in MPa		
		7 days	28days	56days
1	M1	21.62	35.26	43.85
2	M2	22.06	37.48	42.67
3	M3	22.36	38.07	54.52
4	M4	22.21	32.44	47.10

Following is the graphical representation of Compressive Strength results

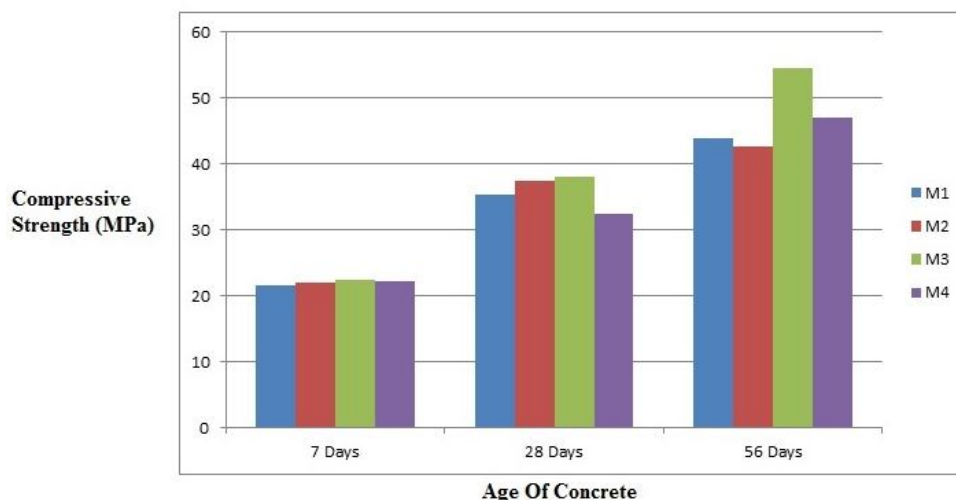


Fig. 3.1 Compressive Strength of concrete containing foundry waste sand at different curing ages.

#### • COMPRESSIVE STRENGTH TEST RESULTS

1. As compared to M1; M2 has resulted in increased upto 2.04% , M3 has resulted in increased upto 3.42% & M4 has resulted in increase upto 2.73% for 7 days Age concrete .
2. Also as compared to M1; M2 has resulted in increase upto 6.3%, M3 has resulted in increase upto 7.97% & M4 has resulted in decrease upto 8.69% for 28 days Age concrete
3. Also as compared to M1; M2 has resulted in decrease upto 2.76%, M3 has resulted in increase upto 24.33% & M4 has resulted in increase up to 7.41% for 56 days Age concrete
4. Hence, the Optimum % for replacement of bagasse ash and foundry waste sand is 10% & 20% to cement and natural sand respectively.

#### 3.1.2. Split tensile strength

Table 3.2 Split Tensile strength of concrete containing foundry waste sand at different curing ages.

Sr. No	Mixture	Average Split tensile strength in MPa		
		7 days	28days	56days
1	M1	1.95	3.30	3.87
2	M2	1.95	3.58	3.90
3	M3	2.29	3.45	3.93
4	M4	2.05	3.02	3.53

Following is the graphical representation of split tensile strength results:

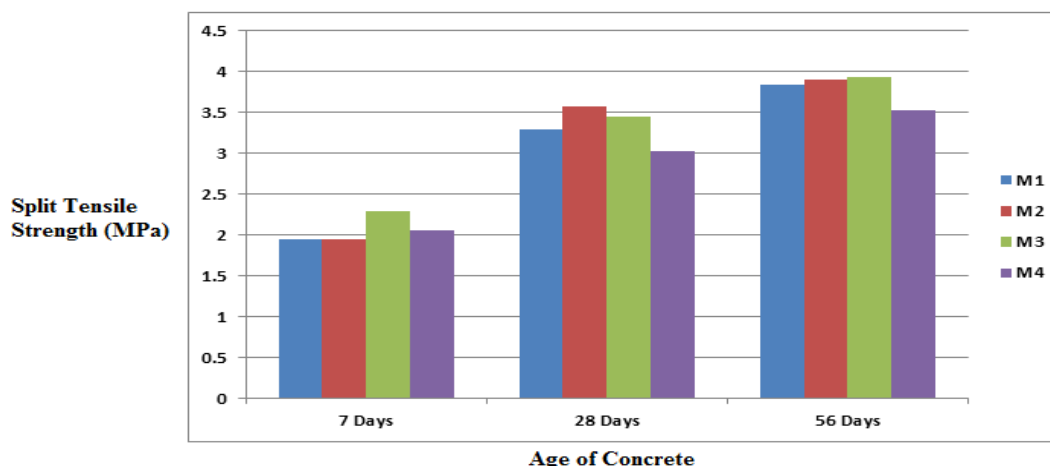


Fig. 3.2 Split Tensile Strength of concrete containing foundry waste sand at different curing ages.

### • Split Tensile Strength Test Results

1. As compared to M1; M2 has resulted in increase upto 0%, M3 has resulted in increase upto 17.44% & M4 has resulted in increase upto 5.13% for 7 days Age concrete .
2. Also as compared to M1; M2 has resulted in increase upto 8.48%, M3 has resulted in increase upto 4.55% & M4 has resulted in decrease upto 9.27% for 28 days Age concrete
3. Also as compared to M1; M2 has resulted in increase upto 0.77%, M3 has resulted in increase upto 1.55% & M4 has resulted in decrease up to 9.63 % for 56 days Age concrete.
4. Hence the Optimum % for replacement of bagasse ash and foundry waste sand is 10% & 10% to cement and natural sand respectively.

### 4. CONCLUSION

**From the above Experiment performed it is hereby concluded that;**

1. Replacement of 10% bagasse ash for cement and 20% foundry waste sand with natural sand a good compressive strength has obtained.
2. Replacement of 10% bagasse ash for cement and 10% foundry waste sand with natural sand good split tensile strength has obtained.
3. Hence by beneficial utilisation of foundry waste sand and bagasse ash in concrete contributes to Environment Friendly, Green and Recycling concepts.

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## **RAPE IN WAR AND LEGISLATURE**

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### **ABSTRACT**

*There had been various forms of sexual violence during wars and domestic insecurity in the past. These days, it is getting more attention with the progress of human civilization.*

*During 19<sup>th</sup> centuries women were treated as an instrument to serve the men and they were kept as slaves. Sexual harassment ranges from unwanted touch to sexual intercourse. There can be various forms of sexual harassment such as abusing, unwanted touch, un-welcoming exchange of words, jokes, sexual mutilation, forced pregnancy, rape, sexual intercourse etc.*

*In recent years, many attempts have been made to prevent these things, and many countries have passed the laws to govern this issue but most of the laws and resolutions have not been implemented. Unfortunately with the advancement of technology sexual harassment is perpetrated more systematic and organized.*

**Key word:** Women, War, Rape, Sexual, Law

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### **INTRODUCTION**

Ninth centuries ago, Genghis Khan's Mongol said that 'Men always die in the wars and women forcefully give birth to children with their enemies'. The relation is different from that time to present. We want to give a strong message that rape is no longer a trophy of war rather it is a war crime. It was estimated that 500,000 women were raped during the 1994 Rwandan.

The types of violations committed during the conflict periods among the countries and within the countries; sexual violence, particularly against women have broken all the aspects of human rights. Although men are also raped but statistics show that the majority of women were raped during the wars. In the recent years, the efforts have been made to document and publish such kind of abuses that were there in the world. The fact that the, abuses, which had made by men against women during the wars, were ignored as a result of war crimes. More accurate understanding of the politics of sexual harassment during the wars and complexity impulse the need to bring responsive solutions.

There was no appropriate legal prohibition of sexual harassment during wars. As per the customs and traditions of a nation, the people do not have a good view towards the victims who were raped. And it is very difficult to get justice for the victims. Criminal prosecution by an international tribunal or domestic courts is not enough and responsive, because it is an international conflict, But the prohibition against rape and abuse in the domestic conflict may not be supported by the effective international methods.

### **THE DEFINITION OF RAPE**

Rape in war happens by citizen and soldiers during a conflict, war or invasion. War of aggression also includes forced prostitution under the occupying forces. The definition of rape in many legal texts, sex (intercourse), and sexual or other forms of sexual relations is without consent of the victim.

The United Nations defines: it is "sexual intercourse without consent".

The World Health Organization has to offer in 2002 "penetration of the anus or vulva with force and coercion by the male sex organs, and other body parts or an object".

Germany:" it is not mandatory for sexual assault".

International Criminal Tribunal for Rwanda in 1998 defines rape as "a physical invasion of a sexual nature, which applies to a person under duress".

FBI; sexually satisfy a woman by force and against her desire.

The definition of rape, only vaginal intercourse (including penetration of the vagina by the penis), with no coercion and consent of the woman is interpreted.

Much attention has been given to satisfaction in all the definitions. Expressing satisfaction is not important but the principle is the satisfaction of having or not having. Forced sex marriage, rape, sex workers, forced early marriages, female genital mutilation, forced sex during menstruation and during illness, unusual demands during sex, forced pregnancy, etc. are actually under the control of the female body are sexual violence.

### **HISTORY OF RAPE IN WAR**

The word rape has been rooted of the Latin verb rapier: it means catching or taken by force. This word rape originally had no sexual implications but it is still commonly used in English.

The Ancient Greek would remember that the rape of a woman in war is "one socially acceptable behavior in the laws of war" and the soldiers enjoyed the women as "spoils of war in the camp or others wives".

Cyrus king of Persia, 2500 years ago, the first Universal Declaration of Human Rights, banned the slavery, sexual abuse and other crimes in the world. Cyrus has written the cylinder after he achieved Babylonian; it was a valuable historical document. In 1971, the United Nations released the Cyrus cylinder in all the official languages in United Nation. And the imitation of the cylinder took place at UN headquarters in New York City.

In Europe, in the Middle Ages, and until the 19th century, there was a direct attack and action for legal protection for women during the war and it was similar to the legal protection of women in times of peace. The Catholic Church seeks to prevent rape during the feudal wars and soldiers were encouraged to prevent the attack on women and civilian. Catholic Church supported innocent people by the Christian ideals, which were released by chivalry knight.

The Arabs, in the Middle Ages, slavery, and war rape were common and women were also common in the slave trade, where prisoners of war used as a slave non-Arab lands. The Arab people were the first people, legalized that the rape on the lands and rape became legally permissible. It was used as a means of humiliation and revenge against enemies. Islamic scholars have declared that the women are booty of conquered lands, and after the conquests of them are used as slave (slave rape is permissible in Islam). First time Rape in Islam was used widely during the invasion of Iran.

According to historical records, Genghis Mongols were defeated in every country. Young women and children were given to the Mongol soldiers as slaves.

### **CAUSES AND MOTIVATIONS**

Rape in war is different according to the time, place and particular gender of people. This has a significant impact on the motive perpetrators. One should search these factors in the causes of conflict and war. The regional, tribal and ethnic conflicts and domestic or foreign war take place because of different reasons and motivations. Rape in war takes place typically for achieving strategic benefits and act as a key tool to achieve specific military objectives. The causes and motives of rape in war are fear and inferiority complex, internal drain, contempt and demoralized opposition parties. In Bosnia, religion or nationality, a woman, as well as her sexuality, makes her a target of rape. Similarly, Burma government soldiers raped many women Rohingya, based on gender and ethnic affiliation.

### **INTERNATIONAL LEGAL FRAMEWORK**

Rape and sexual slavery recognized as crimes against humanity and war crime under the Geneva Convention. Prosecute rapists is the recent development in trials.

In the 18th and 19<sup>th</sup> century, the provisions of the treaty started to protect the women. Brussels Declaration (1874) stated, According to Article 38 of the 1874 Brussels Declaration: "Family honor and rights ... Must be respected. At Hague Convention, it is vague and indirect sexual violence as "a violation of the family honor" has been banned".

In the 20th century there were many developments in international law in the field of sexual violence in wartime. The United Nations Declaration is that, on the protection of women and children in conflict situations is no indication.

But in the four Geneva Conventions of 1949 and their two Additional Protocols (1977) in the field of human rights, In particular, provisions 42 of this document (article 560) are about rape women. Article (3) shared

among the various provisions of Conventions, which are mentioned, respect humanitarian principles, prohibit damage to life and physical integrity, cruel treatment, torture, abuse and harm to the dignity of the persons.

Article 6 of the Convention on Elimination All Forms Discrimination against Women (1979) is required, "state parties to take all appropriate measures, including legal provisions to prevent trafficking in women and exploitation of prostitution of women in all its forms".

In the Article 2 of the genocide Conventions (1948) adopted rape is a crime against humanity and it is forbidden. Further in the world (1993) for the first time official international community recognized violence against women is a violation of fundamental human rights.

Further more, the United Nations General Assembly on December 17, 1999 in the eighty-third session, according report "third Executive Committee" adopted on 25 Nov as "International Day for Elimination of Violence against Women".

UN statement 1325 in 2000, with an emphasis on "women, peace and security" to strengthen the protection of women passed during conflict and violence. In the Article 5 of the Statute of the International Criminal Tribunal for the former Yugoslavia, rape is as a crime against humanity

So far in the Article 3 of the Statute of the International Criminal Tribunal for Rwanda sees rape as a crime against humanity. The both letters banned the rape.

The International Criminal Court is a permanent international court, which is headquartered in The Hague, Netherlands, to deal crimes of genocide, crimes against humanity, war crimes and aggression. Paragraph 1 of the Article 7 of the Statute has specific examples of crimes against humanity. Some of which are related to sexual violence, including rape, sexual slavery, forced prostitution, forced pregnancy and etc. In general, the statute of the International Criminal Tribunal for the former Yugoslavia and Rwanda and the International Criminal Court, the issue of a rape is a crime in international law. Other documents looked at the issue of rape as a matter of honor and ethics, not much strategy for pursuing and handle it, for compensation and support.

### **INTERNATIONAL CUSTOMARY**

One of the earliest references to the "laws of war", or "Saint of War" by Cicero, were asked the soldiers to respect the laws of war. According to Article 38 of the Statute of the International Court of Justice customary is an international law sources. Especially in the case of customary international humanitarian law is a very valuable resource. There is an international consensus for being wrong about rape. And all the countries have accepted them but there is disagreement about how to execute it. It is unfortunate that in many countries, laws that can prosecute rape during the war do not exist.

### **CONCLUSION AND SUGGESTIONS**

*This article is mainly related to the sexual harassment of women. The women were victimized during the wars even though they had not any significant role to play in the wars. This issue has gained more attention by the researchers and the countries. There are many researches going on to deal with this issue. The countries are making laws to protect the right of the women. The constitution and domestic law should be changed for eliminating gender discrimination and sexual justice that based on the Universal Declaration of Human Rights. Sexual assault should be illegal and punishable at all time by internal law. Impunity must finish for sexual violence during the war.*

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