

Conference Proceedings



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Preamble

Change is the only constant, even in the business field. Business environment and practices have become information driven and very dynamic, resulting in integration of systems, functionalities and business operations. The fallout of this is that organizations can no longer remain complacent with their past performances as they have to continuously evolve and create distinctive competencies. Hence, organizations world over, strive hard to work towards achieving strategic advantages and thus sustain their businesses in this highly competitive global market place. However, doing this proves to be a major challenge as they look for newer and newer methods to realize this.

‘Innovation’ and ‘Talent’ are two keys that businesses have come across to tackle this challenge. The theme of the conference **“Managing Innovation and Talent in Highly Competitive Global Business”** is based on this premise.

With a view to further explore and understand this subject, Tirpude Institute of Management Education, Nagpur, invited academicians, research scholars and business managers to share their knowledge and insights by contributing their original research papers at this International Conference in January 2013.

Dear Friend,

It is my singular pleasure to forward to you the proceedings of International conference on “**Managing Innovation and Talent in Highly Competitive Global Business**”, held on 16th and 17th January, 2013 at our institute. This publication takes full advantage of the scholarly work of academicians and industry professionals and also creates an opportunity for you to store the same for future referencing.

I believe that cultivation of a strong research culture is absolutely necessary for excelling in the process of academic enhancement and knowledge disbursement. An academic institute can achieve this primary objective of value addition of updated and relevant knowledge to its students and the academic community at large by enabling high quality original research.

As editor, my task was made extremely challenging due to very rare and original quality of research work submitted by contributors from across the international and domestic arena. Nevertheless, I have been able to select some of the finest works with the help of our reviewing team comprising of erudite scholars from academia and industry and present the same to you.

I am sure you will find the contents thought provoking and of immense value and relevance.

Thanking you,

Dr. Sanjay Kavishwar
Editor

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Business Confidence Index in India: Reflection of Business Sentiment

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ABSTRACT

Business Confidence Index is used to track key economic and financial statistics for a country. These confidence indices are used by central bank for monetary policy formulation. They are used by government to fine tune fiscal policy and look at resource statistics for the country.

Banks use the numbers to predict growth and interest rate movements. Businesses have used it for a variety of decisions from inventory level maintenance, predicting rental movements, distribution levels, etc

The indices give an overall picture of the economy as measured by business confidence. Hence in an essence it is a behavioral or an attitudinal measure where perspectives of important persons having a say in the economy are gathered.

There is a need for developing a business confidence index for Indian economy and this paper will detail the development, measurement and presentation for this index.

It is envisaged that there will be two key sections in the report. The first section will deal with judgments or perceptions of economic indices for six months. The second part will look at actual performance, compare it with the forecast made in the past, look at deviations and understand key behavioral biases.

1. Introduction

This paper attempts to investigate the need for Business Confidence Index and develop an index to measure Business Tendency and its management. This research attempts to analyse the role, importance and use of BCI in India. A Business Confidence index (BCI) is a short term early alarming system to forecast the trend of the economy. BCI is based on a survey to determine the attitudes and expectations of business executives and entrepreneurs. The survey covers expectations of employment, investment, company-specific financial performance, business cost, sales (including export) orders and inflation.

The advantage of using BCI is that, it is a forecast that is available before the quantitative data, covering the same types of economic activity, are released and they are considered as complementary to the official statistics. This index has wider implication for businessmen and economy. Scope of the index depends on the rigor of its preparation, implementation and composition. Although this index is calculated more often, this makes the index relevant for a particular time span.

2. History of Business Tendency Survey

Business tendency surveys have a history dating from at least the 1920s. Some of the earliest surveys were carried out by trade associations, such as the Confederation of British Industries and the “ifo Institut für Wirtschaftsforschung” in Germany, although the national statistical office of France, “the Institut national de la statistique et des études économiques (INSEE)”, has also played a prominent role in this area since the 1950s. Central banks – in Japan and Belgium for example – have also been carrying out business tendency surveys for some years; central bankers need information on the current economic situation that is more up to date than the statistics released by official statistical agencies. A recent trend is for more national statistical offices to conduct business tendency surveys – Canada and Australia are examples among OECD Member countries and most national statistical offices in transition countries in Europe and Central Asia now also have their own business tendency surveys.

One consequence of this has been greater use of standard survey techniques, notably the selection of random samples from comprehensive business registers, the use of more accurate weights in calculating the results and, in many cases, better follow-up of non-response and closer editing of replies. Thus, while surveys carried out by trade associations may be less scientific, they usually benefit from closer relations with respondents and this may improve response rates and the care taken by respondents in completing the questionnaires.

3. Research Methodology

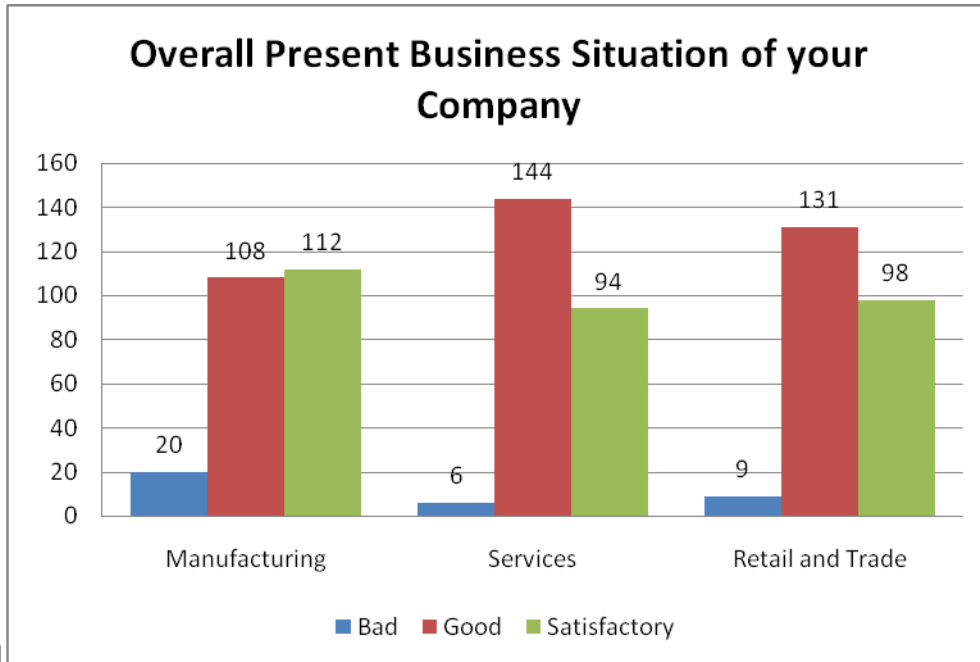
The term 'Business Condition' for our research work is defined as combination of various variables. They are chosen as business leader is expected to have a true judgment of overall business situation. These being visionaries are most likely to know the pulse of the economy and its future. The objective of variables is to understand the near future (next 6 months), current situation (next 12 months) and recent past (last 6 months). The list of variables is:

- Overall present Business situation
- Business situation over the past six months with regard to sectoral competition
- Looking ahead six months as compared to now, economy for the business
- Firm' own financial position over the next six months
- Demand over the next six months, compared with previous six months
- In next six months, world economy will
- The impact of market inflationary trends on demand of services in next six months
- As compared to now in next six months, performance of political leadership at centre.

The survey included three different sectors namely, Manufacturing, Retail & trade, and Services Sector. The variables are same for all three sectors; there is one question for each variable. For purpose of data analysis the questions asked specific to that variable, are averaged out with balances method. Out of the total 722 responses collected 240 are from Manufacturing, 238 from Retail & trade and 244 are from Services sector. Thus the data has almost equal representation from all the three different sectors. The following sections reveal the responses of various respondents for each variable. Balances can take values from -100 to +100, while the midpoint is 0. Now each variable is analysed in detail.

4. Overall Present Business Situation Overall Present Business Situation is perceived well by respondents of both Services and Retail & trade segment. Only respondents of manufacturing sector are apprehensive about business situation as seen in the graph below. The reason for this optimistic business situation may be attributed to the high growth rate of services sector, comparatively.

When all sectors are taken together 53% respondents are optimistic about business situation whereas 5% only are pessimistic about the business situation. Together 95% respondents are either satisfied or optimistic about business situation.



Graph 1

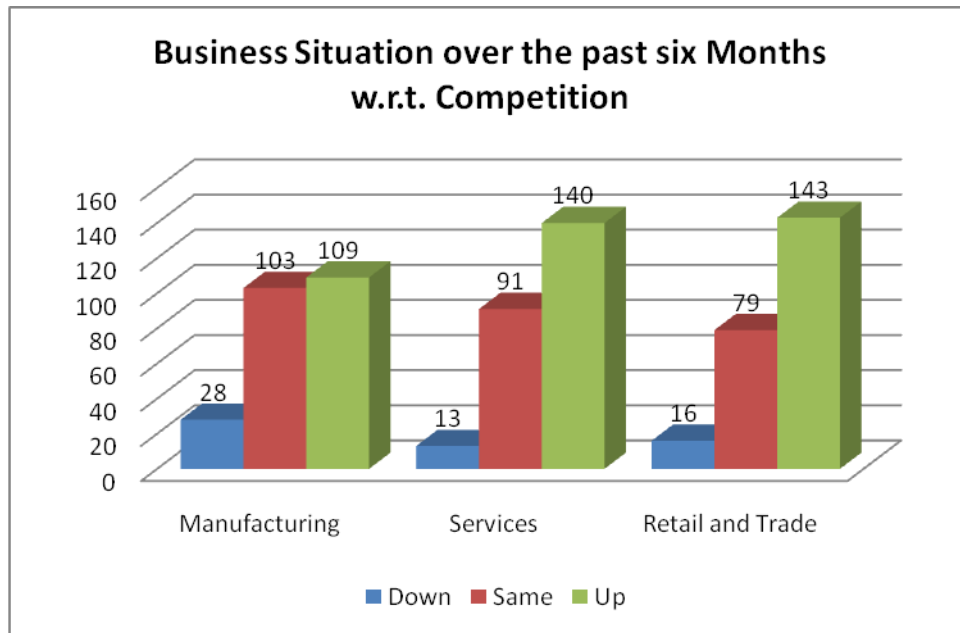
When individual sectors are analysed 55% of retail and trade sector respondents perceive present business situation to be good. Whereas 59% of services sector perceive present business situation to be good. Balances are calculated for this variable and services sector has highest balances (57%). This means that respondents in services sector perceive overall present business situation to be optimistic.

5. Business situation with regard to Competition

The variable 'Business Situation over the past six months with regard to competition' when asked to the respondents the results were amazing. All the three sectors taken together, 54% of the respondent in total felt business has gone up. Whereas 38% felt that the business remained 'same' inclusive of all three sectors, only 8% felt that business is going down.

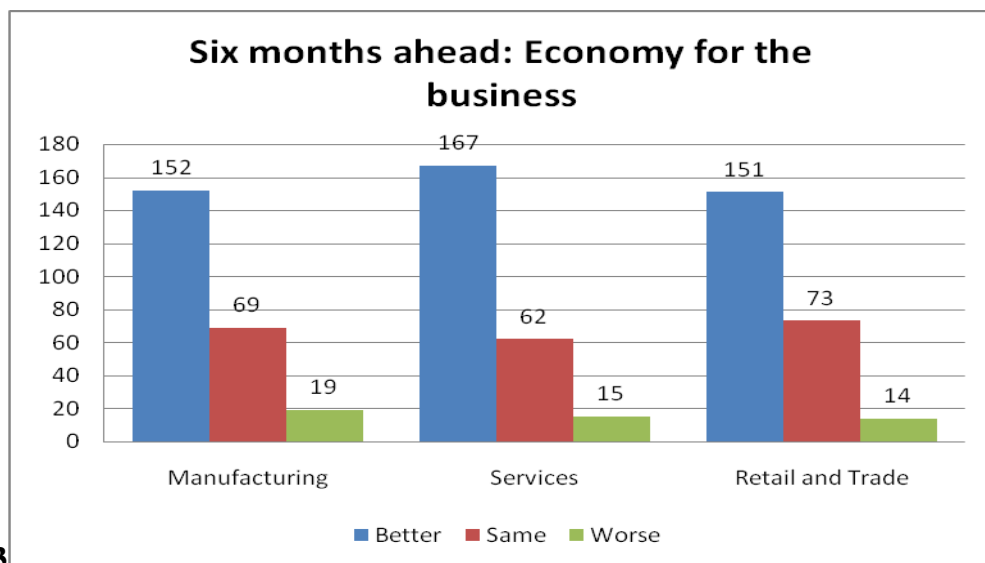
The data captured is plotted on the graph given below and it is very clearly visible that all three sectors independently also feel that business condition in the last six month has gone up by maximum number of respondents. A Sixty percent respondent of the Retail & Trade sector is the highest among all the three sectors chosen for the research. Whereas when balances were calculated (this is the difference of Up-down) retail & trade and services sector and neck to neck at 53% and 52%.

Graph 2



6. Economy for the Business in six months

The third variable in the business condition included is 'economy for the business in next six months as compared to now'. This question is important because the economy is not doing well and it was important to understand the perception of respondents. When the responses of all the respondents are taken together and analysed 65% of the respondents felt that the economy for the business is going to do better in next six months. Whereas 28% felt that it is going to remain same in next six months.



Graph 3

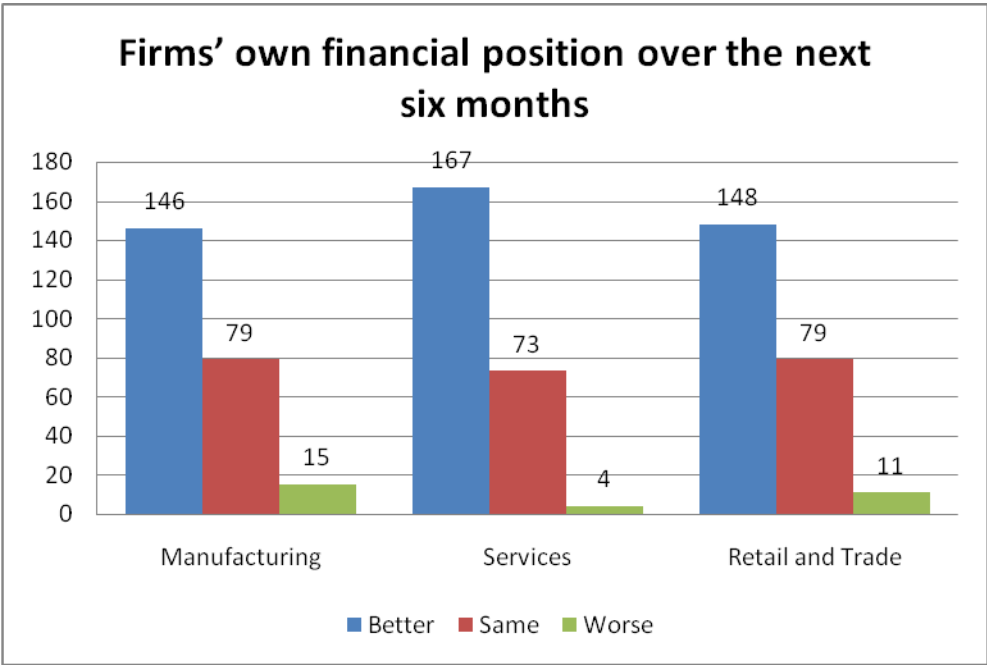
The graph above gives a more comprehensive perception of the respondents. When the three sectors are analysed separately it is found that 68% of the respondents in services sector, the highest felt that economy for the business is going to be better. Whereas 63% respondents of retail and trade sector felt that economy for business is going to be better. When balances of better and worse are calculated services sector stands highest with 62% followed closely by retail and trade at 58% and manufacturing at 55%.

7. Firm’s own financial position in next six months

Firms own financial position over the next six months is captured next and the graph below clearly reveals that all three sectors have projected well in next six months. So the respondents are optimistic about the business environment. In the services sector 68% respondents’ feel that Firms own financial position in the next six months is better. At the same time 62% of the respondents in Retail and Trade are of the view that Firms own financial position in the next six months is better.

When the data is collated together and combined values calculated it is found that 64% of the respondents’ are of the view that Firms own financial position in the next six months is better. Whereas 32% of the respondents feel that Firms own financial position in the next six months is same. Balances are also calculated and it is found that 67% is highest for services sector, which shows the optimistic perception in this sector.

Graph 4

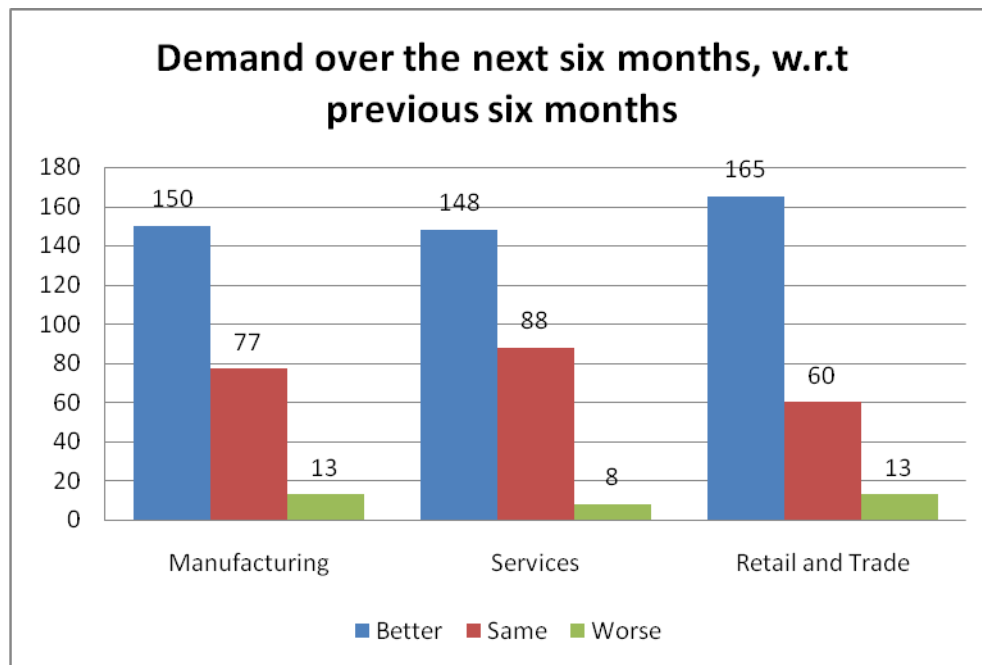


8. Demand over the next six months

The variable 'Demand over the next six months, compared with previous six months' when asked to the respondents the results are amazing. All the three sectors taken together, 64% of the respondent in total felt demand in next six months goes up. Whereas 31% felt that the demand remained 'same' inclusive of all three sectors, only 5% felt that demand is going down.

The data captured is plotted on the graph given below and it is very clearly visible that all three sectors independently also feel that demand in the next six month is going up by maximum number of respondents. Sixty nine percent respondents of the Retail & Trade sector are the highest among all the three sectors chosen for the research. Whereas when balances were calculated (this is the difference of better-worse) retail & trade is highest with 64% and both manufacturing and services sector are at 57%.

Graph 5



9. World economy In next six months

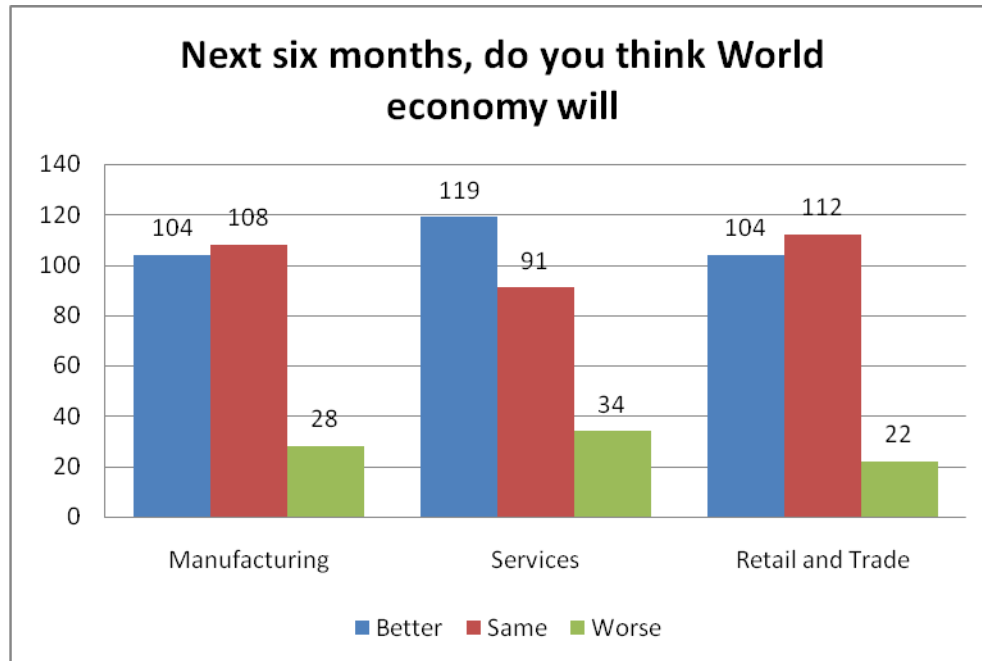
World Economy is not perceived well by respondents of all three manufacturing, Services and Retail & trade segment. Respondents of Services sector are highest at 49% about world economy as seen in the graph below. The reason for this slightly optimistic feeling about world economy may be attributed to the high growth rate of services sector, as of now.

When all sectors are taken together only 45% respondents are optimistic about world economy, whereas 43% feel that in next six month world economy is going to remain same. And 12%

respondents are pessimistic about world economy in next six months. Balances are calculated for this variable and the values are

- Services sector has highest balances (35%).
- Retail and Trade at 34%.
- Manufacturing sector at 32%

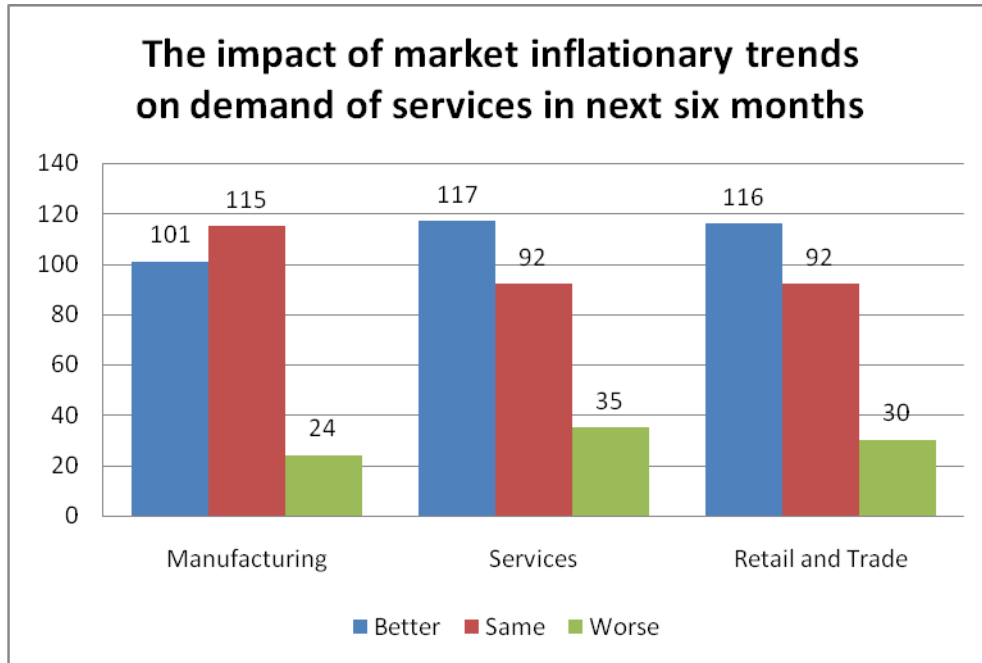
Graph 6



10. The impact of market inflationary trends on demand in next six months

The seventh variable in the business condition included is ‘The impact of market inflationary trends on demand of services in next six months’. This question is important because the inflation is going up and has significant effect on respondents therefore their perception is captured. When the responses of all the respondents are taken together and analysed 46% of the respondents felt that the demand of services is going to do better in next six months. Whereas 41% felt that it is going to remain same in next six months.

Graph 7



The graph above gives a more comprehensive perception of the respondents. When the three sectors are analysed separately it is found that 49% of the respondents in retail and trade sector, the highest felt that demand of services in current inflationary trend is going to be better. Whereas 48% respondents of services sector felt that demand of services in current inflationary trend is going to be better.

When balances of better and worse are calculated retail & trade sector stands highest with 36% which shows the impact of inflation on demand is substantial.

11. Performance of political leadership at centre in next six months

The survey reveals that respondents perceive performance of political leadership at centre to remain same in the short run (next 6 months). And the business is perceived to be bullish by the respondents. In other words the market is bullish in the near future whereas there is no significant changes expected in political performance.

Graph 8



The Graph above shows the perceived performance of political leadership in the economy and increase in dissatisfaction among them. Forty three percent of respondents feel that political performance remains same and leadership has no impact on it. Whereas close to 20% of respondents feel that political performance will go down in next six months. When balances are calculated this variable has the minimum balances lowest being for Retail & trade sector(14%), followed by Services sector(16%) and Manufacturing Sector at 21% which reflects the pessimistic view of respondents.

When sector wise data is analysed forty four percent of respondents in services sector feel that even after six months there is going to be no change in political performance. Similarly 45% of manufacturing and 40% of retail & trade sector feel that there is going to be no change in political performance even after six months.

12. Conclusion

This paper details the analysis and findings of all the 722 respondents and gives a comprehensive picture of all manufacturing, services and retail & trade sector. Some of the variables have high index value i.e, above 50 whereas none of them have a negative value. The Table below reflects

the index values of all the variables calculated based on balance method. This clearly shows services sector gets the highest index value and reflects optimistic trend in the sector.

Name of Variable	Manufacturing	Services	Retail & Trade	Overall
Overall present business situation	36.67	56.56	51.26	48.16
Business situation over the past six months	33.75	52.05	53.36	46.39
Economy for the business in next six months	55.42	62.30	57.56	58.42
Firm' own financial position in next six months	54.58	66.80	57.56	59.65
Demand in next six months vs previous six months	57.08	57.38	63.86	59.44
In next six months, world economy will perform	31.67	34.84	34.45	33.65
Market inflationary trends in next six months	32.08	33.61	36.13	33.94
Political leadership at centre in next six months	21.25	16.39	14.28	17.31
Index	40.31	47.49	46.06	44.63

Data used in the present analysis covered one round only. The index attaches equal weight to all the questions in all the three sectors. Further, BCI is an average of the differences calculated between positive and negative responses. Similar exercise can be done half yearly basis then the trend can be captured. While across the variables variability of index is high, services sector has the highest index value.

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Porter's Five Forces Model and Porter's Generic strategies – The case of Gujarat Ambuja Cement Limited

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Abstract

Michael Porter proposed the Porters Five Forces Model and Porters generic Strategies followed by the companies. This paper briefly discuss about the competitive strategies and competitive advantage of Gujarat Ambuja Cement Company (GACL). It does analysis of the GACL with respect to the Porters Five Forces model and the Porters generic strategies. It studies the business model followed by GACL and analyzes different parameters of GACL with the Porters five forces i.e. 'Threat of Entry of New Competitors', 'Intensity of Competitive Rivalry', 'Threat of Substitute Products or Services', 'Bargaining Power of the Customers or Buyers' and 'Bargaining Power of the Suppliers' .It also investigates GACL strategies with respect to the Generic strategies given by Michael Porter i.e. 'Cost Leadership Strategy', 'Differentiation Strategy' and 'Segmentation Strategy'

Key Words:- Porters Five Forces Model, Porters generic Strategies

I

History of the Indian Cement industry, and Liberalization of the cement Industry

India is the second largest cement producer in the world with total capacity of 224 Million Tones(China with a 1.7 billion Tones is on 1st Position).The cement industry in India is pretty old and is now well-established. Cement was first manufactured in India in 1904 in Madras (Gupta 1975). Initially the cement industry was more dependent on the imports of the material rather than its indigenous production (Nath and Bose 2002). The industry grew during the period 1924-1941and the Imports decreased to about 7 % from 50% by 1942. The Cement Production Doubled during the world war period as it was under direct control of the British Raj. After the independence of India the control remained with the government. In the 70s there were hints of liberalization by the government as tax benefits were provided to the associated partners with the government and by 1989 the private were allowed to have 100% ownership (Nath et.al. 2002). The 1980s and 1990s had witnessed extensive changes in the industrial policy of the Indian government and the first step towards liberalization were taken by relaxing licensing and various other controls.(Bhanu 1995). The economic policies adopted by the Government of India

(GOI) aimed at making the manufacturing sector more competitive. The cement industry was completely opened to the free play of market forces, through the process of decontrolling this industry, (Gokarn and Vaidya 1993). But other researchers argue that liberalization has not helped any kind in exports and Indian cement industry could not capitalize on its early advantage over late entrants like Thailand, Indonesia and China. (Nath et.al. 2002)

II

Current players, competition, and recent trends in the cement industry in India

The leading players in cement manufacturing are Ambuja Cement, Aditya Birla Group (UltraTech Cement), ACC Ltd, Binani Cement, India Cements and J K Cement. There are also many multinational and European companies which have entered India. Lafarge, the French cement manufacturing Giant has acquired the cement plants of Raymond and Tisco and has a 6 metric tones per annum capacity of cement production. It plans to double its capacity to 12 metric tones per annum over the next five years by adopting the Greenfield expansion. Italy based Cement Company Italcementi has acquired a stake in the K.K. Birla promoted Zuari Industries' cement plant in Andhra Pradesh, with a capacity of 3.4 metric tones per annum. Heidelberg Cement has entered a joint-venture with Indo-Rama Cement. Heidelberg Cement is expected to take a 50 per cent controlling stake in Indo-Rama's grinding plant of 0.75 metric tones per annum at Raigad in Maharashtra. Heidelberg also took over Mysore Cement of S K Birla group at an investment of US\$ 93 million.

Gujarat Ambuja Cements Limited – A Giant Comprehensive Company

Gujarat Ambuja Cements Ltd was started in 1986. The first plant was established in Chandrapur Maharashtra. Its production capacity was 2 million tones. GACL also has clinker manufacturing facilities at Himachal Pradesh, Gujarat, Maharashtra, Chhattisgarh, Punjab and Rajasthan. The company has a market share of around 10 per cent, with a high market share in the regions of the northern and western India. GACL is India's largest cement exporter and one of the most cost efficient firms.

Gujarat Ambuja Cements Limited (GACL) is primarily engaged in the manufacture and distribution of cement. The company primarily operates in India. It is headquartered in Mumbai, India and employs 3375 people. The company recorded revenues of RS. 7076.68 crores in the financial year ended 2009-2010 and the net profit was RS.1803.2 Crores in FY2009-2010 (Annual Report 2009-2010)

III

Methodology and Objective

The intended methodology is to use the various dimensions, elements and parameters and the determinant factors of Gujarat Ambuja Cement Company and segregating it on the basis of Porter's Generic Strategies and Porter's Five Forces Model.

The key objectives of the current study are to analyze the business model of Gujarat Ambuja Cement using the Porter's Generic Strategies and Porter's Five Forces Model.

IV

The Study and the Observations

Porter five forces Model.

Michael Porter professor at the Harvard Business School gave the Porter's five forces in 1979. It consists of a framework for the industry analysis and business strategy development. Michael Porter's Five Forces Model of Competition provides the framework that the five forces act simultaneously on the business environment and determine the intensity or strength of competition, which gradually determines the profitability of the industry. Assessing the relative strength of the five competitive forces is important for a company to achieve strategic competitiveness and sustain that advantage.

The Five Forces are Threat of the Entry of the New Competitors, Intensity of Existing Competitive Rivalry, Threat of Substitute Products or Services, Bargaining Power of Customers or Buyers, Bargaining Power of the Suppliers.

According to Michael Porters Five Forces model we can analyze Gujarat Ambuja Cement Limited as follows

Threat of the Entry of New Competitors

Profitable markets would always attract business houses and firms to venture into the business and cash on it. This result's in huge competition and many new entrants in the market, thus inculcating into eventually decrease profitability for all firms in the industry. Unless there is an entry barrier for new firms, the companies who are old players and invested crores of rupees in Research and development and technology can profit and achieve its break even. Corporate like Reliance has been trying lately to get into the Cement Business. Binani Cement has successfully signed a memorandum of understanding with the Gujarat Government to set up Greenfield cement plant in Gujarat. Companies like J.P.Cement, Dalmia Cements are venturing into new markets (Cement manufacturing Association, India). Rungta Mines (RML) is also planning to invest US\$ 123 million for setting up a 1 MT cement plant in Orissa.

Intensity of Competitive Rivalry

The intensity of competitive rivalry is an important determinant of the competitiveness of the industry. Competitive rivalry depends on dimensions such as price, innovation and quality. Technological advances protect companies from competition. Companies that are successful with introducing new technology are able to charge higher prices and generate higher margins.

The Aditya Birla group is the one of the country's largest cement producer and has a big chunk of Market Share. This year the sale rose by 13.36 percent to 2.82 Metric Tones. The Birla group's production of cement (Mangalam Cement) for December also rose, by 14.85 per cent to 2.27 Metric Tones. (Cement manufacturing Association, India)

Threat of Substitute Products or Services

The Presence of substitute goods always comes as a threat to the existing products. Consumer is always on a look of cheaper goods with better quality and this increases the propensity of customers to switch to alternatives. Ready-mix concrete (RMC) is now a days preferred more to on-site concrete mixing because of the precision of the mixture and reduced worksite perplexity. Ready-mix concrete business is growing at 25 per cent per annum. JK Lakshmi Cements is adding 5 more units to its existing 10 units of RMC. The worlds 2nd largest cement maker Lafarge, has bagged Larsen and Toubro's RMC business. Binani Cement, Shree Cement and Dalmia Cement are the new players in the RMC business line. Companies are also doing on R&D on constituents like Fly ash and grounded blast furnace slag.

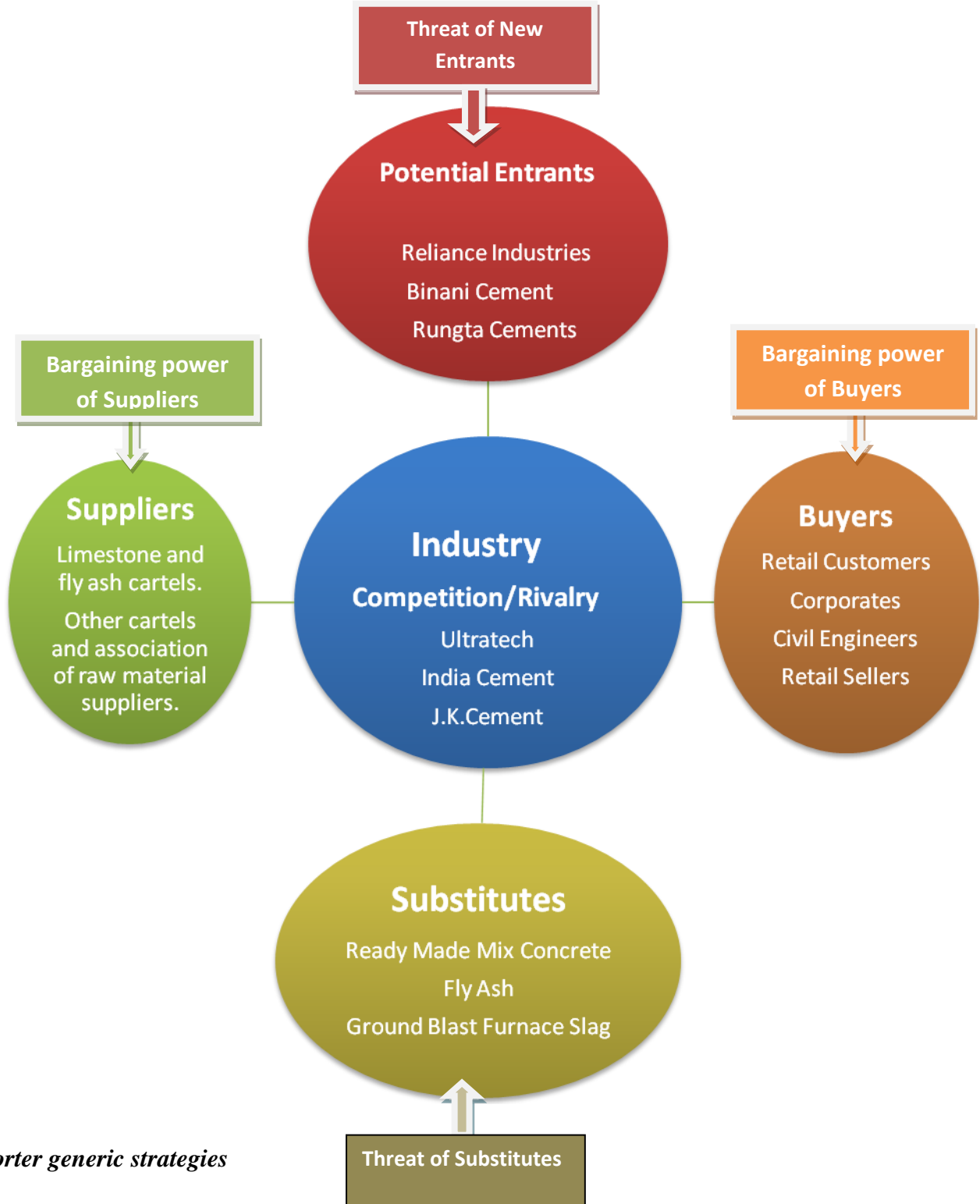
Bargaining Power of the Customers or Buyers

The bargaining power of customers is also described as the market of outputs or the ability of customers to put the firm under pressure. The customer is sensitivity to price changes. The customers in the cement industry are The Retail sellers, The Construction companies and Builders, Civil Engineers who actually influence the customers to buy. Every one has a say as the number of options available are huge in the market and customer goes for quality and cheaper prices. Corporate clients can also like to avail special discounts and schemes as they go for bulk purchases.

Bargaining power of the suppliers

Suppliers of raw materials, components, labor, and services to the firm can be a source of power over the firm, when there are few substitutes. Suppliers may refuse to work with the firm or charge excessively high prices for unique resources. Coal and limestone reserves are licensed with governed run organization and few players due to which the suppliers have a huge influence on pricing of raw materials. Power supply is distributed by the state grid and most feasible transport is the railways which is again controlled by the government.

PORTERS FIVE FORCES MODEL AND GUJRAT AMBUJA CEMENT



Porter generic strategies

Michael Porter proposed a grouping system consisting of three general types of strategies that are commonly used by businesses to attain and sustain competitive advantage (Porter 1980, Porter 1985 Porter 1998). These three generic strategies are Cost Leadership Strategy, Differentiation

Strategy, and Segmentation Strategy. (Porter 1980, Porter 1998). Differentiation strategy is about creation of a product which is apparently unique and different (Porter 1980, Porter 1985, and Porter 1998). The company thus charges a premium for its product. Segmentation Strategy is focusing on a particular target market, a target group or a 'Segment'. It is creating a niche for the product or the service. (Porter 1980, Porter 1985, Porter 1998) A company can go for segmentation on the basis of cost leadership or differentiation. (Porter 1980, Porter 1985, Porter 1998)

GUJURAT AMBUJA BUSINESS MODEL

Cost Leadership Strategy is about gaining market share by providing cheapest goods and services and attracting those customers who are cost conscious and price sensitive. (Porter 1980, Porter 1998) This is achieved by having the lowest prices in the market. For providing the goods at cheapest price the firm must be able to operate at a lower cost than its rivals by keeping inventories and other expenses low. GACL is a low cost cement producing company. GACL is also termed as one of the most cost efficient cement producing company in the world (Indian Brand Equity foundation and CRISIL).

If we analyze GACL on Porters generic strategies we can find that it follows price leadership strategy. Economies of scale are achieved by trying to produce in high volumes and reducing the cost at different process followed in production and refining of the product. For this vertical and horizontal integration would also be helpful. (Norman 1979). GACL established full fledged AFR laboratory to ascertain suitability of the waste and monitoring the quality of waste material received in the plant at Ambujanagar, Gujarat. Cost can also be brought down by reducing on distribution and sales of the product. As explained above price leader firms produce at low cost and high volumes (Economies of scale) and thus have a good margin of profit over firms not producing at that scale. The rationale behind GACL success is the low cost of production and high margins. Generally cost leadership strategies are applicable for large firms who enjoy economies of scale and large production volumes. Innovative products or processes may also help small company to offer a cheaper product or service.

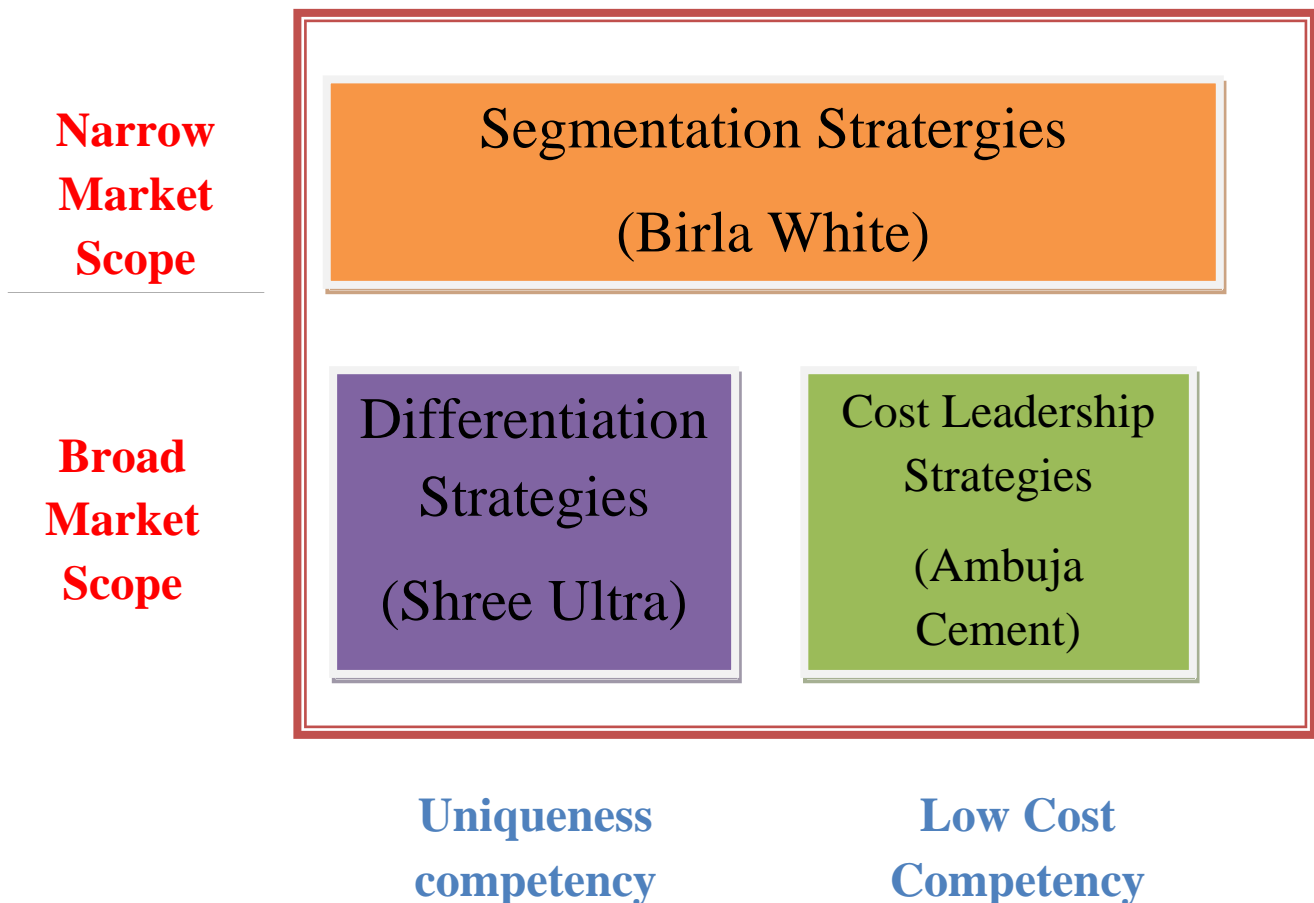
Economies of scale exist if total cost increases less than proportionately with increase in output; diseconomies of scale exist if total cost increases more than proportionately with increase in output and neither exist if the proportionate increase in cost and output is the same (Gupta 1975). Gujarat Ambuja works on Economies of scale with high production and output of cement and readymade cement concrete. It also focus on the retail cement market helps it have relatively high EBITDA (Earning before income and tax, depreciation and amortization) margins. Other reasons are modern plants with low power and fuel consumption and the use of sea transport. (Gopalan 2007)

The company's capacity utilization is a high 90 per cent. That explains why Gujarat Ambuja, where Swiss cement giant Holcim is now the majority owner, is expanding its clinker capacity by

4.5 million tonnes and cement capacity by 6 million tonnes. It acquired a 67 per cent stake in the GACL group company Ambuja Cement India Limited (ACIL), the holding company of the Ambuja Group. ACIL has around 35 per cent stake in ACC and 97 per cent stake in Ambuja Cement Eastern Limited (ACEL). Holcim acquired 14.8 per cent stake in GACL following in January 2006 and another 3.7 per cent over the next few months. The present total shareholding of Holcim in the company is 78 per cent. Gujarat Ambuja's cement has capacity of producing 22 million tonnes at present. The main area of focus is providing best quality cement, good packaging, having a strong distribution network and customer service. (Gopalan 2007)

GACL spends a huge amount of money on Research and Development (R&D) (3.24 Crores; 0.04% of its Turnover), its Sales & distribution network (31.87 Crores) and advertising and publicity (59.65 Crores). The Major R&D expenses were the Utilization of alternative fuel & raw materials in clinker & cement manufacturing and establishment of full fledged AFR laboratory to ascertain suitability of the waste and monitoring the quality of waste a material received in the plant at Ambujanagar, Gujarat. In Bathinda, Punjab GACL did the process of utilization of grinding aid in cement manufacturing to improve quality and productivity. (Annual Report-2009-2010 GACL)

Porter generic strategies and Gujarat Ambuja Cement



Birla White is India's largest white cement producer with a production capacity of over 550 thousand tonnes annually. It has a particular segment of market to which it caters. It follows the segmentation strategy to capture those market share which is untapped or Niche markets which have different requirements. Shree Ultra cements uses a differentiation strategy to cater the market. It sell itself as a cement, which is Rustproof and prevents iron rods from rusting which come into its contact. On the other hand Gujarat Ambuja uses cost leadership technique to cater the market as discussed earlier.

V

Conclusion

Analysis of the Business model of Gujarat Ambuja cement limited and Industry analysis gives us the following results.

- ✓ GACL is a low cost cement producing company. It is one of the most cost efficient cement producing company in the world. It follows the Cost Leadership strategy as per the Porters generic strategies. It spends around 3.24 crores on Research and development and around 91.52 crores on Sales and distribution and advertising and publicity.
- ✓ Holcim has a 78 percent stake in the company. Gujarat Ambuja cement has a 10% market Share. Gujarat Ambuja's cement has capacity of producing 22 million tonnes at present.
- ✓ New Entrants like Reliance and J.P Cement are Venturing into new avenues and trying to gain market share. Companies like Rungta Cement, Dalmia Cements, India Cements are venturing into different regional markets were these companies were not present earlier.
- ✓ The Aditya Birla group is the one of the country's largest cement producer. This year the sale rose by 13.36 percent to 2.82 Metric Tonnes. The Birla group's production of cement (Mangalam Cement) for December also rose, by 14.85 per cent to 2.27 Metric Tonnes.
- ✓ Ready-mix concrete (RMC) is now a days preferred more to on-site concrete mixing because of the precision of the mixture and reduced worksite perplexity. JK Lakshmi Cement, Lafarge the worlds 2nd largest cement maker, Binani Cement, Shree Cement and Dalmia Cement are the new players in the RMC business line. Companies are also doing on R&D on constituents like Fly ash and grounded blast furnace slag.

- ✓ Retail sellers, The Construction companies and Builders, Civil Engineers have influence on the customers to buy a particular brand of cement.
- ✓ Coal and limestone reserves, Electricity, Railway transportation all comes under the government regime whether central or state. Thus government agencies have huge say in the pricing, distribution and setting up of manufacturing plants and distribution network.

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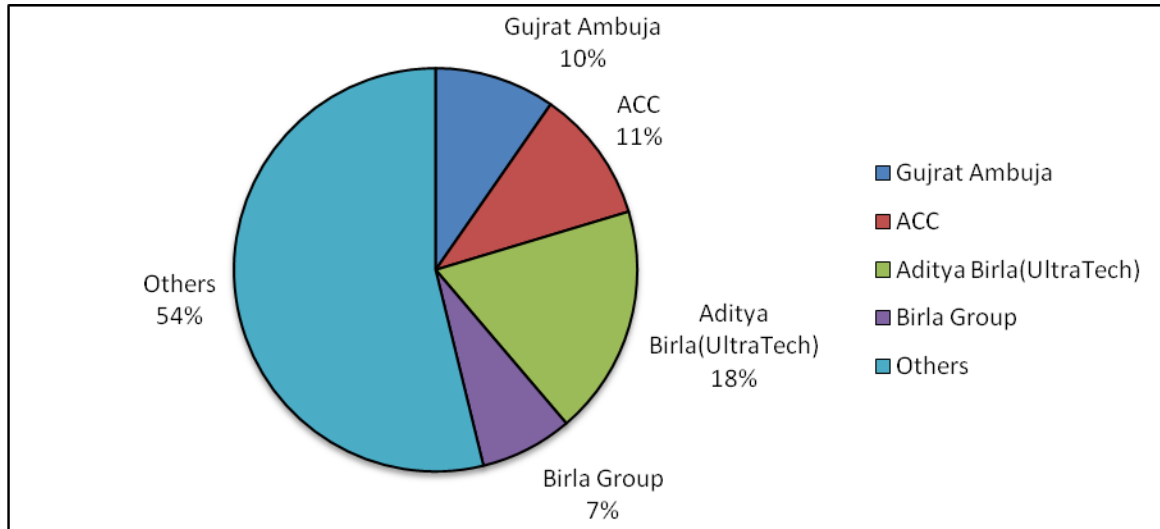
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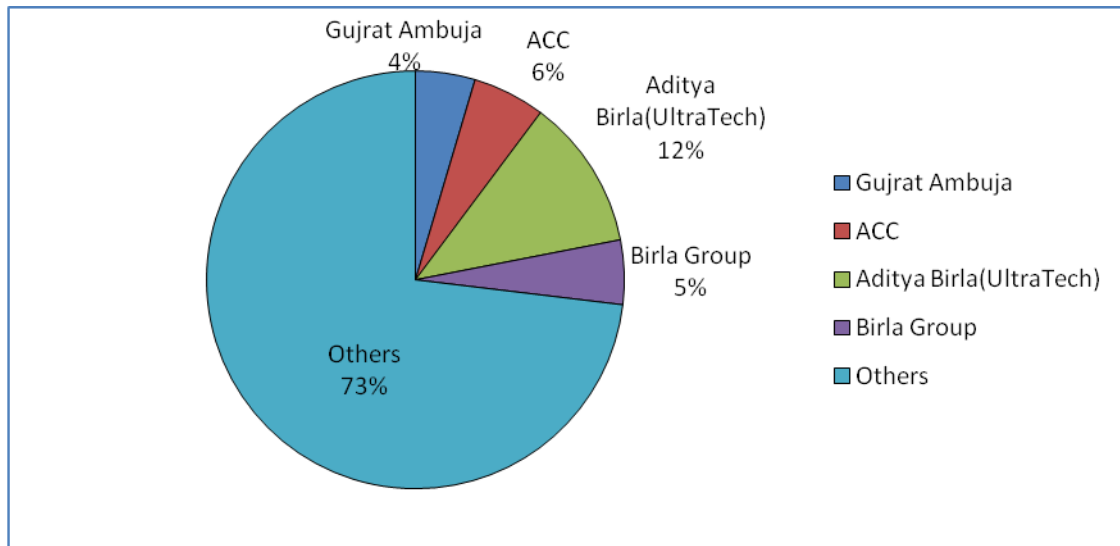
Data Source: Centre for monitoring Indian Economy (CMIE), Capitaline.

Appendix

The Current Market Scenario (2011-2012)



Clinker Production (Raw Material for Cement) (2011-2012)



“Critical evaluation of Innovative Infrastructure financing schemes in India”

Submitted by:

Prof. Ragini Singh

Asst. Professor

Tirpude Institute of Management Education,

Nagpur

1. Introduction

1.1 Infrastructure: The essence of development

Development of infrastructure is of immense importance for economic development of any nation. For instance, development of agriculture depends, to a considerable extent on the adequate expansion and development of irrigation facilities. Industrial progress depends on the development of power and electricity generation, transport, and communication facilities. Obviously, if proper attention is not paid to the development of infrastructure, it is likely to act as a severe constraint on the economic development process in the country. In fact, infrastructure is a facilitative set up essential for economic progress. Infrastructure is an umbrella term for several activities. These include public works like rail, power, water supply, airport etc. Although diverse in their services, these activities share among themselves similar technical features like economies of scale, and economic features like spillovers from users to non-users. Infrastructure is defined as the capital of a society that is embodied in such forms as it directly helps facilitating economic activities. The larger the infrastructure of any nation the bigger will be the opportunities for the producers to produce more and invest more. An efficient set of infrastructure solves various social problems like poverty, unemployment, regional imbalance, inequality in income and wealth etc.

Although infrastructure is a representative term covering various set of facilities required for social, agricultural, industrial, economic and overall human development, for the purpose of simplification, it can broadly be categorized as:

1. **Transportation:** In modern world, transport is the basic infrastructural requirement for industrialization and, accordingly, the developing countries have accorded it an important place in their programs of economic development. It provides a vital link between production centers, distribution areas and the ultimate consumers. It also exercises a unifying and integrating influence upon the economy. It includes railways, roads, water transport and air transport. Transport has recorded a significant growth over the years both in spread of network and in output of the system. With the Indian economy expected to grow at around 8 percent per annum, the transport sector is expected to grow at 10 per cent per annum.

2. Energy: Energy plays a crucial role in economic development. However, the consumption of energy is low in India. Its demand steadily increases with the growth of the economy. A number of researchers have observed a positive correlation between economic growth and demand for energy. It is evidenced that the demand for all sources of energy is constantly increasing whereas the supply is not coping up with.
3. Communications: It includes all medium or channels that enable transmission of information. Postal services, telephone services, radio, television and internet facilities are considered to be the most effective means of communication. In recent years, while teledensity has risen sharply, India continues to lag behind countries like Brazil and China where the teledensity is more than 40 as against 32.6 in India till December 2010.
4. Irrigation: India is an agrarian economy. Low productivity and increasing population has always been a measure concern for India. Use of improved seeds and fertilizers requires proper irrigation facilities. Irrigation can also make multiple cropping possible in a number of areas and hence enhance productivity. Attempts in this field will have to be undertaken modernize irrigation systems in a phased manner, better operation of existing systems, efficient water management, etc.

1.2 Infrastructure Financing

It was not so long ago that infrastructure in India was primarily financed by the public sector- from government budgetary allocation to internal resources of public sector companies. In the span of last ten years particularly last four years private sector has emerged as a significant player in bringing in investments, and building and operating infrastructure assets from roads to ports and airports and to network industries such as telecom and power. Private sector investments account up to 20 % of infrastructure investment, although infrastructure financing constitutes only 5% of GDP in India.

It is conceivable that public sector can develop world class infrastructure of magnitude envisaged like Brazil, Russia, China and other countries have shown. But India has embarked on a model that includes private participation in infrastructure investments. In order to encourage such participation government has been putting in place appropriate regulatory and institutional framework. This gave birth to The PPP approach.

Characteristics of Infrastructure Finance

Infrastructure projects differ in some very significant ways from manufacturing projects and expansion and modernization projects undertaken by companies.

1. *Longer Maturity*: Infrastructure finance tends to have maturities between 5 years to 40 years. This reflects both the length of the construction period and the life of the underlying asset that is created. A hydro-electric power project for example may take as long as 5 years to construct but once constructed could have a life of as long as 100 years, or longer.
2. *Larger Amounts*: While there could be several exceptions to this rule, a meaningful sized infrastructure project could cost a great deal of money. For example a kilometer of road or a megawatt of power could cost as much as Rs.5 crores.
3. *Higher Risk*: Since large amounts are typically invested for long periods of time it is not surprising that the underlying risks are also quite high. The risks arise from a variety of factors including demand uncertainty, environmental surprises, technological obsolescence (in some industries such as telecommunications) and very importantly, political and policy related uncertainties.
4. *Fixed and Low (but positive) Real Returns*: Given the importance of these investments and the cascading effect higher pricing here could have on the rest of the economy, annual returns here are often near zero in real terms. However, once again as in the case of demand, while real returns could be near zero they are unlikely to be negative for extended periods of time (which need not be the case for manufactured goods. Returns here need to be measured in real terms because often the revenue streams of the project are a function of the underlying rate of inflation.

2. Review of Literature

Physical infrastructure development became a significant focus for overseas development in the years that followed. It was later realized that this approach failed to meet the needs of the poor as it neglected the 'software' of development, such as social, environmental, health, education and gender issues, so the pendulum swung in the opposite direction to realize the value of developing human capital and institutions for poverty reduction and growth. Infrastructure fell into relative neglect as a direct pursuit of development agencies during the 1980s and 1990s. Donor funding for infrastructure fell dramatically during this period (Nickson and Franceys, 2003, World Bank, 2004). Instead, much of the development community came to favour private sector financing solutions for infrastructure, or, later, private partnership with the public sector (World Bank 1994). If the initial assertion of market-led development in the 1980s was effectively to replace public provision wherever possible, by the mid-1990s a more balanced view of the role of state and market had emerged. First, it was understood that infrastructure development was crucial for economic growth and poverty reduction. The effect on poverty might operate directly (by improving living conditions and access to services) or indirectly (through economic growth and reduction of gender imbalances). Second, public provision was (and remains) the majority source of funding for infrastructure; Estache 2006 estimates that the public sector accounts for 70%, the private sector 20% and aid 10% of funding). Thirdly, however, public investment in infrastructure in developing countries was grossly insufficient to meet human need; and public provision of infrastructure was often inadequate, inefficient, and incapable of meeting the needs of the poor. Fifth, private sector participation – through a combination of ownership, investment funding and management – had the potential to make up the difference. Private investment, mostly in the form of foreign direct investment (FDI) in infrastructure, increased dramatically during the 1990s, particularly in Latin America and East Asia, although remaining far below levels of public investment in all sectors and regions and of negligible size in Sub-Saharan Africa. The international financial and macroeconomic crises of 1997 then caused a step change, with massive adjustments in the risk attitudes of capital markets and operators, plus a major decline in the fiscal ability of the public sector in developing countries to finance maintenance or capacity additions (e.g. PPIAF, 2005b). The inability of the public sector to finance infrastructure depressed private investment as base networks and grids failed.

Private investment, particularly FDI, sharply declined and continued to do so in the years that followed. Whilst macro-economic conditions played a major role, the decline in investment was simultaneously motivated by significant failures in existing private investment in infrastructure projects. There were failures both from the perspectives of regulation, affordability and access for the poor (e.g. the Cochabamba case, see Nickson and Vargas, 2002; Rives Argeñal, 2004; UNDP, 2006:92) and widespread, high profile contract renegotiations and cancellations amounting to 40% or more of PPI contracts (e.g. Schur, von Klauudy, and Dellacha, 2006).

These failures may be attributable in part to the failure of states to reform and to make utilities creditworthy, but also to over-optimistic assessments of financial and political risk and levels of financial returns, and to public opposition to 'privatisation' (e.g. Lindahl and Rudo, 2004) There is evidence that levels of PSI investment in infrastructure have started to increase again (Estache, 2005 and 2006), although this can largely be attributed to investment in the telecommunications sector (Izaguirre, 2005).

3. Research Methodology

Research Problem: Infrastructural development of any nation reflects its Economic growth and development. One of the most significant reasons for poor infrastructural development of our nation is its finance. Despite of various efforts taken by the Government, there is no significant growth in these facilities. Hence, the paper aims to examine the various funding methods and also identify their limitations and challenges.

Data Collection: The data required for the research was primarily collected through Secondary sources.

4. Data Analysis and Interpretation

4.1. The Public-Private-Partnership (PPP) Approach

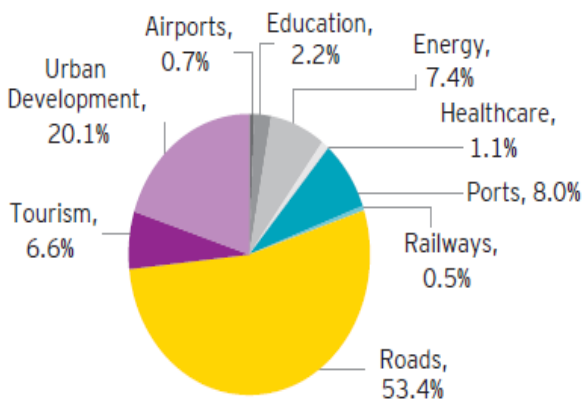
As Government faces a tight budget constraint in the context of a rule based fiscal policy framework, it was important to encourage the private sector to invest more in the infrastructure sector. Resultantly, the Government started encouraging Public-Private Partnership (PPP) projects in the infrastructure sector. PPP mechanism provides built in credit enhancement for improving project viability by way of buyback guarantee, escrow arrangement, substitution rights for the lenders, etc. Government has taken several initiatives, especially to standardize the documents and

process for structuring and award of PPP projects. This has improved transparency in relation to the issues involved in setting up PPP projects.

The table and the graph below shows the steady growth in the number of infrastructure projects in our country and also the total value of infrastructure projects undertaken through PPP approach. The rise in the numbers clearly indicates that PPP approach has been well implemented but still there remains a lot of unexplored potential.

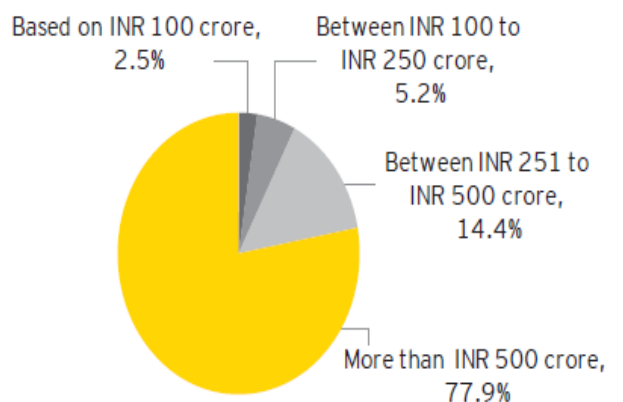
PPP INVESTMENTS IN INFRA (\$ Billion)			
Period	Approx infra sector investments	Estimated PPP %	Estimated PPP investments
10th Plan	222	25	56
11th Plan (Estimated)	500	37	185
12th Plan (Projection)	1,000	50	500

PPP projects in India by sector
(Total number of projects: 758)*



Source: PPP India database,

PPP projects by value of contracts
(Total value of contracts: INR3,833 billion)*



In spite of growth in infrastructure of our country there lays some major setbacks in the adoption and implementation of PPP approach at a full swing. The **critical defects of PPP approach** can be summarized in the following items:

- Higher capital costs of the private sector;

- The expected total cost often seems higher at the beginning when compared with the traditional form of public procurement, which might result in a certain frustration on the part of public sector representatives;
- The enormous demand for public sector investment in comparison with the commercial potential of the project and the overestimation of future revenues;
- Complex, more expensive and time consuming stages of preparing agreements and project development – this process requires more resources from both parties;
- Insufficient stability and reliability of the political organisation and decision-making, as well as all other parts of the legal, economic and organizational framework required with respect to securing a long-term obligation resulting from contracts;
- High demands for the total risk transfer to the private sector, which results in disproportionate increase of the total project investment;
- Insufficient ability of public and private sectors to find a suitable PPP model.

4.2 Viability gap funding

Viability gap funding was introduced in 2006, which provides Central Government grants up to 20 per cent of the total capital cost to PPP projects undertaken by any central ministry, state government, statutory entity, or local body. The scheme aimed at providing upfront capital grant to PPP projects to enable financing of commercially unviable projects.

The Viability Gap Funding Scheme provides financial support in the form of grants, one time or deferred, to infrastructure projects undertaken through public private partnerships with a view to make them commercially viable. The Scheme is administered by the Ministry of Finance.

Provision has been made to **provide upto 20% of total project cost** as capital grant to meet the funding gap. Also in such **project sponsoring agency/department/state can give additional 20%** of the project cost VGF support.

The project should meet the following criteria:

The PPP project should be implemented, i.e. developed, financed, constructed, maintained and operated for the Project term by a Private Sector Company to be selected by the Government or a statutory entity through a transparent and open competitive bidding process. The criterion for bidding shall be the amount of viability gap funding required by

the Private Sector Company for implementing the project where all other parameters are comparable.

The PPP project should be from one of the following sectors:

- Roads and bridges, railways, seaports, airports, inland waterways
- Power
- Urban transport, water supply, sewerage, solid waste management and other
- Physical infrastructure in urban areas
- Infrastructure projects in Special Economic Zones
- International convention centers and other tourism infrastructure projects

The above stated norms result in restricting the optimum usage of this method of funding. As per the above guidelines Viability gap funding cannot be adopted and implemented for all types of infrastructure projects.

4.3 Foreign direct investment and infrastructure development

To facilitate infrastructure financing 100 per cent FDI is allowed under the automatic route in some of the sectors such as mining, power, civil aviation sector, construction and development projects, industrial parks, petroleum and natural gas sector, telecommunications and special economic zones. Further, FDI is also allowed through the Government approval route in some sectors such as civil aviation sector, (Domestic Airlines (beyond 49 per cent), Existing airports (beyond 74 per cent to 100 per cent)); investing companies in infrastructure/services sector (except telecom); Petroleum and Natural Gas sector – refining PSU companies; Telecommunications – Basic and Cellular Services (beyond 49 per cent to 74 per cent), ISP with gateways, radio paging, end-to-end bandwidth (beyond 49 per cent to 74 per cent, ISP without gateway (beyond 49 per cent); Satellites (up to 74 per cent) and, mining and mineral separation of titanium bearing minerals and ores (100 per cent).

4.4 Setting up of India Infrastructure Finance Company Limited (IIFCL)

Another major development was the setting up of IIFCL by the Central Government for providing long-term loans to the infrastructure projects. IIFCL is involved both in direct lending to project

companies and refinancing of banks and other financial institutions. IIFCL can provide funds to the infrastructure project up to 20 per cent of the total project cost as long-term debt. Recently, IIFCL has come up with modifications to its takeout finance scheme, which will make the infrastructure loans cheaper. Further, IIFCL has decided to go for a transparent and competitive pricing for its takeout financing to ensure fair treatment to all participants. With this change, all developers irrespective of their size will get same treatment from the IIFCL depending on the rating of the project.

4.5 Setting up of infrastructure debt funds

In the Union Budget for 2011–12, the Union Finance Minister announced the setting up of Infrastructure Debt Funds (IDFs) to accelerate the flow of long-term funds to the infrastructure projects. Accordingly, in November 2011, Reserve Bank of India and the Securities and Exchange Board of India (SEBI) notified detailed guidelines for setting up of IDFs which can either be a mutual fund (trusts) (IDF-MF) or an NBFC (companies) (IDFNBFC). The Scheduled commercial banks are allowed to act as sponsors to IDF-MFs and IDF-NBFCs with prior approval from RBI subject to certain terms and conditions. Further, to attract off-shore funds into IDFs, Government of India is contemplating the reduction of withholding tax on interest payments on the borrowings by the IDFs from 20 per cent to 5 per cent. Income of the IDFs is also expected to be exempt from income tax. The IDFNBFC can raise resources through issue of either rupee or dollar denominated bonds of minimum five year maturity. IDFs are expected to channelize funds from insurance companies, pension funds and other long term sources into infrastructure sector. This will provide an alternative source of foreign currency funds for the infrastructure projects. However, certain dimensions need to be kept in mind while assessing the success of the model.

Infrastructure financing presents quite a few challenges *viz.*, little tangible security, high debt equity ratio, long implementation and repayment periods, etc. Banks and financial institutions have over the years gained experience and expertise in assessing and pricing these risks. IDFs are likely to face severe challenges on these issues. Therefore, these Funds have been allowed to invest only in PPP and post commencement operations date (COD) infrastructure projects which have completed at least one year of satisfactory commercial operations. Of course, IDF-MFs can also be set up in respect of non-PPP projects under higher risk-return framework. If a bank has a mutual fund, then it can float an infrastructure debt fund, mop up resources from investors, including

private equity and strategic investors, and invest the proceeds in the equity of infrastructure projects. Thus, IDFs could be game changers in the way infrastructure projects are being financed.

4.6 Use of foreign exchange reserves for infrastructure development

In India, the increase in quantum of foreign exchange reserves during the decade of 2000, coupled with escalating infrastructure constraints and the related financing deficit led to a debate on possibility of using foreign exchange reserves for investment in infrastructure sector. Although use of reserves for such purposes does not meet the criterion of reserve management objectives, a special and limited window has been created. Accordingly, IIFC (UK) Ltd. was incorporated in London and was set up in April 2008. Under this scheme, RBI invests, in tranches, up to an aggregate amount of USD 5 billion in fully government guaranteed foreign currency denominated bonds issued by this overseas Special Purpose Vehicles (SPV) of the IIFCL. The funds, thus raised, are to be utilized by the company for on lending to the Indian companies implementing infrastructure projects in India and/or to co-finance the ECBs of such projects for capital expenditure outside India without creating any monetary impact.

4.7 Pension Funds and insurance

Pension Funds and Insurance amount can be used as an important source of financing infrastructure in our country. From the point of view of asset-liability mismatches, insurance and pension funds are one of the best suited institutions to invest in the infrastructure sector. This is because, in contrast to the commercial banking sector, these institutions leverage on long-term liabilities. However, they are constrained by their obligation to invest a substantial portion of their funds in Government securities. Of course, in a way, this facilitates the financing of gross fiscal deficit of the Central Government and hence enables the Central Government to make more investments. However, this limits the direct investment of these institutions in the infrastructure sector.

The use of Pension Fund and Life Insurance amount for Infrastructure financing is well implemented in Latin America. However, in our country, these two sources of financing remain unexplored. Some of the reasons that can be identified for this are risks like Political risk, Leverage risk, Liquidity risk, Business operation risk.

Conclusion

In conclusion I would like to mention that infrastructure projects in developing countries like India are perceived as highly vulnerable to risks which constrains financing. Some of the notable risks that need to be reckoned are risks arising during the period of construction leading to time and cost over-runs, operational risks, market risks, interest rate risks, foreign exchange risks, payment risks, regulatory risks and political risks. At times, in the absence of proper risk mitigation mechanism, the costs of the projects tend to increase and such high level of risks cannot be traded off against high returns. The aim of the policy makers should be to reduce perceived risks by introducing greater policy clarity and, at the same time, providing an environment that will reassure investors. The various efforts made to encourage investments in infrastructure financing do promises to open more avenues for innovative planning, projects, policies, products and partnerships.

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Supply Chain Management - A Backbone To Business Organization

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ABSTRACT

Supply Chain Strategies are the critical backbone to Business Organizations today. Effective Market coverage, Availability of Products at locations which hold the key to revenue recognition depends upon the effectiveness of Supply Chain Strategy rolled out. Very simply stated, when a product is introduced in the market and advertised, the entire market in the country and all the sales counters need to have the product where the customer is able to buy and take delivery. Any glitch in product not being available at the right time can result in drop in customer interest and demand which can be disastrous. Transportation network design and management assume importance to support sales and marketing strategy.

SCM is the management of a network of all business processes and activities involving procurement of raw materials, manufacturing and distribution management of Finished Goods

In a global scenario, the finished goods inventory is held at many locations and distribution centers, managed by third parties. A lot of inventory would also be in the pipeline in transportation, besides the inventory with distributors and retail stocking points. Since any loss of inventory anywhere in the supply chain would result in loss of value, effective control of inventory and visibility of inventory gains importance as a key factor of Supply Chain Management function.

In the case of global supply chains supply chain management gets more complicated with the variations arising out of different countries regulations and logistical practices.

In this Research paper I Focus on Supply Chain Management in two Phases I is what is supply chain management (SCM) and why SCM strategy is important for an Organization, & an integral component of SCM and II is Logistics and SCM, Logistics Operations in supply chain, Logistics service providers, supply chain network technology & network design and SCM-Problems and Roadblocks and conclusion.

Key Word: *SCM, Logistics, Technology, Transportation, inventory Management etc.*

Introduction:

Global markets are expanding beyond borders and re-defining the way demand and supplies are managed. Global companies are driven by markets across continents. In order to keep the cost of manufacturing down, they are forced to keep looking to set up production centers where cost of raw materials and labor is cheap. Sourcing of raw materials and vendors to supply the right quality, quantity and at right price calls for dynamic procurement strategy spanning across countries.

With the above scenario you find companies procuring materials globally from various vendors to supply raw materials to their factories situated in different continents. The finished goods out of these different factory locations then pass through different chains of distribution network involving warehouses, exports to different countries or local markets, distributors, retailers and finally to the end customer.

Phases I

What is Supply Chain Management

In simple language, managing all of the above activities in tandem to manage demand and supply on a global scale is Supply Chain Management. **As per definition SCM is the management of a network of all business processes and activities involving procurement of raw materials, manufacturing and distribution management of Finished Goods.** SCM is also called the art of management of providing the Right Product, At the Right Time, Right Place and at the Right Cost to the Customer.

Why SCM strategy is important for an Organization

Supply Chain Strategies are the critical backbone to Business Organizations today. Effective Market coverage, Availability of Products at locations which hold the key to revenue recognition depends upon the effectiveness of Supply Chain Strategy rolled out. Very simply stated, when a product is introduced in the market and advertised, the entire market in the country and all the sales counters need to have the product where the customer is able to buy and take delivery. Any glitch in product not being available at the right time can result in drop in customer interest and

demand which can be disastrous. Transportation network design and management assume importance to support sales and marketing strategy.

Inventory control and inventory visibility are two very critical elements in any operations for these are the cost drivers and directly impact the bottom lines in the balance sheet. Inventory means value and is an asset of the company. Every business has a standard for inventory turnaround that is optimum for the business. Inventory turnaround refers to the number of times the inventory is sold and replaced in a period of twelve months. The health of the inventory turn relates to the health of business.

In a global scenario, the finished goods inventory is held at many locations and distribution centers, managed by third parties. A lot of inventory would also be in the pipeline in transportation, besides the inventory with distributors and retail stocking points. Since any loss of inventory anywhere in the supply chain would result in loss of value, effective control of inventory and visibility of inventory gains importance as a key factor of Supply Chain Management function.

Logistics: An Integral Component of Supply Chain Management (SCM)

Supply chain Management encompasses, planning, design, control and implementation of all business processes related to procurement, manufacturing, distribution and sales order fulfillment functions of a business.

All these activities involve multiple networks of vendors and service providers which are integrated and co-coordinated by the Supply chain Experts of the organization to move raw materials and finished goods from and to all distant locations across the globe.

Logistics is the backbone on which Supply Chains are driven. Logistics refers to management of flow of goods and supplies involving information, data and documentation between two entities or points. Logistics play important role in post procurement function of delivery of raw material from the supplier to the point of production and Finished Goods Supply chain management from the point of dispatch from factory to the point of delivery to the customer The flow of goods flows through a network of transportation by road, rail, air or ship and intermediary warehouses to hold inventories before moving to the forward locations. The entire activity involves multi tier

suppliers, agents and agencies including freight forwarders, packers, customs department, distributors and Logistics service providers etc.

Phases II

Logistics Operations in supply chain

Logistics has aided and contributed to enabling global trade. **Third Party Logistics Service Providers both at global levels and local levels form major partners to manage and offer Supply Chain services and the second major factor being the internet and IT technology which helps manage information and data ahead of or along with flow of materials and goods.**

Supply chain Consultants and professionals find it very essential to have knowledge of the operational field and how things work on the ground. Theoretical models can be effectively deployed only when realities on the ground are understood and adapted to. Take an example of DELL which has successfully implemented its Supply Chain strategy built around the concept of JIT manufacturing and Direct Marketing.

Dell has manufacturing facilities located in Austin-Texas, North Carolina, Miami, Florida that service US Markets. European Markets are serviced from its plants in Ireland and Poland. Asia and other sub continents are supported by its manufacturing facilities in Penang in Malaysia and Xiamen in China along with the latest factory setup in Chennai in India. South America is serviced from its Eldora do plant while the new plant in Brazil supports the African continent.

One can imagine the complexities involved in designing procurement systems. Dell does not buy raw materials and components and maintain inventory. Dell's vendors use third party service providers to setup logistics parks and distribution warehouses close to Dell's plants and deliver materials just in time to the plant against an order for production which is triggered based on an order confirmed by the customer on the internet.

Under procurement Logistics in this case, there are number of logistics service providers who play major part in ensuring smooth operations. Vendors are based out of Europe, Taiwan, China, Singapore, Hong Kong, Korea and Japan etc.

Logistics Service Providers keeps Supply Chain Moving

Procurement Logistics, Manufacturing Logistics and Finished Goods Logistics functions are managed by different independent departments in a company. Though the functions of the departments involve common activities like transportation etc, however the processes and nature of logistics functions are specific to each function besides the requirements and sensitivities of delivery times, schedules etc.

With the emerging trends and availability of third party logistics providers has pushed the companies to adapt the practice of outsourcing all supply chain components and logistics functions termed as non core functions to their part logistics providers.

In this topic we shall examine the role and functions of Third Party Service Providers a little closely to understand how they make a difference to the supply chain activities.

Supply Chain Network, you will not find one single service provider being able to manage the entire chain of activities. You can have a lead logistics service provider who will further tie up with and manage other service providers to provide a single window service to the client organization. At all levels, a lot of components of logistics get outsourced by these service providers to contractors and local players. Like for example in a contract logistics facility, the third party logistics provider who has secured the contract may not own and operate the facility himself. Labor is often outsource along with other operations like Loading/ Unloading, Yard Management, Fleet management etc.

Normally in Logistics, the lead players' front ending the businesses would be the **Freight Forwarders**, Transport Companies (generally in long haul segment only) and Warehousing Service Providers. In many cases Freight Forwards own and manage warehousing facilities too.

Supply Chain Network and Technology

The entire concept of business philosophy has move away from traditional model to being more customer oriented, driven by demand and based on collaborative and joint operational strategies across global markets.

Supply Chain Networks have in recent times evolved from simple sequential and liner process networks to highly dynamic processes which call for information and sharing and visibility to be available across the network coupled with decision making on real time basis. Integrated approach to managing logistical tasks in a highly dynamic market place is necessary as it involves a number of internal as well as external business processes and agencies working in tandem to manage supply chains.

Logistics events at each stage of the network demands transactional exchange of information and documentation which further leads to decision making by various stake holders at each activity level on continuous basis. The technology has not only reduced supply chain timelines, but increased its reliance on system and application capabilities to manage critical processes.

Applications today manage multiple functions in Supply Chain. While applications primarily function as store house of information, database to capture all transactional information and history, they also drive and enable processes in the supply chain.

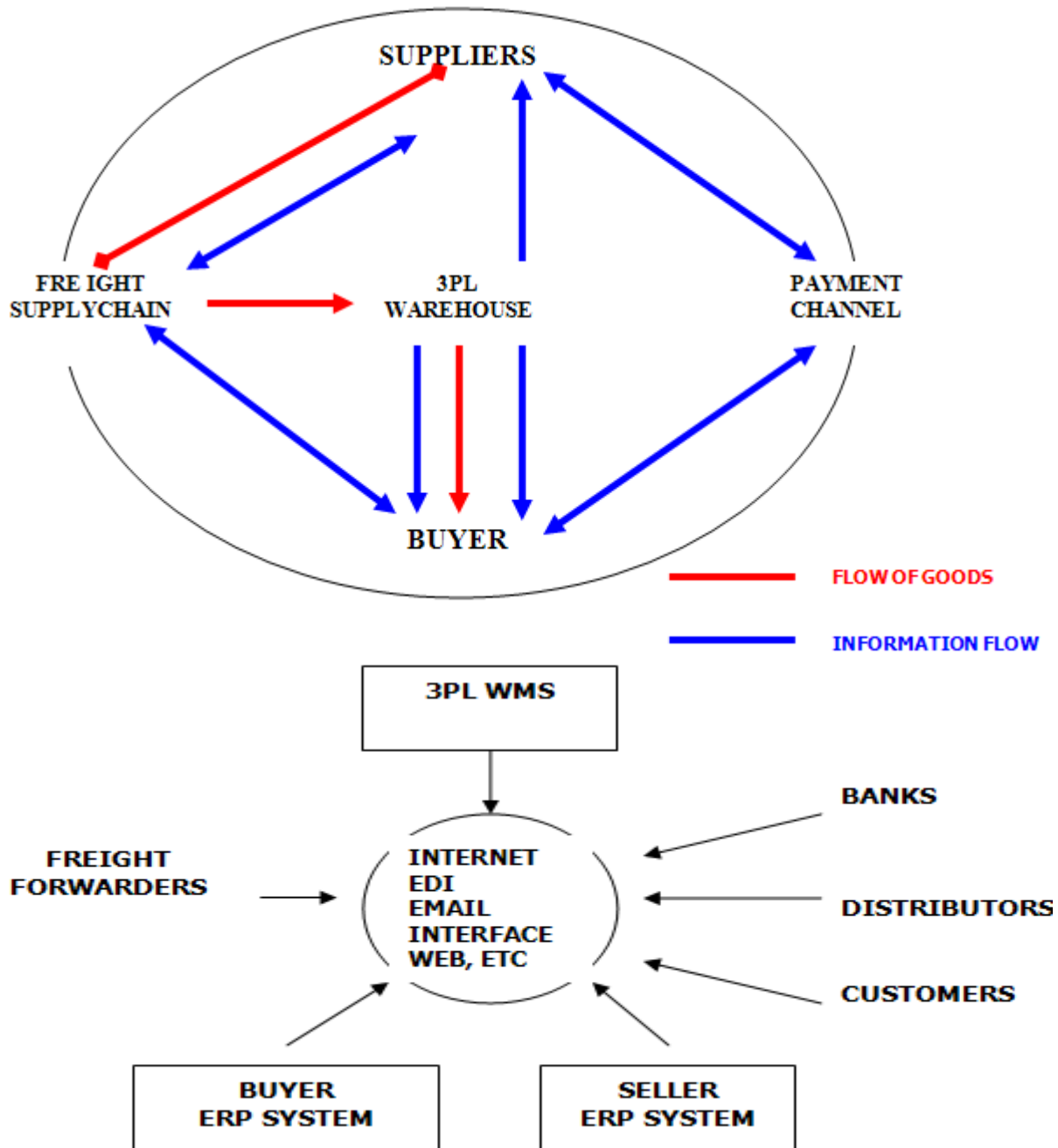
Various technology platforms collaborate and function to enhance supply chain network functions today. Applications like ERP with various modules covering all functions like MM, SCM etc.

Warehouse Management System, Warranty Management System and many more core business enterprise systems drive business processes in Supply Chain network.

Let us take the example of a supply chain situation of managing multiple vendor supplies in a warehouse owned and managed by a 3PL service provider on behalf of multiple vendors at the buyers plant location to effect Just in Time supplies in a VMI Distribution Center. Operations involve sellers at one end, the buyer at the other end besides in house operations and the freight services and logistics of inbound traffic. The 3PL warehouse has to be linked with Buyer to constantly publish updated inventory information and snapshots to buyer's system to trigger call off for materials to be supplies as well as to trigger procurement cycle. 3PL warehouse system also needs to be talking to suppliers/sellers to give visibility to inventory to trigger replenishment cycles in sellers system. Further 3PL Operations need visibility to trace and track shipments in pipeline with the freight forwarder.

All these multiple systems talking to each other in real time is made possible by communication enabling applications including interfaces, EDI, Internet, e-mail, Web Enabling of applications etc.

Flow of Information and Cargo in a Supply Chain Network



In a highly evolved technology driven supply chain, the need for managing processes, events and deviations on a 24×7 basis is a must. **Multi process network, sharing knowledge, information, and enabling transactions can be managed only with an electronically enabled technology solutions driving businesses processes.** These technology enterprises need to be able to work on

collaborative mode and be supported by infrastructure support and an IT strategy at the business enterprise level.

Supply Chain Management Network Design & Contributing Factors

Designing Supply Chain Network for each industry or business involves arriving at a satisfactory design framework taking into all elements like product, market, process, technology, costs, external environment and factors and their impact besides evaluating alternate scenarios suiting your specific business requirements. No two supply chain designs can be the same. The network design will vary depending upon many factors including location and whether you are looking at national, regional or global business models.

1. Supply Chain Network in Simple and basic Terms Involves determining following process design:

Procurement

- Where are your suppliers
- How will you procure raw materials and components

Manufacturing

- Where will you locate the factories for manufacturing / assembly
- Manufacturing Methodology

Finished Good

- Where will you hold inventories, Number of Warehouses, Location of warehouses etc.
- How will you distribute to markets - Transportation and Distribution logistics

All above decisions are influenced and driven by Key Driver which is the Customer Fulfillment.

2. Designing Supply Chain Network involves determining and defining following Elements:

- Market Structure
- Demand Plotting or Estimation
- Market Segment
- Procurement Cost
- Product /Conversion Costs
- Logistics Costs including Inventory holding costs
- Over heads
- Cost of Sales

3. Network Design aims to define:

- Best fit Procurement model - Buying decision and processes- VMI, JIT, Kanban, procurement cost models etc.
- Production processes - One or more number of plants, plant capacity design, Building to order, build to stock etc, in-house manufacturing or outsource manufacturing and related decisions including technology for production.
- Manufacturing Facility design - Location, Number of factories, size of unit, time frames for the plant setup project etc.
- Finished Goods Supply Chain network - Number of warehouses, location & size of warehouses, inventory flow and volume decisions, transportation.
- Sales and Marketing Decisions - Sales Channel and network strategy, Sales pricing and promotions, order management and fulfillment process, service delivery process definitions.

4. Network Design also examines:

- Derives cost estimates for every network element
- Examines ways to optimize costs and reduce costs
- Extrapolates cost impact over various product lines and all possible permutations and combinations to project profitability

5. Some of the key factors that affect the supply chain network modeling are:

- Government Policies of the Country where plants are to be located.

- Political climate
- Local culture, availability of skilled / unskilled human resources, industrial relations environment, infrastructural support, energy availability etc.
- Taxation policies, Incentives, Subsidies etc across proposed plant location as well as tax structures in different market locations.
- Technology infrastructure status.
- Foreign investment policy, Foreign Exchange and repatriation Policy and regulations.

Supply Chain Network designs not only provide an operating framework of the entire business to guide the managements, they also examine the structure from strategic view point taking into account external influences, interdependencies of all processes and critically evaluate opportunities to maximize profitability.

Supply Chain Design consultants use various design soft ware's and optimization techniques coupled with inputs from industry consultants and experts.

Supply Chain Management (SCM) Problems and Roadblocks

Companies increasingly are becoming aware that their opportunity to having a competitive edge in business can come through supply chain. In the case of companies operating on global scale, supply chain strategies drive operational efficiencies and affect the bottom line. Unlike technology or other core areas affecting business, Supply chain is always in a dynamic mode. Project managers who head supply chain projects are often faced with lot of challenges and issues to overcome all through the project. In this topic we air to discuss a few practical problems and road blocks faced in implementing and operations of Global supply chain projects.

Project Scale & Span of Control

Often projects are rolled out on global scale involving multiple countries and locations with all sites scheduled to go live around same timelines. The Project managers and sponsors would be located in one country and physically it becomes impossible for project managers to keep running to all locations and be available to concentrate on all sites. Yes project teams are formed at regional country level. However if the project planning, design and control lies with one office or a

single person or a team, the rest of the project teams would become enablers and implementers resulting in the dilution of energy and focus. The core project team resources cannot spread themselves thin to attend to all sites and hence the biggest or the most important locations get attention while the others suffer due to lack of focus.

Supply chain projects involve technology implementation including infrastructure and software. They also involve multiple logistical modules involving transportation, international freight and warehousing etc.

Span of control over project implementation is very important in case of logistics projects involving multiple channels and external and internal agencies. Project managers at best can concentrate on rolling out the project in one country depending upon the number of sites and the logistical components involved.

If the project involves setting up a distribution center or warehouse, all the more reasons that the roll out should be limited to country level.

Technology

Adoption of right technology and implementation often faces roadblocks in implementing global supply chain projects. Projects roll out common processes to be followed across all countries and locations and involve use of technology to drive the processes.

Many issues concerning technology are faced in a project:

- Technology solutions
- Cost of Technology absorption
- Availability of technology infrastructure
- Internal & External resource capability

These are soft challenges faced by Project Managers, to be able to sell the idea and get commitment from all stake holders.

The availability of quality resources both internally and externally in all locations is critical to the implementation of the project and is often a challenge which can hold up implementations and training.

Conclusion

Supply Chain Management is a broad based function which encompasses all business and operational processes involved in but not limited to Procurement, Manufacturing and Finished Goods Transportation, warehousing & Distribution and Inventory Management. In a globalized business scenario characterized by geographically spread markets, raw material procurement sources across the world and cheaper manufacturing and labor markets being available in developing world, the business of meeting demand with supply is constantly changing and evolving. Global business has been fuelled and enabled by IT Technology which has redefined all aspects of business today.

Supply chain encompasses the companies and the business activities needed to design, make, deliver, and use a product or service. Businesses depend on their supply chains to provide them with what they need to survive and thrive. Every business fits into one or more supply chains and has a role to play in each of them. The pace of change and the uncertainty about how markets will evolve has made it increasingly important for companies to be aware of the supply chains they participate in and to understand the roles that they play. Those companies that learn how to build and participate in strong supply chains will have a substantial competitive advantage in their markets.

A supply chain is composed of all the companies involved in the design, production, and delivery of a product to market. Supply chain management is the coordination of production, inventory, location, and transportation among the participants in a supply chain to achieve the best mix of responsiveness and efficiency for the market being served. The goal of supply chain management is to increase sales of goods and services to the final, end use customer while at the same time reducing both inventory and operating expenses.

The business model of vertical integration that came out of the industrial economy has given way to “virtual integration” of companies in a supply chain. Each company now focuses on its core competencies and partners with other companies that have complementary capabilities for the design and delivery of products to market. Companies must focus on improvements in their core competencies in order to keep up with the fast pace of market and technological change in today’s economy.

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FDI IN AVIATION INDUSTRY IN INDIA: PROBLEMS AND PROSPECTS

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ABSTRACT

The aviation sector is one of the major economic drivers for prosperity, development and employment in a country. The Indian Aviation Industry has been going through a turbulent phase over the past several years facing multiple headwinds – high oil prices and limited pricing power contributed by industry wide over capacity and periods of subdued demand growth. Over the near term the challenges facing the airline operators are related to high debt burden and liquidity constraints - most operators need significant equity infusion to effect a meaningful improvement in balance sheet. To address the concerns surrounding the operating viability of Indian carriers, the Indian government's recent decision to permit up to 49 per cent FDI by foreign airlines in domestic carriers has been well-received by the aviation industry in general, observers feel that the decision would not be a panacea for the chronic problems of the industry. This Research examines the problem and prospects of implementing FDI in Aviation industry.

Key words: *Aviation industry, FDI.*

INTRODUCTION

The aviation sector is one of the major economic drivers for prosperity, development and employment in a country. The rapidly expanding aviation sector in India handles about 2.5 billion passengers across the world in a year; moves 45 million tonnes (MT) of cargo through 920 airlines, using 4,200 airports and deploying 27,000 aircraft. Today, 87 foreign airlines fly to and from India and five Indian carriers fly to and fro from 40 countries. Currently, India is the ninth largest civil aviation market in the world. India is expected to be amongst the top five nations in the world in the next 10 years. An efficient civil aviation sector is important for India as it is inter-linked with other sectors in the economy and generates income and employment through global commerce and tourism, as per a National Council of Applied Economic Research (NCAER) study titled 'Emirates in India – Assessment of Economic Impact and Regional Benefits' India will be the fourth biggest

market in terms of value for all new aircraft deliveries during the next 20 years, according to aircraft maker Airbus.

MARKET SIZE

The domestic airlines carried 39.82 million passengers during January-August 2012, as against 39.63 million passengers during the corresponding period of previous year, according to data released by the Directorate General Civil Aviation (DGCA). The revenue on the domestic network increased by 33 per cent during April-August 2012 period as compared to the same period last year, presenting an increase of Rs 531 crore (US\$ 98.33 million). The passenger traffic has grown at the rate of 17-18 per cent in the last few years. According to an assessment of the overall outlook of the sector, the fleet of the commercial airlines is expected to touch approximately 1,000 aircraft in 2020, as per Mr Ajit Singh, Union Minister for Civil Aviation, Government of India. The air transport (including air freight) in India has attracted foreign direct investment (FDI) worth US\$ 438.39 million from April 2000 to June 2012, as per data released by Department of Industrial Policy and Promotion (DIPP). Foreign airlines carry 82 per cent of India's air cargo traffic, which is projected to grow at 10-12 per cent rate over the next five years.

The Indian Aviation Industry has been going through a turbulent phase over the past several years facing multiple headwinds – high oil prices and limited pricing power contributed by industry wide over capacity and periods of subdued demand growth. Over the near term the challenges facing the airline operators are related to high debt burden and liquidity constraints - most operators need significant equity infusion to effect a meaningful improvement in balance sheet. Improved financial profile would also allow these players to focus on steps to improve long term viability and brand building through differentiated customer service. Over the long term the operators need to focus on improving cost structure, through rationalization at all levels including mix of fleet and routes, aimed at cost efficiency. At the industry level, long term viability also requires return of pricing power through better alignment of capacity to the underlying demand growth.

To address the concerns surrounding the operating viability of Indian carriers, the Government on its part has recently initiated a series of measures including (a) proposal to allow foreign carriers to make strategic investments (up to 49% stake) in Indian Carriers (b) proposal to allow airlines to directly import ATF (c) lifting the freeze on international expansions of private airlines and (d)

financial assistance to the national carrier. However, these steps alone may not be adequate to address the fundamental problems affecting the industry.

Exhibit 1: Industry Evolution

Year	Major Milestones
1953	Nine Airlines existed including Indian Airlines & Air India
1953	Nationalization of all private airlines through Air Corporations Act;
1986	Private players permitted to operate as air taxi operators
1994	Air Corporation act repealed; Private players can operate schedule services
1995	Jet, Sahara, Modiluft, Damania, East West granted scheduled carrier status
1997	4 out of 6 operators shut down; Jet & Sahara continue
2001	Aviation Turbine Fuel (ATF) prices decontrolled
2003	Air Deccan starts operations as India's first LCC
2005	Kingfisher, SpiceJet, Indigo, Go Air, Paramount start operations
2007	Industry consolidates; Jet acquired Sahara; Kingfisher acquired Air Deccan
2010	SpiceJet starts international operations
2011	Indigo starts international operations, Kingfisher exits LCC segment
2012	Government allows direct ATF imports, FDI proposal

Source: ICRA Research

LITERATURE REVIEW

KEY CHARACTERISTICS CAPITAL INTENSIVE AIRLINE INDUSTRY: AN OLIGOPOLISTIC MARKET STRUCTURE

- The industries are highly capital intensive with high entry and exit barriers
- These industries have to face high regulatory pressures from the government
- The market is dominated by a small number of players
- These few players control supply and market prices
- The sellers are price makers
- Interdependent strategies are made depending upon the strategies of the competitors.
- If able to survive tough economic conditions and if they operate prudently and keep operational costs low, these firms can achieve supernormal profits.
- Few firms sell branded products, which are close substitutes of each other.
- Each player is a unique brand by itself and new entrants find it difficult to enter such markets due to the patents, scale of ownership, copyrights etc.
- There is high degree of market concentration, since only a few firms cater to market demand.

FDI in Aviation: Will it strengthen our Wings?

while the Indian government's recent decision to permit up to 49 per cent FDI by foreign airlines in domestic carriers has been well-received by the aviation industry in general, observers feel that the decision would not be a panacea for the chronic problems of the industry. Although the political dust raised by the Indian government's decision to open various, including the domestic aviation sector, to Foreign Direct Investment(FDI) is yet to die down, the much-delayed decision has been well-received by the aviation industry and its observers. Interestingly, the decision to permit FDI by foreign airlines in cash-starved domestic airlines was less controversial compared to other sectors, like multi-brand retail, broadcasting, etc. The decision was pending for long, and has been debated on a regular basis ever since the UB Group-owned Kingfisher Airlines came under major financial crisis. This will open up a wide range of opportunities for both Indian carriers and foreign carriers who wish to participate in the strong growth potential for civil aviation in our country.

Industry Gung-ho

The move to open the economy for FDI has come at a time when the government in general has been drawing flak from various quarters, including the USA. The Central government's indecisions on the reforms front have been widely criticized. The government has also been grueling under various corruption charges and has not been able to push many reforms on the economic front due to lack of support from its own allies. What triggered the new roll-out , according to political watchers, is a couple of articles by foreign media hoses, negatively showcasing India rupee, and sluggish GDP forecasts, etc. also created a negative image of the government in both domestic and international markets. Considered as the second booster for economic liberalization, the decision to open the retail and aviation sectors to liberal but restrained foreign investment has come in this backdrop. Although the government knew that it had to walk a tightrope in the current political scenario, it did not dither as it had in the past. Within a couple of days of the announcement, the government went forward and notified the revised FDI rules.

Experts' Views

While it is a welcome decision to up the morale of both domestic carriers as well as foreign companies who are looking for a foothold in the fledging Indian domestic aviation sector, experts do not see any overnight change in the investment scenario. However, the decision would open many channels of negotiations and communications at various levels between Indian and foreign airlines. The move will result not only in strategic capital and expertise coming into the market, but as a result of its presence, other institutional funding may also feel more confident about investing alongside, feels Centre for Asia Pacific Aviation(CAPA). The balance sheet of many domestic carriers is not healthy to attract any foreign player overnight.

This decision may result in foreign airlines taking stakes in Indian carriers or setting-up new airlines in collaboration with Indian partners. The beneficiary Indian carriers are expected to get access to capital, global connectivity, technology, management and best operational practices. Increased competition may lead to better offerings, greater efficiency, cheaper airfares and more choice to the passengers

Is It Enough?

Given the economy of the financial crisis that India's domestic airlines are in, the government decision is considered too small a largesse. It is not expected to create any wonders as such. The domestic carriers have an accumulated debt of over USD six billion in the last five years alone. They owe banks in the country USD six billion working capital debts. Lufthansa and Singapore Airlines have been watching the sector with interest, and informal discussions have taken place in several cases. But the balance sheets of most of the incumbent carriers are relatively weak, and the sector faces numerous structural challenges, so foreign airlines will make their own assessments about whether they consider a carrier to be a suitable investment at this time, CAPA indicates.

While the long-term growth potential of the Indian market may draw interest from international airlines, Fitch India Rating observes that the counting structural weakness and regulatory risks may increase the perceived risk in such tie-ups. Other key considerations of prospective joint venture partners would be the lack of majority equity control, in addition to specific board constitution.

Estimates:**Table No 1: Expected of capital that can be raised**

Condition	Amt. of capital Raised (Rs. Crores) At 49%
(a) Promoters off load their stakes	2528.29
(b) Total available equity is diluted	5341.51

Source: Report of Working Group on Civil Aviation for formulation of Twelfth Five Year Plan (2012-17) ASSOCHAM's Calculation.

A. Investment flow through FDI**Table No 2: Promoter's share is diluted**

Airlines	No. of shares	% share	Total Value (Rs. crores)	Amt of capital raised if FDI 49%
Kingfisher	263085543	56.08	4268.56	2091.59
Jet Airlines	10183	0.06	0.57	0.28
Spice Jet	156528305	38.61	890.65	436.42
TOTAL				2528.29

Source: Report of Working Group on Civil Aviation for formulation of Twelfth Five Year Plan (2012-17) ASSOCHAM's Calculation.

Table No 3: Overall (Promoter's & non-Promoter's) share is diluted

Airlines	No of shares	Total Value (Rs crores)	Amt of capital Raised if FDI 49%
Kingfisher	469107140	7611.26	3729.51
Jet Airlines	17275436	983.17	481.75
Spice Jet	405378065	2306.6	1130.23
TOTAL			5341.51

Source: Report of Working Group on Civil Aviation for formulation of Twelfth Five Year Plan (2012-17) ASSOCHAM's Calculation.

B. Individual Airlines

Table No 4: Kingfisher

Category	No of shares	%share	Total Value(Rs Crores)	Amt of capital Raised if FDI 49%
Promoter	263,085,543	56.08	4268.56	2091.59
Non-Promoter	206,021,597	43.92	3343.11	1638.12
TOTAL	469,107,140	100	7611.26	3729.51

Source: Report of Working Group on Civil Aviation for formulation of Twelfth Five Year Plan (2012-17) ASSOCHAM's Calculation.

Note: Rs 162.27 that is the average of highest share price and lowest share price in the Last four years has been used to calculate the valuation.

Table No 5: Jet Airways

Category	No of shares	%share	Total Value(Rs Crores)	Amt of capital Raised if FDI 49%
Promoter	10,183	0.06	0.57	0.28
Non-Promoter	17,265,253	99.94	982.60	481.47
TOTAL	17,275,436	100	983.17	481.75

Source: Report of Working Group on Civil Aviation for formulation of Twelfth Five Year Plan (2012-17) ASSOCHAM's Calculation.

Note: Rs 569.13 that is the average of highest share price and lowest share price in the last four years has been used to calculate the valuation.

Table No 6: Spice Jet

Category	No of shares	%share	Total Value(Rs Crores)	Amt of capital Raised if FDI
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				49%
Promoter	156,528,305	39.68	890.65	436.42
Non-Promoter	248,849,760	60.32	1415.96	693.82
TOTAL	405,378,065	100	2306.60	1130.23

Source: Report of Working Group on Civil Aviation for formulation of Twelfth Five Year Plan (2012-17) ASSOCHAM's Calculation.

Note: Rs 56.9 that is the average of highest share price and lowest share price in the last four years has been used to calculate the valuation.

Feasibility and Impact Analysis for various stakeholders

FDI Proposal: The Cabinet approved the proposal of allowing foreign airlines to pick up to 49% equity investment by foreign carriers in domestic airlines. In case of listed airlines, if the proposal does not get a waiver from SEBI's Takeover Code, foreign carriers may have to first make an open offer of 26% stake to public shareholders and later acquire up to 23% stake (from promoters or fresh equity), such that their stake remains within the 49 % cap.

Indian Carriers: The FDI proposal, if approved, would certainly be an important milestone in the aviation sector and may provide much-needed relief to the domestic aviation industry reeling under the pressure of mounting losses and rising debt burden. Besides, the move will help bring global expertise and best industry practices over the medium term.

Foreign Carriers: It will not just provide entry into one of the fastest growing aviation market globally but also an opportunity to establish India as their hub for connections between US/Europe and South-East Asian countries. While full-service airlines could help them further consolidate their market position on international routes (and improve connectivity within India), acquisition of low-cost airlines could help them compete in a market where travelers are highly price sensitive.

Consumers: New players could enter the market as they could now have a strategic foreign player with deep pockets to support the airline in difficult times. Besides, it would provide more flexibility in international travels when one travels through the same airline domestically as well as

internationally. Overall, this could increase competition, offer more alternatives, reduce tariffs and improve customer service standards over the medium term.

However, the Global Airline industry is itself currently going through a tough phase (Bloomberg World Airline index down 22%, Asia-Pacific Airline index down 25% in last one year), due to below trend economic growth across advanced economies and high crude oil prices (\$100-125/Barrel). Besides, aviation economics currently remain unfavorable in India due to intense competition, mandatory route dispersal guidelines, higher taxes on ATF, airport related charges and inadequate airport infrastructure. For example, airlines like Air Asia (citing high infrastructure costs) & American Airlines (parent facing financial stress) have recently withdrawn from India. Lastly, foreign carriers already enjoy significant market share of profitable international routes and have wide domestic access through code sharing agreements. Given these considerations, attracting investments from foreign airlines may not be easy.

CONCLUSION

Given the economy of the financial crisis that India's domestic airlines are in, the government decision is considered too small a largesse. It is not expected to create any wonders as such. The domestic carriers have an accumulated debt of over USD six billion in the last five years alone. They owe banks in the country USD six billion working capital debts. Lufthansa and Singapore Airlines have been watching the sector with interest, and informal discussions have taken place in several cases. But the balance sheets of most of the incumbent carriers are relatively weak, and the sector faces numerous structural challenges, so foreign airlines will make their own assessments about whether they consider a carrier to be a suitable investment at this time, CAPA indicates.

While the long-term growth potential of the Indian market may draw interest from international airlines, Fitch India Rating observes that the counting structural weakness and regulatory risks may increase the perceived risk in such tie-ups. Other key considerations of prospective joint venture partners would be the lack of majority equity control, in addition to specific board constitution.

While FDI is welcome, Indian aviation sector will remain underutilized unless accompanying policy and infrastructure reforms are undertaken. The time for procrastination and squandering opportunities is over.

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Leadership as a tool for Managing Innovation and Talent in highly competitive Global Business

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Introduction:

“Leadership” such a huge word, right? Why all business doesn't take a quantum leap? All want to do so but there is a lacking in the processes called leadership. If this part is taken care of in the organization, every entrepreneur will excel in the business and will manage innovations. I always believe 'when situations are tight your basics should be right'. This paper deals with **basics of leadership and also new innovative styles of leadership to deal with present challenges to excel in business.**

Definitions of Leadership: Who is a leader?

1. A Leader is someone whom we chose to follow to a place where we can't go alone.-Peter Drucker [1]
2. A leader is the one who knows the way, goes the way and shows the way.
3. Leadership deals with change.
4. Leader is a bridge between you today and you tomorrow.
5. He who knows not and knows not that he knows not is a fool.
He who knows not and knows that he knows not is ignorant.
He who knows and knows not that he knows is sleeping.
He who knows and knows that he knows is a **Leader**.

Characteristics of leadership: [2]

1. Character

Character comes from actions, actions come from habits and habits come from thoughts. So character is an important thing he should have. As he is leading people, his actions are observed closely by them and they chose to follow him. **Strong Character is a foundation for a lasting success.**

2. Courage

Courage is doing things that you are afraid to do. A leader is not meant for small and possible things. For big and impossible things **Courage** is the quality that counts. They are courageous. They don't fear the challenges and failures.

3. Visionary

A leader's vision is beyond horizon. Every great leader in this world was a visionary. He should know where to take his company for that his vision should reach there first. **He is the captain of the ship who knows the port.** A vision should be long and big.

4. Commitment

Honoring commitments is real reason why people chose to follow you. Leader, no matter what happens; he fulfills his commitments in a given time. **Leaders know that "if you can't value your words nobody will value you"**

5. Compassion

Quality great leaders have to think about problems of people first in an organization. Knowing the real reason for non performance in a team rather than pushing your solutions is a great quality leaders have, it is called compassion.

6. Competence

Leaders show competence quality which is making team members compete with themselves and market as a whole to achieve excellence in business. This nature flows from a leader to his team by his actions and attitude.

7. Communication

Great leaders are powerful communicators. They communicate vision, strategies, attitude, challenges and solutions in a powerful manner which brings clarity in an organization to where and how they are heading. Different communication techniques like diplomatic, straight forward, emotional, etc are used by leaders in a business to get the work done without dissatisfaction.

8. Focus

Leaders are focused like a magnifying glass. Once they set the vision in an organization they don't give up until it is achieved. Their focus also directs the members back to work.

9. Team Player

Leaders are team players. Nobody in this world did it alone. Leaders are interested in achieving targets rather than their name and position. They accept responsibility for whatever bad happens but always give credit to the team for whatever good happened. They love their team and always put the team at priority.

10. Passion

Leaders are passionate about their dreams and organization. It is the fuel in their vehicle. They are enthusiastic and this feeling is transferred automatically to team members. All great leaders had passion and it makes a difference.

11. Relationship

The most important formula for getting leadership at work is the ability to get along with people. The most important ship called relationship. They like to feel special, so sincerely compliment them. They want a better tomorrow, so show them hope. They desire direction, so navigate for them. They are selfish, so speak to their needs first. They get low emotionally, so encourage them. They want success, so help them win

These are some of the characteristics of great leaders in an organization if they are followed all the innovations will be implemented and business will grow in this competitive world.

Trust:

As a leader to show effective leadership, **he should develop trust** in the organization, team members and boss also, **to have innovations accepted and implemented**. Trust develops when the following attributes are taken in to the working system:

1. Results

The loudest way to tell the world shut up is to produce results as innovations are not accepted and there is a huge resistance to change. **All great leaders in organizations have a track record of producing results with all new innovations they did**. And people follow only those who produce results and develop a trust.

2. Being an outperformer

Showing more results than committed with the new innovations and in less time than promised are outperformer leaders.

3. Honesty

Honesty towards work and vision is a quality that makes leader a DTR and people follow him.

4. Standing against wrong

“Halla bol” to anything wrong happening in an organization save lot of losses and brings excellence. Leaders never compromise on values and ideals of the company. They stick to their innovations and get it done.

5. Declare your Standards

Leaders always declare their standards in front of team and expect the team to value the standards required to adopt the change. They never support any one in going against their standards. So it brings uniformity and discipline in an organization.

6. Upgrade your KASHS

Leaders know that **“What took you here cannot take you there”** so you have to constantly upgrade our **Knowledge, Attitude, Skills, Habits and Strategies**. ***Any new innovations require up gradation from a leader first because it's a new thing***. And their acceptability increases amongst the team members if they see a drastic change in **Knowledge, Skills, Attitude, Habits and Strategies**. **As there are different talents also in the organization the person who is leading them should be one step ahead.**

By following these attributes you become Dependable Trustworthy and Reliable (DTR) leader in the eyes of organization and people and all innovations are accepted.

Leading with different personalities:

In an organization there are different team members working like

- **Momentum Makers**

These are the employees in an organization who take an initiative to promote any innovation happening around them. They are people who can be next leaders, they are enthusiastic, optimistic and motivated about every communication their leader does with them. They don't want their company to go away from vision and don't want to disappoint their leader. **They are cream and top performers.**

- **Momentum Takers**

Momentum takers are those who follow Momentum Makers. They are inspired after the action taken by momentum makers. They idolize them. Once inspired they blindly follow the actions prescribed by momentum makers. They question their leaders but follow the actions in a normal way.

- **Momentum Fakers**

Momentum Fakers are those who are there to point out mistakes in actions. They will show that they are the most aligned to the change but they fake and they never are. They pass negative comments and demoralize the team. They are dangerous as you can never find them out.

- **Momentum Breakers**

These people should be kicked out of the whole processes as they never do anything.

According to my understanding a leader should be Momentum maker and rest all who all are following him should be momentum takers. Here the communication of the innovation and strategies should be flawless by a leader. He should first identify the trait of the member and then according to that the action plan should be communicated to bring out maximum productivity. The **fakers** and **breakers** should be made to understand by leader or else they should be shown the *exit door of the company*. Most of the times **a leader stands below a mango tree expecting oranges**. **So it is important to know the personalities and traits of followers to implement innovation and thereby change.**

Different leadership styles [3]

There are six different styles of leadership to bring out maximum results and therefore the desired excellence in the business. They are

1. **Coercive style**

This type of leadership style seldom brings results and satisfaction. The leader has brisk decision making skills and he never appreciates and accepts the work. This is often called as dictatorship. These leaders face difficulties in getting along with people. This works when there is an extreme situation in a business and a drastic change is being implemented. *It says "do what I say"*

2. **Authoritative Style**

This is the most effective kind of leadership style. Here leader motivates team with his vision and aligns them with the vision. He directs the team towards it and increases

everyone's self confidence. It maximizes the commitment towards the vision of the organization. *It says "come with me"*

3. Affiliative Style

This style values people more. Compared to vision and goals it values emotions and needs of team members. It brings harmony and strong bonds between people forcing to bring loyalty for the organization. He doesn't force laws its self motivation gets the work done. It says *"people come first"*

4. Democratic style

Follows democracy as the name suggests. It values the combined decisions of employees towards making a change. After some time members feel leaderless but he manifests himself by his good actions and valuing people's decisions. **This works best when leader is uncertain about his decision.**

5. Pacesetting Style

This is similar to coercive style but here leader manifests himself by his admirable results and high performance. He is obsessive about the standards of things and expects pace and speeds from members as he does so. Sometimes *this style if used regularly destroys the climate of the organization and morale of members drop.*

6. Coaching Style.

This style of leadership focuses on counseling, coaching and solving the problems rather than behaving as a boss. This has two advantages – one its solves the problem and saves time and two is out of every challenge members grow and learn and brings excellence in business. It says *"come tell me what happened"*

According to the situation leader should understand which style works the best to implement the innovation and change in this highly competitive business world. Combination of all six styles according to the different talents should be used to bring out maximum output at innovation and thereby giving an edge in the global market.

Manager to a Leader

Before leadership comes management. According to my observation many leaders in an organization do the work of manager i.e. managing daily complexities and because of which the leadership characters don't come into picture. **Management is doing things right and leadership is doing the right things. Leadership deals with change and work of a leader is to go one step ahead of the team towards vision, innovation and show the way to them towards it.** A leader should transcend this path of manager to a leader as soon as possible and acquire all characteristics of leadership.

Case Study on Coercive Leadership style:

Leader's modus operandi: *Demands immediate compliance.*

The style in a phrase: *'Do what I tell you.'*

When the style works best: *In a crisis; to kick-start a turnaround; or with problem staff. (e.g. To bring a failing college up to standard, or in addressing underperformance of staff)*

Overall impact on climate: *Negative.*

Coercive Leadership Behaviors Observed:

Field note extract: 'Steven (Principal) has had a complaint from a member of staff to say that he has received an abusive email from a student, one which makes specific reference to the staff member's sexuality. The Principal sends for the student and tells him that his behavior is completely unacceptable and that he must apologize to the member of staff. He also says that a letter will be sent to his parents, explaining what he has done and that he will be temporarily excluded if it happens again. Steven is severe in his manner to the student, to impress on him the seriousness of the issue and the fact that he won't tolerate a second incident.'

' Field note extract: Mike (Principal) is meeting with Alan (VP – Students and Quality) to talk through some draft papers the latter is preparing for a forthcoming governors' meeting. Alan is often late in delivering on issues he is responsible for, or poorly prepared for important meetings.

Mike takes a tough line with him in pinning down what needs to be done and by when.

Mike: *"And we need to get the numbers right, don't we?"*

Mike tells Alan the right figures to insert. Asks Alan when he will have the final version of the document ready.

Alan: *"It will be ready for the June meeting, hopefully."*

Mike: *"No, I think we'd better not be hopeful. It will be ready."*

Mike specifies an interim date, prior to the June meeting, by which he would like to see the final version.

My Experience

- I have worked at IIPM trillionth in Pune.
- I was a team leader in sales.
- My boss was showing Coercive leadership style which was very unsatisfactory.
- Whenever the innovation used to come , we had some points to add to make it better but he used to say “DO AS I SAY”
- None of the innovations worked as they had minor lacking.
- The entire team was frustrated with him and were becoming non productive.
- They called him a dictator.

I believe this leadership style to be used only when leader is confident of the implementation strategies of the innovation. He should see what team members have to say rather than pushing his solutions. This style has not to be used as are people are becoming smarter these days. Its better to be leaderless than this coercive dictator.

Case study on coaching leadership style

Leader’s modus operandi: *Develops people for the future.*

The style in a phrase: : ‘*Try this.*’

When the style works best: *To help an employee improve performance or develop long-term strengths. (e.g. preparing senior colleagues for headship or helping new teachers develop their classroom skills)*

Overall impact on climate: *Positive*

Coaching Leadership Behaviors Observed:

Fieldwork extract: ‘Staff briefing: new format intended to make it more participative and developmental. Carl (new Director for Learning) asks staff to participate in a brief exercise. This involves pairing up with another member of staff with whom they don’t usually come into contact, and sharing with them a recent event in which they really felt they performed well. This could be a novel exercise they used with a class, a difficult incident they addressed effectively, or just a lesson that they felt went exactly as planned. Carl then thanks them for participating, and suggests that as a staff, they should all make more opportunities to share good practice and to learn from one another. He stresses that he sees his new role as being a facilitator of such opportunities, for staff and students, rather than as the person with all the best practice to share.’

Fieldwork extract: ‘Helen (Curriculum Manager) has recently been unsuccessful in gaining promotion to position of Director of Students and Inclusion, and has asked Steven (Principal) for feedback as to why she was not selected. Steven has looked out the grade sheet completed by those who assessed her application, against pre-set criteria for the role. Needs to make sure the meeting is positive and developmental, as he doesn’t want her to feel undervalued and leave her current job. Talks Helen through the grade sheet, giving equal weight to the strengths and weaknesses she demonstrated: e.g. clear depth of knowledge in her own area, but didn’t demonstrate thinking or ability in the wider areas she would need to step up to if she got the job. Steven encourages Helen to draw her own conclusions about where she needs to develop in order to be more successful next time (Helen: “So it’s about the leadership, not the management.” Steven: “Yes, that’s right.”) and suggests training opportunities and project work which might help her gain the skills and experience she needs. Conversation is honest and open, gives clear reasons for the decision made without being apologetic or patronizing, and focuses on the practical steps

My experience

- I have worked in a company called as “Chrysalis” in Pune which was headed by Mr. Manish Gupta who is a leadership and entrepreneurial coach.
- There was an innovation in the company regarding the inclusion of software called CRM (Customer relationship manager) which is used to keep and follow data for sales and customer service.
- As the company was losing lot of sales this had to be introduced and all incentives of sales team were dependent on CRM.
- The employees were frustrated with this change and lost their efficiency.
- But **Coaching Style** was adopted by Manish Gupta sir and he arranged training for all of us one full day by the concerned professional. He counseled us properly and made us understand the power of this innovation. He took us on a dinner also and made a bond with us emotionally.
- We agreed happily and started using CRM efficiently and the loss of sales decreased enormously and there was a high rise in the sales we did.
- I respect him greatly.

I believe this is the style which should be used widely in organizations while innovating as people don't like bosses yelling at them. Make an emotional bond, coach and counsel them and make the change implemented with different talents because if the execution team is not happy how the innovation will show its results.

Conclusion

The whole discussion leads to conclusion as if leaders of new generation follow all the above steps and heads, they will manifest their presence in an organization and people will chose to follow them thereby proving that LEADERSHIP as a n important tool for MANAGING INNOVATION AND TALENT IN TODAYS GLOBAL BUSINESS.

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Performance Measurement Technique

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Abstract

Purpose – Performance measurement technique is a systematic way of judging the relative worth of an employee in performing his task. This study helps identify employees who are performing their tasks well and also those who are not and the reasons for such poor performance. Performance measurement technique is a formal structured system of measuring and evaluating an employee's job related behavior and outcome to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organization and society all benefit.

Design/methodology/approach – The mode of collection of data will be based on Survey Method and Field Activity. Primary data collection will base on personal interview. I have prepared the questionnaire according to the necessity of the data to be collected. Modern methods like Management By Objective(MBO), 360 Degree appraisal, Assessment Centers, Behaviorally Anchored Rating Scales and Human Resource Accounting is been used to conclude the findings

Findings – All the findings and conclusions obtained are based on the survey done in the working area. I tried to select the sample representative of the whole group during my project study. I have collected data from people at difference levels in HDFC Bank, Rajkot.

Research limitations/implications – All the work was limited in some limited areas of Rajkot so the findings should not be generalized. The area of research was Rajkot and it was too vast an area to cover.

Practical implications – Performance measurement technique helps to improve the work output quality of the company in the large picture. It can help any field company by finding weak and strong points of its work force and help to improve it.

Originality/value – This study helps to acknowledge the attitude, view (s), and opinion (s) of individual (s) towards performance appraisal.

Paper type: Research paper

Keywords : Performance measurement technique, job related behavior, Management By Objective(MBO), 360 Degree appraisal, Personal interview.

INTRODUCTION

Appraising the performance of individuals, groups & organizations is a common practice of all societies. All of us consciously or unconsciously evaluate our own actions from time to time. In social interactions, performance appraisal is done in an unsystematic way. But in organizations formal programmes of evaluating employee performance are conducted in a systematic and planned manner.

Human resources of the organization must perform to the best of their abilities and up to the set standard. Performance appraisal is the mechanism to assess the contribution of all human resources working at each level of the organization during a specified period of time. Performance evaluation helps employees to know as to how they are performing in comparison with the set standards. It is a method of evaluating the behaviour of employees in the work spot, normally including both the quantitative and qualitative aspects of the job performance.

According to Flippo, "Performance measurement technique is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job."

According to Beach, "Performance measurement technique is the systematic evaluation of the individual with regard to his or her performance on the job and his potential for development."

Thus performance measurement technique is a systematic way of judging the relative worth of an employee in performing his task. It helps identify employees who are performing their tasks well and also those who are not and the reasons for such poor performance. Performance measurement technique is a formal structured system of measuring and evaluating an employee's job related behaviour and outcome to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organization and society all benefit.

ESTABLISHING PERFORMANCE STANDARDS

The first step in the **process of performance measurement technique** is the setting up of the standards which will be used to as the base to compare the actual performance of the employees. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives. The standards set should be clear, easily understandable and in measurable terms. In case the performance of the employee cannot be measured, great care should be taken to describe the standards.

COMMUNICATING THE STANDARDS

Once set, it is the responsibility of the management to communicate the standards to all the employees of the organization.

The employees should be informed and the standards should be clearly explained to the. This will help them to understand their roles and to know what exactly is expected from them. The standards

should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees or the evaluators.

MEASURING THE ACTUAL PERFORMANCE

The most difficult part of the Performance measurement technique process is measuring the actual performance of the employees that is the work done by the employees during the specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias does not affect the outcome of the process and providing assistance rather than interfering in an employees work.

COMPARING THE ACTUAL WITH THE DESIRED PERFORMANCE

The actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employees' performance.

DISCUSSING RESULTS AND TAKING CORRECTIVE ACTIONS

Final step is to communicate the actual performance of the employee and other employees doing the same job and discuss with him about the reasons for positive or negative deviations from the pre-set standards as the case may be. Also necessary changes in standards, job analysis, internal and external environment should be suggested. Finally corrective actions should be taken to improve the performance of the employees. These includes guiding, counselling, coaching and directing the employee or making arrangements for training and development of the employee in order to ensure improved performance.

METHODS OF PERFORMANCE MEASUREMENT TECHNIQUE

TRADITIONAL METHODS

EASY APPRAISAL METHOD:Essay method involves an evaluator's written report appraising an employee's performance, usually in terms of job behaviors The and/or results. The subject of an essay appraisal is often justification of pay, promotion, or termination decisions, but essays can be used for developmental purposes as well.

Since essay appraisals are to a large extent unstructured and open-ended, lack of standardization is a major problem. The open-ended, unstructured nature of the essay appraisal makes it highly susceptible to evaluator bias, which may in some cases be discriminatory. By not having to report on all job-related behaviors or results, an evaluator may simply comment on those that reflect

favorably or unfavorably on an employee. This does not usually represent a true picture of the employee or the job, and content validity of the method suffers

STRAIGHT RANKING METHOD: Ranking methods compare one employee to another, resulting in an ordering of employees in relation to one another. Rankings often result in overall assessments of employees, rather than in specific judgments about a number of job components. Straight ranking requires an evaluator to order a group of employees from best to worst overall or from most effective to least effective in terms of a certain criterion. Alternative ranking makes the same demand, but the ranking process must be done in a specified manner (for example, by first selecting the best employee in a group, then the worst, then the second-best, then the second-worst, etc.).

Comparative evaluation systems such as ranking are rarely popular. No matter how close a group of employees is in the level of their performance, and no matter how well they perform on the job, some will rank high and some will end up at the bottom. Evaluators are often reluctant to make such discriminations. Also, rankings are unable to compare employees across different groups. For example, it is difficult to say whether the second-ranked employee in unit A is as good as or better than the second-ranked employee in unit

Despite the problems of ranking methods, if an organization has a very limited number of promotions or dollars to allocate, rankings can be very useful in differentiating among employees.

PAIRED COMPARISON METHOD: A better technique of comparison than the straight ranking method, this method compares each employee with all others in the group, one at a time. After all the comparisons on the basis of the overall comparisons, the employees are given the final rankings.

CRITICAL INCIDENT METHOD: In this method of Performance measurement technique, the evaluator rates the employee on the basis of critical events and how the employee behaved during those incidents. It includes both negative and positive points. The drawback of this method is that the supervisor has to note down the critical incidents and the employee behaviour as and when they occur.

In this traditional method of performance measurement technique, the evaluator rates the employee on the basis of critical events and how the employee reacts in such events - essentially their behavioural patterns during those incidents. This includes both the positive and the negative traits of the employee. This method objectively discusses an employee's performance during such incidents. However, this method has drawn a lot of flak as the superior has to make a note of critical incidents and the resulting employee behaviour as and when they happen, which is difficult under the circumstances always. Again, the minor incidents might get precedence over the major ones as every individual tends to see things differently. Moreover, it is not very effective as every individual is different and reacts and performs very differently in similar circumstances. Forced ranking is a method of performance measurement technique to rank employee but in order of forced distribution. For example, the distribution requested with 10 or 20 percent in the top category, 70 or 80 percent in the middle, and 10 percent in the bottom.

FIELD REVIEW: In this method, a senior member of the HR department or a training officer discusses and interviews the supervisors to evaluate and rate their respective subordinates. A major

drawback of this method is that it is a very time consuming method. But this method helps to reduce the superiors' personal bias.

CHECK LIST METHOD: A behavioural checklist is a rating form containing statements describing both effective and ineffective job behaviours. These behaviours relate to a number of behavioural dimensions determined to be relevant to the job.

GRAPHIC RATING SCALE: Graphic rating scales are one of the most common methods of performance measurement technique. Graphic rating scales require an evaluator to indicate on a scale the degree to which an employee demonstrates a particular trait, behavior, or performance result. Rating forms are composed of a number of scales, each relating to a certain job or performance-related dimension, such as job knowledge, responsibility, or quality of work. Each scale is a continuum of scale points, or anchors, which range from high to low, from good to poor, from most to least effective, and so forth. Scales typically have from five to seven points, though they can have more or less. Graphic rating scales may or may not define their scale points.

Acceptable rating scales should have the following characteristics:

1. Performance dimensions should be clearly defined.
2. Scales should be behaviourally based so that a rater is able to support all ratings with objective, observable evidence.
3. Abstract trait names such as "loyalty," "honesty," and "integrity" should be avoided unless they can be defined in terms of observable behaviours.
4. Points, or anchors, on each scaled dimension should be brief, unambiguous, and relevant to the dimension being rated. For example, in rating a person's flow of words, it is preferable to use anchors such as "fluent," "easy," "unimpeded," "hesitant," and "laboured," rather than "excellent," "very good," "average," "below average," and "poor."

Carefully constructed graphic rating scales have a number of advantages:

1. Standardization of content permitting comparison of employees.
2. Ease of development use and relatively low development and usage cost.
3. Reasonably high rater and rate acceptance.

A disadvantage of such rating scales is that they are susceptible to rating errors which result in inaccurate appraisals. Possible rating errors include halo effect, central tendency, severity, and leniency.

FORCED DISTRIBUTION METHOD: Distribution is a form of comparative evaluation in which an evaluator rates subordinates according to a specified distribution. Unlike ranking methods,

forced distribution is frequently applied to several rather than only one component of job performance.

Use of the forced distribution method is demonstrated by a manager who is told that he or she must rate subordinates according to the following distribution: 10 percent low; 20 percent below average; 40 percent average; 20 percent above average; and 10 percent high. In a group of 20 employees, two would have to be placed in the low category, four in the below-average category, eight in the average, four above average, and two would be placed in the highest category. The proportions of forced distribution can vary. For example, a supervisor could be required to place employees into top, middle, and bottom thirds of a distribution.

Forced distribution is primarily used to eliminate rating errors such as leniency and central tendency, but the method itself can cause rating errors because it forces discriminations between employees even where job performance is quite similar

MORDERN METHOD

MANAGEMENT BY OBJECTIVES (MBO)

Management by objectives (MBO) involves setting specific measurable goals with each employee and then periodically discussing his/her progress toward these goals. The term MBO almost always refers to a comprehensive organization-wide goal setting and measurement technique program that consist of six main steps:

1. Set the organization goals. Establish organization-wide plan for next year and set goals.
2. Set departmental goals. Here department heads and their superiors jointly set goals for their departments
3. Discuss and allocate department goals. Department heads discuss the department's goals with all subordinates in the department (often at a department-wide meeting) and ask them to develop their own individual goals; in other words, how can each employee contribute to the department's attaining its goals?
4. Define expected results (set individual goals). Here, department heads and their subordinates set short-term performance targets.
5. Performance review and measure the results. Department heads compare actual performance for each employee with expected results.
6. Provide feedback. Department heads hold periodic performance review meetings with subordinates to discuss and evaluate progress in achieving expected results.

360 DEGREE APPRAISAL

360 Degree Feedback is a system or process in which employees receive confidential, anonymous feedback from the people who work around them. It is a feedback, also known as 'multi-rater

feedback', is the most comprehensive appraisal where the feedback about the employees' performance comes from all the sources that come in contact with the employee on his job.

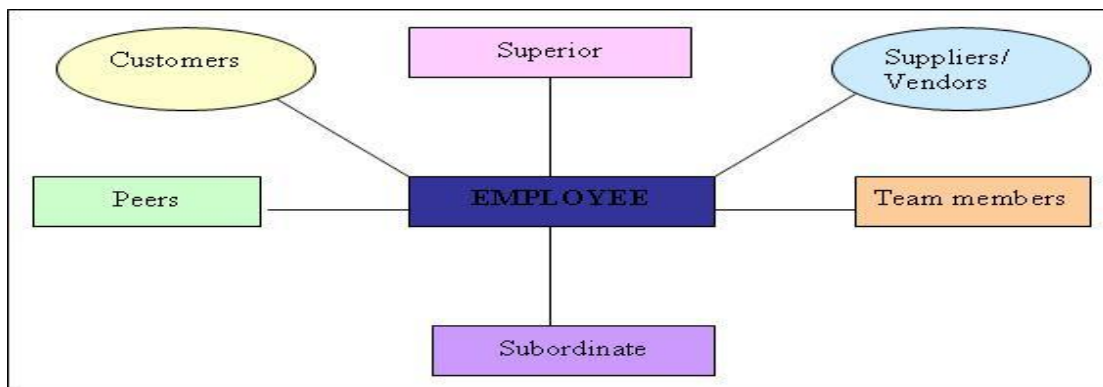
360 degree respondents for an employee can be his/her peers, managers (i.e. superior), subordinates, team members, customers, suppliers/ vendors - anyone who comes into contact with the employee and can provide valuable insights and information or feedback regarding the "on-the-job" performance of the employee.

360 degree appraisal has four integral components:

1. Self appraisal
2. Superior's appraisal
3. Subordinate's appraisal
4. Peer appraisal.

Self appraisal gives a chance to the employee to look at his/her strengths and weaknesses, his achievements, and judge his own performance. Superior's appraisal forms the traditional part of the 360 degree performance appraisal where the employees' responsibilities and actual performance is rated by the superior.

Subordinates appraisal gives a chance to judge the employee on the parameters like communication and motivating abilities, superior's ability to delegate the work, leadership qualities etc. Also known as internal customers, the correct feedback given by peers can help to find employees' abilities to work in a team, co-operation and sensitivity towards others.



Self assessment is an indispensable part of 360 degree appraisals and therefore 360 degree Performance appraisal have high employee involvement and also have the strongest impact on behaviour and performance. It provides a "360-degree review" of the employees' performance and is considered to be one of the most credible performance appraisal methods.

360 degree performance appraisal is also a powerful developmental tool because when conducted at regular intervals (say yearly) it helps to keep a track of the changes others' perceptions about the employees. A 360 degree appraisal is generally found more suitable for the managers as it helps to assess their leadership and managing styles. This technique is being effectively used across the

globe for performance appraisals. Some of the organizations following it are Wipro, Infosys, and Reliance Industries etc.

ASSESSMENT CENTRE METHOD

An assessment centre typically involves the use of methods like social/informal events, tests and exercises, assignments being given to a group of employees to assess their competencies to take higher responsibilities in the future. Generally, employees are given an assignment similar to the job they would be expected to perform if promoted. The trained evaluators observe and evaluate employees as they perform the assigned jobs and are evaluated on job related characteristics. The major competencies that are judged in assessment centres are interpersonal skills, intellectual capability, planning and organizing capabilities, motivation, career orientation, etc. assessment centres are also an effective way to determine the training and development needs of the targeted employees

BEHAVIOURALLY ANCHORED RATING SCALES

Behaviorally anchored rating scales (BARS) are rating scales whose scale points are defined by statements of effective and ineffective behaviors. They are said to be behaviorally anchored in that the scales represent a continuum of descriptive statements of behaviors ranging from least to most effective. An evaluator must indicate which behavior on each scale best describes an employee's performance.

BARS differ from other rating scales in that scale points are specifically defined behaviors. Also, BARS are constructed by the evaluators who will use them. There are four steps in the BARS construction process:

1. Listing of all the important dimensions of performance for a job or jobs
2. Collection of critical incidents of effective and ineffective behavior
3. Classification of effective and ineffective behaviors to appropriate performance dimensions
4. Assignment of numerical values to each behavior within each dimension (i.e., scaling of behavioral anchors)

SAMPLE OF BARS

SKILL DESCRIPTION: Develops and maintains a friendly rapport with others; demonstrates a sensitivity to their feelings; respects the dignity of others and responds with empathy to their own sense of self-worth.

Ratings 1 and 2: Demonstrates the ability to get along well with subordinates, managers, and peers; strives to achieve work group objectives. Can express own ideas, thoughts, and feelings and considers the needs, ideas, and feelings of others.

Ratings 3 and 4: Demonstrates the ability to apply factors of effective listening, on a one-to-one basis, such as displaying interest, not interrupting when another is speaking, and withholding judgments. Consistently provides honest (both positive and negative) feedback and provides constructive criticism when appropriate.

Ratings 5 and 6: Demonstrates the ability to consistently consider and respond to the needs and ideas of others which encourages and stimulates further communication. Effectively listens in group or one-to-one situations involving distractions, stress, complex information, or when the person speaking is emotional/distraught. Creates/maintains a positive working environment that encourages expression of thoughts, ideas, and feelings.

HUMAN RESOURCE ACCOUNTING

Human resources are valuable assets for every organization. Human resource accounting method tries to find the relative worth of these assets in the terms of money. In this method the Performance measurement technique of the employees is judged in terms of cost and contribution of the employees. The cost of employees include all the expenses incurred on them like their compensation, recruitment and selection costs, induction and training costs etc whereas their contribution includes the total value added (in monetary terms). The difference between the cost and the contribution will be the performance of the employees. Ideally, the contribution of the employees should be greater than the cost incurred on them.

performance measurement technique s, performance evaluation and assessment of job skills, personality and behaviour - and tips for '360 degree feedback', '360° appraisals', 'skill-set' assessment and training needs analysis tips and tools

OBJECTIVES OF RESEARCH PROJECT

- a) To understand the importance performance measurement technique process.
- b) To understand the benefits of performance measurement technique by doing in depth study of HDFC Bank Performance Measurement technique System
- c) To find out the effectiveness of HDFC Bank Performance Measurement technique System in appraising performance of employees.
- d) To study the attitude, view (s), and opinion (s) of individual (s) towards performance measurement technique .

RESEARCH METHODOLOGY AND LIMITATIONS

A systematic investigation towards increasing the sum of knowledge is called as research. Research is the systematic process of collecting and analyzing information to increase our understanding of the phenomenon under study. It is the function of the researcher to contribute to the understanding of the phenomenon and to communicate that understanding to others.

A science dealing with principles of procedures in research and study is called as research methodology. Thus a specific way of performing an operation that implies precise deliverables at the end of each stage is called research methodology.

All the findings and conclusions obtained are based on the survey done in the working area within the time limit. I tried to select the sample representative of the whole group during my project study. I have collected data from people at difference levels in HDFC Bank, Rajkot.

COLLECTION OF DATA:

1: Secondary Data: It was collected from internal sources. The secondary data was collected on the basis of organizational file, official records, news papers, magazines, management books, preserved information in the company's database and website of the company.

2: Primary data: Employees of HDFC Bank were personally visited and interviewed. They were the main source of Primary data. The method of collection of primary data was direct personal interview through a structured questionnaire.

SAMPLING PLAN:

Since it is not possible to study whole universe, it becomes necessary to take sample from the universe to know about its characteristics.

Sampling Units: Employees of HDFC Bank

Sample Technique: Random Sampling.

Research Instrument: Structured Questionnaire.

Contact Method: Personal Interview.

SAMPLE SIZE:

My sample size for this project was 30 respondents. Since it was not possible to cover the whole universe in the available time period, it was necessary for me to take a sample size of 30 respondents.

DATA COLLECTION INSTRUMENT DEVELOPMENT:

The mode of collection of data will be based on Survey Method and Field Activity. Primary data collection will base on personal interview. I have prepared the questionnaire according to the necessity of the data to be collected.

RESEARCH LIMITATIONS: All the work was limited in some limited areas of Rajkot so the findings should not be generalized. The area of research was Rajkot and it was too vast an area to cover within such short notice.

Analysis of Data

Q1. Are you aware about the organization performance measurement technique system?

- a) YES b) no

OPINION	NO. OF RESPONDENTS	PERCENTAGE
YES	28	93
NO	2	7
TOTAL	30	100

Q2. Do you think that Performance Measurement technique is essential?

- a) Yes b) No

Opinion	No. of respondents	Percentage
YES	28	93
NO	2	7
TOTAL	30	100

Q3. Does Measurement technique System of your organization facilitates career Growth & Learning of employees?

- a) Yes b) No

Opinion	No. of respondents	Percentage
Yes	20	66.66
No	10	33.33
Total	30	100

Q4. Periodicity of Performance Measurement technique should be on

- a) Quarterly basis
- b) Half-yearly basis
- c) Annual basis

OPINION	NO.OF RESPONDENTS	PERCENTAGE
Quarterly basis	15	50
Half-Yearly basis	7	23.33
Annual basis	8	26.66
TOTAL	30	100

Q5.. The present Performance Measurement technique of your organization distinguishes the performer & non performers?

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

OPINION	NO.OF RESPONDENTS	PERCENTAGE
STRONGLY AGREE	15	50
AGREE	10	33.33
DISAGREE	3	10
STRONGLY DISAGREE	2	6.67
TOTAL	30	100

Q6. Are you aware of the basis or attributes on which your performance is appraised?

- a) YES
- b) NO

OPINION	No. of respondents	percentage
YES	25	83.33
NO	5	17
TOTAL	30	100

Q7. Performance Measurement technique in Banks is based upon

- a) Seniority
- b) Performance
- c) Recommendation
- d) Both a & b

OPINION	No. of respondents	percentage
Seniority	6	20
Performance	17	57
Recommendation	3	10
Both a & b	4	13
Total	30	100

Q8. Ideally, who do you think should appraise you?

- a) Your Immediate Boss.
- b) The HOD
- c) Both
- d) 360° feedback system
- e) Traditional system

OPINION	NO.OF RESPONDENTS	PERCENTAGE
Your immediate boss.	7	23
The HOD	6	20
Both	9	30
360° feedback system	5	17
Traditional system	3	10
TOTAL	30	100

Q9. Did you ever face biases or prejudice during your measurement technique ?

Yes: _____ No: _____

OPINION	No. of respondents	Percentage
YES	20	67
NO	10	33
TOTAL	30	100

Q10. How do you want the assessment of your performance to be communicated to you?

- a) Written Form b) Oral From
 c) Open Communication d) No Need

OPINION	NO.OF RESPONDENTS	PERCENTAGE
Written Form	9	30
Oral From	9	30
Open Communication	7	23
No Need	5	17
TOTAL	30	100

Q11. Does the organization provide training & development programs after Performance measurement technique if required?

- a) Yes b) No

OPINION	No. of respondents	Percentage
YES	21	70
NO	9	30
TOTAL	30	100

Q12. Has your performance increased as a result of performance measurement technique system.?

- a) To a large extent b) Moderate extent c) Less extent d) Not at all

OPINION	NO.OF RESPONDENTS	PERCENTAGE
To a large extent	15	50
Moderate extent	7	23
Less extent	5	17
Not at all	3	10
TOTAL	30	100

Q13. Do you want to continue with this type of measurement technique system?

Yes:_____ No:_____

OPINION	No. of respondents	Percentage
YES	28	93
NO	2	7
Total	30	100

Interpretation of Data

Findings

- It has been found that most of the employees think that the performance measurement technique is essential and they think it is used as a tool to improve performance, to determine organization needs, and to basis for pay increase, promotions, and transfer.
- The measurement technique system facilitates growth & learning of employees and it is used to distinguish performers.
- The existing measurement technique system helps the management to identify potentiality of employees as well as useful for maintaining efficiency of the individual & organization.
- Some employees do not know on which basis their performance is appraised and most of the employees feel that if the basis is disclosed it can help them discover their potential and enable them to know their short coming.
- Organization provides training & development programs to overcome the short comings identified in performance measurement technique .
- The employees and their promotions match their contributions and new performance measurement technique technique should be adopted in the organization and the short comings are informed to them.
- The performance measurement technique supports to experiment with new ideas as basis for promotion.

SUGGESTIONS

- ❖ The performance measurement technique system should facilitate career growth & learning of employees.
- ❖ The short coming of employees should be informed to them after performance measurement technique .
- ❖ Promotion should be based on performance rather than seniority or any other factors.
- ❖ Performance measurement technique should be appraised by granting awards/ merit certificate.
- ❖ New performance measurement technique techniques such as 360 degree performance measurement technique system should be used.
- ❖ The performance measurement technique should not be assessed by biased mind and personal grudge.
- ❖ The basis performance measurement technique should be informed to the employees.

- ❖ The extent of communication with the top & middle level management.
- ❖ The feedback to performance measurement technique shouldn't only be given to those employees who are rated 'below average' but also to all the employees

as is would motivate the employees to perform even better.
- ❖ Gauge the potential for performance of each employee.

CONCLUSIONS

It is apparent that the appraisees perception supports a positive relationship between fairness in and satisfaction with, the performance measurement technique process. That is, the higher an appraisees rates the process as fair, the more satisfied they are with the performance measurement technique . The employee will need to be viewed as a more significant stakeholder (Simmons & Lovegrove, 2002) in both the organizational and measurement technique systems.

If performance measurement technique in the banking industry is to be enhanced further, then the effective training of both appraisees and appraisers is required.

The HDFC banks have a key role in developing economy, with people providing a strong source of competitive advantage (Barney, 1995). Unfair treatment of employees can impact on job performance (Vigoda, 2000) and affect employee satisfaction (Taylor *et al*, 1995), so it is important that satisfaction with performance measurement technique systems remains high.

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DEVELOPING YOUR ORGANIZATION’S TALENT—MANAGING PLATFORM FOR PEOPLES MANAGEMENT AT SOURCE

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ABSTRACT

The Youth of any country is always precious for the country. This paper is a genuine approach and sincere attempt to transplant the uprooted the growth of cooperate houses. In present scenario everyone wants that there talent should be recognized in the manner they want to addresses & every corporate house wants to have maximum utilization of talent so “TALENT MANAGEMENT” is the way to enhance the capabilities of the employee. I used to explain about how the talent management gained an important place from last decades. What is the framework & steps to develop the talent management skills.

INTRODUCTION

A conscious, deliberate & upcoming approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organizational need. Talent management involves individual and organizational development in response to the changing complexities of operating environment. It includes the creation and maintenance of a posh supportive people oriented corporate culture.

In the globalized business environment, the advantage of historical sources has diminished in their values as now they are becoming irrelevant as fast as the speed of light. Research indicates that sustainable competitive advantage in future will come through investing among people as sources to build organizational capabilities. Today's Global economy, there is a high intensity of competition for both physical resources and human capital.

Now a days, cooperate houses believes in the progressive reality that HR is much more than a support function & HR manager is used as a spring board to drive business. The challenges thrown up by this fast changing scenario on of business environment there opened a window to a plethora

of opportunities like dramatic shift in cost through global talent sourcing & de-risking through global task distribution & achieving a global operational excellence through judicious mix of models of service n technology. Solving a talent paradox is not an impossible task; rather it needs an integrated strategic approach to “TALENT MANAGEMENT”, from planning and sourcing to training, development and retention. The surveys over a thousands of organizations those who have survived and prospered or those who had failed in meeting their targets in past decades results illustrates a portfolio that six Human Resource conditions should be fulfilled

- Performance oriented culture
- Low turnover of employees
- Satisfaction of employee
- Grade of qualified replacements
- Effective investment in employee development
- Competencies for selecting and evaluating performance

The research revealed that the infrastructure of Human Resource system & processes for the failed organizations was typically an incoherent mosaic of unconnected, incomplete & missing assessment in planning of development tool & methods. This explains that the core elements of Human Resource Management like performance appraisal, assessment of potential , carrier planning, compensation & selection were unlinked & largely irreconcilable.

DEFINITION OF TALENT MANAGEMENT

“**Talent management** is the systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organization, either in view of their ‘high potential’ for the future or because they are fulfilling business/operation-critical roles.”

“A conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organizational needs.”

“Talent management involves individual and organizational development in response to a changing and complex operating environment. It includes the creation and maintenance of a supportive, people oriented organization culture.”

LITERATURE REVIEW

According to a research study reported in the June 2005 issue of the Harvard Business Review, **“people-driven' businesses”** now a day' s become predominant. But many companies, even in people businesses, don't yet have the talent management processes in practical practice. While organizations have perfected sophisticated techniques for managing capital investments, suppliers and the production and flow of goods and services, their capabilities in managing people seriously lags in comparison to other activities.

In their article, **"The Surprising Economics of a 'People Business'"** consultants Felix Barber and Rainer Streck argue that people now become the most significant cost in many industries when they are compared with spending on capital, R&D and suppliers. In industries such as advertising, Information Technology services, financial and brokerage, engineering, telecommunications and health care, personnel represents the largest component of total spending (40 percent to 70 percent). They possess a high ratio of employee costs to capital costs and limited spending on Research & development activities.

Another category which identified is **“people-oriented' businesses”** these are those industries where spending on personnel, while not the largest component of total spending, is nonetheless significant because it exceeds capital costs. Industries in this category include airlines, hotels, software firms, restaurants, pharmaceutical and chemical companies, consumer goods and automotive. Only industries like utilities and oil spend more on capital costs than on people. The authors assert that in people and people-intensive businesses, the performance of talent drives the actual performance of the industry. And the distinct economics of people-driven businesses call not only for different business performance measures but also for the different management practices. In these businesses, where even "the slightest changes in employee productivity have a significant impact on shareholder returns, 'human resource management' is no longer a support function, but a core process for line managers."

EVOLUTION OF TALENT MANAGEMENT

In 1997, a McKinsey study coined the term: war for talent. Now in the new millennium, we find ourselves in the talent age. During the agricultural age, the economy was based on land, a truly physical and very tangible asset. The industrial age followed with a manufacturing-driven economy. Higher business performance was derived through the most effective use of factories and distribution networks.

The knowledge age moved the basis of economic value to information assets through integrated communications and computer technology. Now the competitive battlefield is for the best people because they are the true creators of value.



TALENT MANAGEMENT PROCESS

The best starting point for developing your talent management strategy is an assessment of your current strategy and operations. The Newman Group provides a proven framework for helping you better understand your talent management strategy and its effectiveness in supporting your business goals. The assessment process covers three main phases, including:

- **Discovery**—We conduct a thorough review of all aspects of your talent operations, assessing the people, processes and technology in place across talent acquisition and talent management functions. The process includes extensive research, and interviews with key

stakeholders as needed to gain a complete understanding of your talent management environment.

- **Analysis**—The Newman Group conducts a comprehensive analysis of your talent management operations, based on findings from the discovery process. We analyze our findings against your talent management plans, industry benchmarks, market conditions and your competitive landscape.
- **Recommendation**—Based on results from the discovery and analysis process, The Newman Group can identify strengths and gaps in your talent management strategy. We then provide specific recommendations in a prioritized action plan to address identified gaps in your operations and align your strategy with your business goals



RISE OF TALENT MANAGEMENT

Talent management, therefore, deals with developing workers, retaining the present and profitable talents and also grooming future leaders through leadership succession planning. The concept of Talent management process emerges & gained popularity since 1990s and continues to be adopted, as more companies come to realize that their employees' talents and skills is the key factor & drive their business towards success. Companies that have put into practice talent management have done so to solve an employee retention problem. The issue with many companies today is that their organizations put tremendous effort into attracting employees to their company, but spend little time into retaining and developing talent but Talent management, therefore, deals with developing workers, retaining the present and profitable talents and also grooming future leaders through leadership succession planning. A talent management system must be worked into the business strategy and implemented in daily processes throughout the company as a whole. It cannot be left alone associated with the human resources department to attract and retain employees, but rather must be practiced at all levels of the organization to enhance the work capability & productivity. The business strategy must include responsibilities for the line managers to develop the skills of their immediate subordinates. Divisions within the company should have an openly sharing information paradox with other departments so that the employee gain's knowledge of the overall organizational objectives. Companies that focus on developing their talent integrate plans and processes to track and manage their employee talent, including the following:

- Sourcing, attracting, recruiting of qualified candidates with competitive backgrounds
- Managing and defining their competitive salaries
- Training and development opportunities in their core areas
- Performance management processes
- Retention programs
- Promotion and transitioning of the Talent management is known as
 - HCM (Human Capital Management),
 - HRIS (HR Information Systems) or HRMS (HR Management Systems), and HR Modules.

TALENT MANAGEMENT FRAMEWORK

In Broader view there are two main strategic choices available for considering Talent Management. These can be summarized as:

1. Aligning people with roles (APR).

Here the assumption is made that, there are agreed roles and the aim is to align with these people.

2. Aligning roles with people (ARP).

This strategic arena is based on taking the people as fixed and adjusting factors in the context of the organization.

The distinction between these two strategic arenas can be made clearer by elaborating it on the specific strategies as there is a systemic interaction between these factors. We cannot solve talent issues by just focusing on one dimension i.e. “Aligning people with roles” other than this there are **four main factors** in relation to determine the performance of people in this domain.

1. Selection

2. Recruitment

3. Placement

4. Promotion

The initial aim is to recruit the right people for right designation. Placement and promotion decisions follow from this and are equally as important as recruiting for acquiring the talent that the organization wants from his employee.

- **Learning and development**

Development activity needs to link strategically with the selection decisions. For an instance it may be fully capable but people are not available in the labor market. Then the organization has to consider itself that if it will take people on who are

a) Less than capable at present but

b) Are good learners who will respond to development opportunities?

- **Promotion decisions**

There is a need to be strategic in choosing & assigning someone a new role or a new opportunity where they still need further development in order to does it well.

- **Succession planning**

Increasingly ensures that they have someone in the place that can succeed a person who leaves the organization or gets an internal promotion. At that time problem arises & such changes, except at retirement, are often unpredictable. Hence more progressive organizations recognize that they need a pool of able people who are promotable in to Leadership roles at the time of urgent need. This means investing in development and grooming of junior managers, graduates and others who can be in a position to take on more responsibility if needed. One way to characterize this approach is that- it is more of the nature of succession development than succession planning.

In contrary attempting a mechanistic process where an individual is identified as a successor to their manager, the succession development approach recognizes that organizations need the flexibility to choose from a range of options when someone leaves a post & there arouses a range of variability and people start working best due to internal competition.

For one thing where organizations have identified a successor they have been caught out when it is the nominated successor who leaves the organization first. Another factor counting against succession planning has been the tendency for discriminatory practices to occur –white male managers have been known to identify potential successors who are like them and therefore have underestimated the possibility of a woman or ethnic minority manager being able to take on the role.

ESSENTIALS OF CAREER GROWTH

- **Career guidance**

Career guidance is the mirror image of succession development. Here the focus is on the person and their career choices rather than roles that need to be filled. Many people have their welcome support in making career choices. From a development point of view it can be helpful for younger employees to see that they need to consider career choices which will enhance them for a variety of possible future roles; the world is changing too fast for people to assume that all the current senior roles will be in the future the same as they are now. This might mean people taking sideways moves rather than always looking for promotions. It can also mean people rejecting promotions if they do not see developmental opportunities in the role offered them. Aligning roles with people So far the items above indicated four different strategic arenas where the issue is to align a person with a role. Under this heading are some ways in which roles can be managed such

that they align with people and their needs. Organization design if the organization does not provide career development and other opportunities for talented individuals, they may not want to stay.

- **Role design**

Role design means more than just what is contained in a job description. The notion of role\ includes the relationships with others and is more than a list of tasks or responsibilities that might be contained in a typical job description.

- **Rewards**

Rewards may be more than financial – cafeteria approaches have become more popular. Regardless of the criteria used to determine who gets promoted, the most important factor is to communicate effectively the reasons of your decision to the employees who were not promoted.

- **Working environment**

If people are able to communicate easily with people who can support their on-the-job learning this enhances development. For instance a manager struggling with using a new piece of software may learn to solve any problems by having close by colleagues who can assist with the problem. Conversely a manager who remains isolated and has little opportunity to interact with peers might find such situations more difficult – and therefore find learning more problematic

- **Working methods**

Sometimes the actual working methods used by the organization can support or inhibit development. For instance if managers are confined to routines tasks which restrict them to working only on aspect of the problem then they are unable to learn about the totality of the work of which they are a part. How can they think innovative & out of the box activity. One most prominent reason for the interest in business process re-engineering is the desire to integrate working processes such that one person or one team could see through a whole process instead of it being fragmented across sections or departments.

IMPORTANCE OF TALENT MANAGEMENT

Like [human capital](#), talent management is gaining increased attention. Talent management (TM) brings together a number of important human resources (HR) and management initiatives. Organizations that formally decide to "manage their talent" undertake a strategic analysis of their current HR processes. This is to ensure that a coordinate, performance oriented approach is adopted. Quite often, organizations adopting a TM approach will focus on coordinating and integrating:

- **Recruitment** - ensuring the right people are attracted to the organization.
- **Retention** - developing and implementing practices that reward and support employees.
- **Employee development** - ensuring continuous informal and formal learning and development.
- **Leadership and "high potential employee" development** - specific development programs for existing and future leaders.
- **Performance management** - specific processes that nurture and support performance, including feedback/measurement.
- **Workforce planning** - planning for business and general changes, including the older workforce and current/future skills shortages.
- **Culture** - development of a positive, progressive and high performance "way of operating".

STEPS FOR CREATING TALENT MANAGEMENT SYSTEM

STEP 1

- Develop scalar for competencies & measurements
- Establish a performance appraisal definition & measurement scales
- Establish a forecast for the "TALENT POTENTIAL"
- Apply the measurement scales to each assigned job

The development of an organizational Talent Management plan requires an assessment of each employee which is based on the measures of the competency performance & potential. The core competencies are roots of skills that lead to successes of each employee & therefore to successes of organization .Some core competencies are

COMPETENCY	COMPETENCY DEFINATION
Action Oriented:	Set goals, achieve targets, overcome with obstacles, accepts responsibility, and creates a result oriented healthy environment.
Creative /Innovative:	Creates novel ideas & develop or improvise on the existing one, take risk & encourage innovations
Customer Orientation :	Listen to customers, build confidence & increases their satisfaction, ensure their feedback after ensuring the commitments made to them & responds their needs
Technical / Functional Expertise:	Demonstrate a strong technical proficiencies and knowledge in areas of expertise.
Interpersonal Skills:	Effectively and productively engages with others and establishes trust & confidence with others
Leadership:	Motivates, inspires and encourage others. Develop a culture where employee feels ownership in what they perform Focuses team members on Common goals.

STEP 2

- Create a coaching guide.
- Assemble a directory of the best training and development Programs
- Create a directory of top books that are associated with each competency.

STEP 3

- Evaluate each employee while using assessment tool

STEP 4

- Create a “bench strength” summary
- Create a form for individual talent competency development

BUILDING BLOCK OF TALENT MANAGEMENT

MODEL OF COMPETENCIES

Competency model concern making the skills transparent to avail successes to the organization. Earlier till 1970s, most organizations seek that the characteristics required for successes compromised of technical skills.

Best Model of competency consists of the aspects of emotional intelligence by the great leader “Daniel Goleman”s” basic model

SELF AWARENESS <ul style="list-style-type: none">• Self confidence• Self awareness	SOCIAL AWRENESS <ul style="list-style-type: none">• Social Responsibility• Orientation in services
SELF MANAGEMENT <ul style="list-style-type: none">• Taking initiative• Transparency among sub ordinates• Adaptive nature	RELATIONSHIP MANAGEMENT <ul style="list-style-type: none">• Conflict management• Team work Efforts• Leadership

PERFORMANCE MANAGEMENT

Initially everyone thinks why performance management is necessary..?

But this issue grows as a burning issue because this acts as the driver of business results through individual and thus they can have measurement over the activities. This indent is to develop individual and organization capability development by clarifying roles.

USING CIRCULAR FEEDBACK

The enthusiasm behind this 360 degree feedback is to have a direct & honest observation that comes from the co-workers- this includes direct reports, seniors & peer alike thus it helps in understanding the individual behavior impact. This type of approach is greatly helpful in assessment of Super keepers.

CURRENT SCENARIO OF TALENT MANAGEMENT

	The old way	The new way
Talent mindset	Having good people is one of many important performance levers	Having the right talent throughout the organization is a critical source of competitive advantage
	HR is responsible for people management including recruiting, compensation, performance reviews, and succession planning	Every manager – starting with the CEO – is responsible for attracting, developing, exciting, and retaining talented people; indeed every manager is explicitly accountable for the strength of the talent pool he/she builds
Employee Value Proposition	We expect people to pay their dues and work their way up the line before they get the top jobs and big bucks	We think of our people as volunteers and know we have to try to deliver on their dreams now if we are to keep them
	We have a strong value proposition that attracts customer.	We also have a distinctive employee value proposition that attracts and retains talented people
Recruiting	Development is training	Development happens through a series of challenging job experiences and candid, helpful coaching
	Development happens when you are fortunate enough to get a really good boss	Development is crucial to performance and retention...and it can be institutionalized
Differentiation	Differentiation undermines teamwork	We shower our top performers with opportunities and recognition. We develop and nurture mid-performers. We help our lower performers raise their game or we move them out or aside

CONCLUSION

It takes Talent to spot Talent! A blind will never be able to appreciate the colors of rainbow. Only a seasoned jeweler would know that all that glitters is not real! And, only those who can recognize the worth of a diamond can value it, for others it's just a stone! In this globalized era & competitive scenario where globalization has entailed business with neck to neck competition, companies need to benchmark with the best practices in the industry for effective retention. According to the report from *Duke's Fuqua School of Business and Booz Allen Hamilton* "India enjoys the position of having the highest access to qualified manpower at the cheapest cost. While all other major countries are facing manpower shortage, India enjoys the abundance of talented people." Finally it can be concluded that leverage of talent as a strategic differentiator aligns people strategy with the business strategy. We should design a step by step building to design and implement scalable processes to acquire talent globally & develop it so that it offers its best values.

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Managing Innovation and Talent in Highly Competitive Global Business Human Resource Accounting

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ABSTRACT

Introduction

This paper highlights concept of Human Resource Accounting which not only involves measurement of all the costs/investments associated with the recruitment, placement, training and development of employees, but also the quantification of the economic value of the people in an organisation. Purpose of the study: The researcher has tried to study the concept of Human Resource Accounting and its impact on highly competitive global business. Objectives: To study the concept of Human Resource Accounting & to study the impact of Human Resource Accounting and its impact on highly competitive global business. Limitation: The research is based on secondary data which is collected from books, journals and websites. Review of Literature, Research Methodology: The researcher has used analytical research. In analytical research the facts or information already available is analyzed and critically evaluated. Result and Discussions, Conclusion: Basically, HRA is a management tool which is designed to assist senior management in understanding the long term cost and benefit implications of their HR decisions so that better business decisions can be taken. If such accounting is not done, then the management runs the risk of taking decisions that may improve profits in the short run but may also have severe repercussions in future.

Key words - Innovation, Talent, Global Business, Human Resource, Accounting.

Introduction

The past few decades have witnessed a global transition from manufacturing to service based economies. The fundamental difference between the two lies in the very nature of their assets. In the former, the physical assets like plant, machinery, material etc. are of utmost importance. In contrast, in the latter, knowledge and attitudes of the employees assume greater significance. For instance, in the case of an IT firm, the value of its physical assets is negligible when compared with the value of the knowledge and skills of its personnel. Similarly, in hospitals,

academic institutions, consulting firms etc., the total worth of the organisation depends mainly on the skills of its employees and the services they render.

Hence, the success of these organizations is contingent on the quality of their Human Resource- its knowledge, skills, competence, motivation and understanding of the organizational culture. In knowledge –driven economies therefore, it is imperative that the humans be recognised as an integral part of the total worth of an organisation. However, in order to estimate and project the worth of the human capital, it is necessary that some method of quantifying the worth of the knowledge, motivation, skills, and contribution of the human element as well as that of the organisational processes, like recruitment, selection, training etc., which are used to build and support these human aspects, is developed.

Human resource accounting (HRA) denotes just this process of quantification/measurement of the Human Resource. Human Resource Accounting not only involves measurement of all the costs/investments associated with the recruitment, placement, training and development of employees, but also the quantification of the economic value of the people in an organisation.

Review of Literature

The American Accounting Association's Committee on Human Resource Accounting, 1973, has depicted Human Resource Accounting as “the process of identifying and measuring data about human resources and communicating this information to interested parties”. HRA, thus, not only involves measurement of all the costs/ investments associated with the recruitment, placement, training and development of employees, but also the quantification of the economic value of the people in an organisation.

Flamholtz, 2000, according to him HRA is “the measurement and reporting of the cost and value of people in organizational resources.” The value of an individual is the present worth of the services that he is likely to render to the organisation in future. As an individual moves from one position to another, at the same level or at different levels, the profile of the services provided by him is likely to change. The present cumulative value of all the possible services that may be rendered by him during his/her association with the organisation, is the value of the individual.

Likert, 2001, According to him, HRA serves the following purposes in an organisation: It furnishes cost/value information for making management decisions about acquiring, allocating, developing, and maintaining human resources in order to attain cost-effectiveness; It allows management personnel to monitor effectively the use of human resources; It provides a sound and effective basis of human asset control, that is, whether the asset is appreciated, depleted or conserved; It helps in the development of management principles by classifying the financial consequences of various practices.

Hekimian and Jones, 2003, In the Competitive Bidding Model method an internal market for labour is developed and the value of the employees is determined by the managers. Managers bid against each other for human resources already available within the organisation. The highest bidder ‘wins’ the resource. There is no criteria on which the bids are based. Rather, the managers rely only on their judgement.

Prabhakara Rao, 2007, As pointed out by him under the Lev, Schwartz model, the value of human resources will be more or less increasing, even if the organisations continuously incur losses/decrease in profitability. The attitude and morale of the employees, the contribution of the employees to the organisation, and such other factors are out of the purview of the Lev, Schwartz model.

Mohandas Pai, 2009, The chief finance officer at Infosys, said in a statement that "Real assets will not appreciate much as businesses get commoditized. Innovation and intellectual power are going to be the key to the future." this illustrate that human resource is key to organization success add should receive equal attention just like other fixed asset. Where organization lacks quality manpower to utilize the fixed asset no value will be derived from such asset which indicate the importance of human asset.

Key words - Innovation, Talent, Global Business, Human Resource, Accounting
Innovation

The process of translating an idea or invention into a good or service that creates value or for which customers will pay.

Talent

Talent is a special natural ability or aptitude.

Global Business

A business that has offices all over the world; does business in many different countries.

Human Resource

The resource that resides in the knowledge, skills, and motivation of people. Human resource is the least mobile of the four factors of production, and (under right conditions) it improves with age and experience, which no other resource can do.

Accounting

The systematic recording, reporting and analysis of financial transactions of a business.

Purpose of the study

The researcher has tried to study the concept of Human Resource Accounting and its impact on highly competitive global business.

Objectives

- To study the concept of Human Resource Accounting.
- To study the impact of Human Resource Accounting and its impact on highly competitive global business.

Research Methodology

The researcher has used analytical research. In analytical research the facts or information already available is analyzed and critically evaluated.

Limitation

The research is based on secondary data which is collected from books, journals and websites.

Analysis and Interpretation

Human resource Accounting is the process of identifying and reporting the Investments made in the Human Resources of an Organisation that are presently not accounted for in the conventional accounting practices. In simple terms, it is an extension of the Accounting Principles of matching the costs and revenues and of organising data to communicate relevant information in The Quantification of the value of Human Resources helps the management to cope up with the changes in its quantum and quality so that equilibrium can be achieved in between the required resources and the Human Resource Accounting provides useful information to the management, financial analysts and employees as stated below:-

1. Human Resource Accounting helps the management in Employment and utilisation of Human Resources.
2. It helps in deciding transfers, promotion, training and retrenchment of human resources
3. It provides a basis for the planning of physical assets of human resources
4. It helps in evaluating the expenditure incurred for imparting further education and training of employees in terms of the benefits derived by the firm.
5. It helps to identify the causes of high labour turnover at various levels and taking preventive measures to contain it.
6. It helps in locating the real cause for low return on investment, like improper or under-utilisation of physical assets or human resources or both
7. It helps in understanding and assessing the inner strength of an organisation and helps the management to steer the company well through the most averse and unfavourable circumstances.
8. It provides valuable information for persons interested in making long term investments in the firm.
9. It helps the employees in improving their performance and bargaining power. It makes each employee understand his contribution towards the betterment of the firm vis-a-vis the expenditure incurred by the firm on him.

Objectives of Human Resource Accounting

The aim of Human Resource Accounting is to depict the **potential of employees in monetary terms**. This concept can be examined in two directions as follows

1. Cost of Human Resources

The expenditure incurred for recruiting, staffing, and training the quality of employees

2. Value of Human Resources

The yield which the above investment can yield in future

Human Resource Accounting in Highly Competitive Global Business

The 21st century has been referred to as the century of service sector. All major expansion scope seems to be happening in service sector and the scope of manufacturing sector is minimal.

People in the business world today cite human resources as the common greatest asset. However employee value is rarely reported on the financial statements. This may have resulted from capitalist system that tends to glorify capital resources with a lukewarm emphasis on human resources. For this reason management of business enterprises have been rewarded on the basis of their utilization of capital asset without reference to value of workers. In fact business valuation has been a manifestation of this system. The common measurement of return that are used to value business include return on investment, return on asset or return on capital. In these cases there is no reference to the value of human resources.

In service based economies it is important for employee to be recognized as part of the total worth of a firm. In estimating the worth of human capital it is vital to employ some method of quantifying human knowledge, skills, motivation and contribution of human aspect in organization process. Human resource accounting represents this process of measuring or quantifying human resource.

For any company operating under manufacturing sector its core assets are its machinery and fixed assets but the company operating in service sector, its core assets are its employees which are its intangible assets. For a service sector company, the value of employees gains importance as earnings and the profitability is linked to the value added to the workforce.

The concept of Human Resource Accounting was established primarily for the service sector has now started gaining so much relevance the companies in all sectors have applying Human Resource Accounting and good weightage is being given to these reports when making any company analysis.

Limitations of Human Resource Accounting

Human Resource Accounting is the accounting methods, systems, and techniques, which coupled with special knowledge and ability, assist personnel management in the valuation of personnel in their knowledge, ability and motivation in the same organisation as well as from organisation to organisation. It means that some employees become a liability instead of becoming a human resource. Human Resource Accounting facilitates decision making about the personnel i.e. either to keep or to dispense with their services or to provide training. There are many limitations which make the management reluctant to introduce Human Resource Accounting. Some of the Attributes are

1. There is no proper clear cut and specific procedure or guidelines for finding costs and value of human resources of an organisation. The systems which are being adopted have certain drawbacks.
2. The period of existence of Human Resource is uncertain and hence valuing them under uncertainty in future seems to be unrealistic.
3. The much needed empirical evidence is yet to be found to support the hypothesis that Human Resource Accounting as a tool of management facilitates better and effective management of human Resources.
4. As human resources are incapable of being owned, retained, and utilised, unlike the physical assets, there is a problem for the management to treat them as assets in the strict sense.
5. There is a constant fear of opposition from the trade unions as placing a value on employees would make them claim rewards and compensations based on such valuations.
6. In spite of all its significance and necessity, the Tax Laws don't recognise human beings as assets.
7. There is no universally accepted method of the valuation of Human Resources.

Conclusion

During the past decade, the concept of Human Resource Accounting has been tuned to the requirements of a knowledge economy by focusing on such intangible assets as intellectual capital, relationship capital, etc. much of the potential for developing human resource accounting capability and gaining its advantage depends upon the availability of and accessibility to the required data. In those organisations, where the data is not readily available or routinely maintained, the first step towards Human Resource Accounting will have to be Human Resource information system.

Basically, Human Resource Accounting is a management tool which is designed to assist senior management in understanding the long term cost and benefit implications of their HR decisions so that better business decisions can be taken. If such accounting is not done, then the

management runs the risk of taking decisions that may improve profits in the short run but may also have severe repercussions in future.

Human resource accounting provides quantitative information about the value of human resource, which helps the top management to take decisions regarding the adequacy of human resources. Based on these insights, further steps for recruitment and selection of personnel are taken. Outside the organization, quantitative data on the most valuable asset has an impact on the decision of investors, clients, and potential staff of the company. When proper valuation and accounting of human resources is not done then management may not be able to recognize the negative effects of certain programs, which are aimed at improving profit in the short run. If not recognized on time this programs could lead to fall in productivity levels, high turnover rate and low morale of existing employees

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Career Management through Interview techniques & Discussions

(In Context with Prothious Engineering Services)

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Objectives of the study:

- The primary objective of the study was to understand how the process of Career Management is implemented in the industry
- To get full-fledged knowledge on the topic “Career Management through interview techniques and discussions” and how it is practiced in Prothious Engineering Services.
- To know how interviews and discussions play a vital role in planning the careers of the employees

Study Conducted in Prothious Engineering Services:

Prothious is one of the largest and fastest-growing engineering, architecture and construction services companies in the world. With over 1,500 highly qualified engineers and architects, they provide engineering, design, detailing and shop drawings, drafting, estimating, scheduling, project management, construction management and 3D BIM modeling services.

Company’s clients include a wide range of Material Fabricators and Suppliers, Contractors and Builders, Design-Build Firms, Consulting Engineers, EPC and Design Firms, Architects and Owners/Operators across six continents.

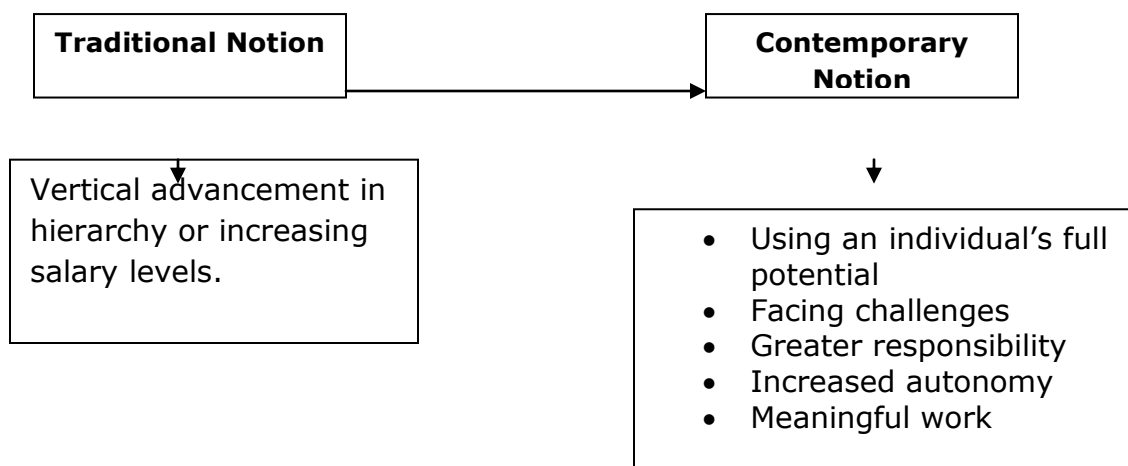
Introduction to the topic:

Career

The term career has been used to connote several different meanings. In day-to-day usage, career is used to refer to the choice of profession or vertical advancement in the organization. A career refers to the series of work – related positions occupied by an individual throughout life and the associated activities, behaviors, attitudes, values and aspirations. A job, on the other hand, refers to the grouping of tasks, duties and responsibilities that is assigned to individual as part of work at a particular point of time. This grouping may change over time and hence jobs assigned to individuals may also change. The sequence of jobs that an employee performs during the span of work life, not necessarily with the same company, may constitute his/her career. However, an individual's career does not consist of an unrelated sequence of jobs. Rather, the concept refers to a visible progression through objectively defined stages or steps.

Today, the definition of career itself has undergone a change. 'Career success' is no longer measured in terms of vertical advancement in the hierarchy or increasing salary levels. It is now characterized by the achievement of one's full potential and the ability to face challenges and assume greater responsibility, along with increased autonomy. More than salary and security, individuals today look for interesting and meaningful work. Though career success may be objectively measured in terms of promotions, it may also be defined in terms of satisfaction. The socially acceptable connotation of what constitutes career success may depend on how an individual defines personal career success.

Changing Notions of Career Success



(Ref: SHRM – Michael Armstrong)

Career Management:

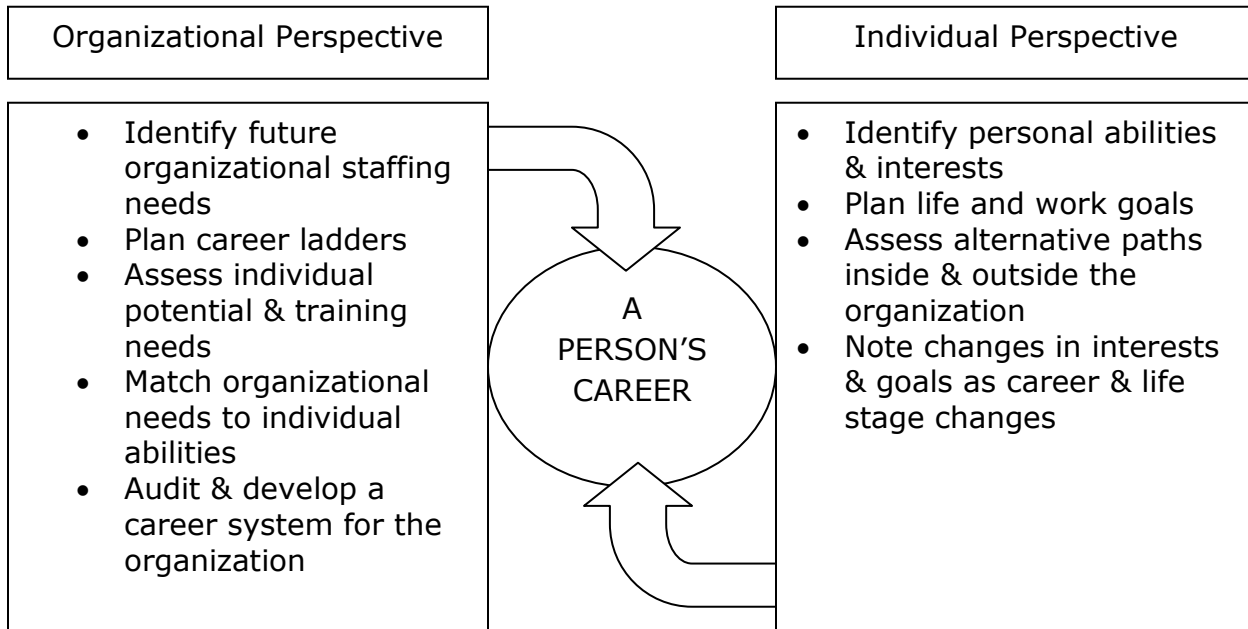
“Career management is an ongoing process of preparing, implementing and monitoring career plans undertaken by the individual alone or in concern with the organization”

Objectives of Career Management:

Career management seeks to achieve following aims:

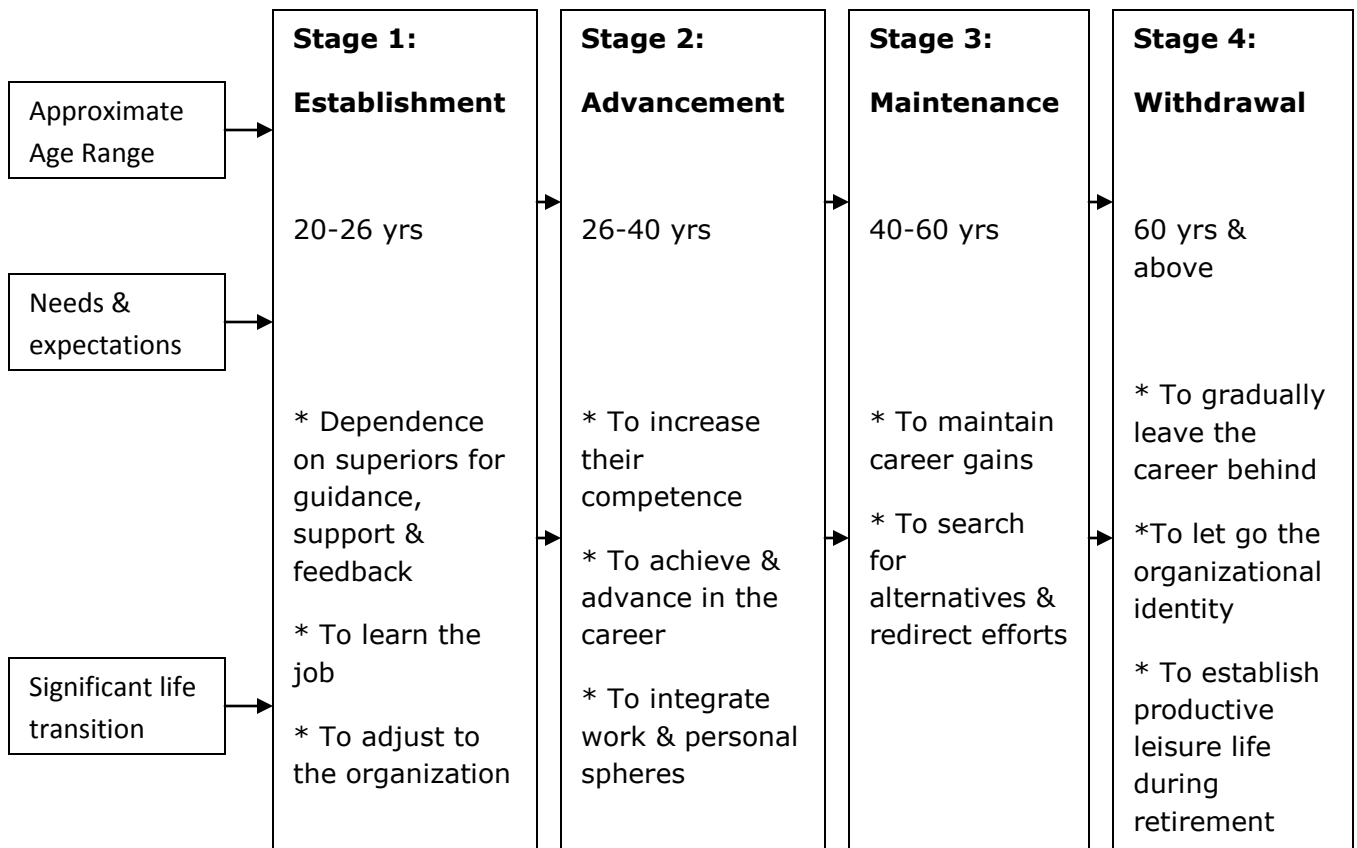
- To attract and retain the right type of persons in the organization
- To map out career of employees suitable to their ability and their willingness to be trained and developed for higher positions
- To ensure better of human resources through more satisfied and productive employees
- To have a stable workforce by reducing employee turnover and absenteeism
- To increasingly utilize the managerial talent available at all levels within the organization
- To improve employee morale and motivation by matching skills to job requirements and by providing opportunities for promotion
- To ensure that promising persons get experiences that will equip them to reach responsibility for which they are able
- To provide guidance and encouragement employees need to fulfill their potential

Organizational and Individual Career Planning Perspectives



(Ref: The Career Management Challenge: Peter Herriot)

Career Stages of an employee



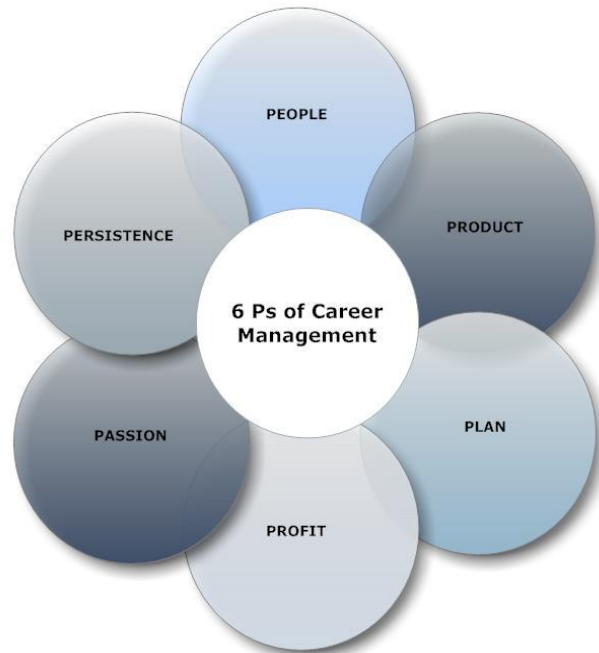
(Ref: A Handbook on HRM – Michael Armstrong)

Characteristics of a Comprehensive Career Management System

- Involvement of HR professional in design & implementation of the system
- Involvement of the managers by serving as mentors, facilitating self-assessment, etc.
- Career planning & development should reflect the culture of the organization
- Involvement of senior management in strategic decisions relating to career planning programme
- Involvement of HR professional in design & implementation of the system
- Data from career management should be used for other HR systems

- Understand what other firms accomplished through their career planning

P's of Career Management



Career Management by way of interviews and discussions

‘Interviews’ and ‘Discussions’ are the best means of knowing the employees point of views, Career Management can be done in a systematic way if proper interviews and discussions are conducted.

An interview can be described as a conversation with a purpose. A conversation because candidates should be induced to talk freely with their interviewers about themselves, their experience and their careers. But the conversation has to be planned, directed and controlled to achieve the main purpose of the interview.

Essential skills for conducting interviews and discussions:

The key interviewing skills are listed below:

- **Establishing Rapport:**
Establishing rapport means establishing a good relationship with candidates/ employees – getting on their wavelength, putting them at ease, encouraging them to respond and generally being friendly. If the rapport is achieved, it is likely to get them to talk freely about various aspects.

- **Listening:**
If an interview is a conversation with a purpose, as it should be, listening skills are important. Just hearing is not important, but understanding is required, so that once the playback is given to that employee, it will ensure that we have fully comprehended the messages they are delivering.
- **Maintaining continuity:**
The questions being asked should be linked with the answers, so that the interview progresses logically and a cumulative set of data is built up.
- **Keeping control:**
While preparing for the interview, an agenda should be drawn and one should stick to it, this is to be done so that the employees/ candidates should not speak more than required. It is necessary to focus on specifics.
- **Note taking:**
It is not possible to remember each and everything that the employee speaks; it is useful to take notes of the key points.

The Manager's Role:

The manager plays a very vital role to do so. The manager should talk to the employees:

- Regularly
- Realistically
- Meaningfully
- With empathy for all
- Giving every opportunity for formal meetings
- Honesty, particularly when giving feedback

The person responsible for conducting an interview or a discussion has to take care of all the physical aspects such as seating arrangement, privacy, etc.

The interview should be well planned and structured and the issue to be discussed should be clear enough.

The opinions/ suggestions of the employees should be noted.

Avoid all the barriers in communication while conducting an interview or a discussion.

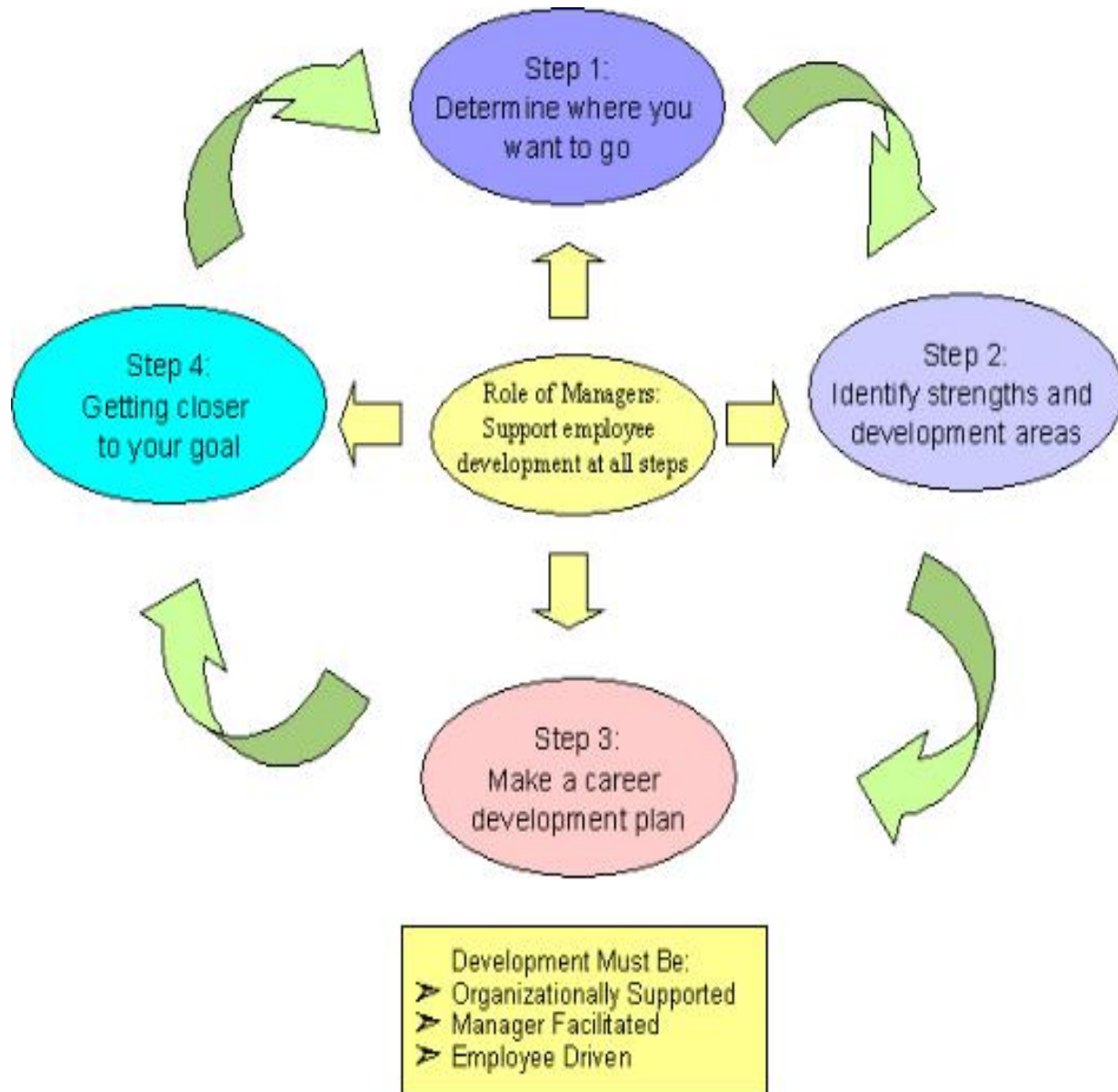
Analyze the behavior of the person by modifying own behavior. Consequently, the behaviors we will exhibit will follow a pattern of:

1. Giving information – setting the scene for the interaction
2. Seeking information – the information he/ she has, his/ her opinions, views, etc.
3. Responding – giving the desired information
4. Seeking ideas – asking for remedy for the situation and looking for a proposal

5. Suggesting or building – proposing a remedy if not given by the employee

6. Disagree with reasons – ensure that you support employee's ideas or else disagree with genuine reasons

Role of Manager:



2.9.3 Role of Employees:



Interviews and Discussions in Action

The Counseling Interview:

Counseling of the staff may take two basic forms – work related or personally based. In this type of an interview the aim is to encourage the interviewee to express the problem as widely and as openly as possible. To discuss and agree possible solutions with the interviewee.

Selection, Promotion and Exit Interviews:

The person's entire profile is to be considered while conducting selection, promotion or exit interview for any of the employee. Proper planning is to be done for such an interview so that the motto of the interview is attained. The interviewer's behavior, in such type of interview has to include:

- A lot of listening
- A lot of probing by way of open questions
- A lot of reflecting to encourage continued expression
- Little personal talking except when essential
- Little or no disagreeing (even with reasons) and certainly
- No interrupting or attacking, whatever be provocation.

The Appraisal Interview:

The base of this type of interview is performance review and future development plans for the employee. The objectives of the interview should be very clear and an action plan is to be prepared for the employee after the conduction of the interview.

The Discipline Interview:

Discipline interview is conducted as a part of disciplinary process, if any employee commits misconduct. The objectives for such an interview must be as follows:

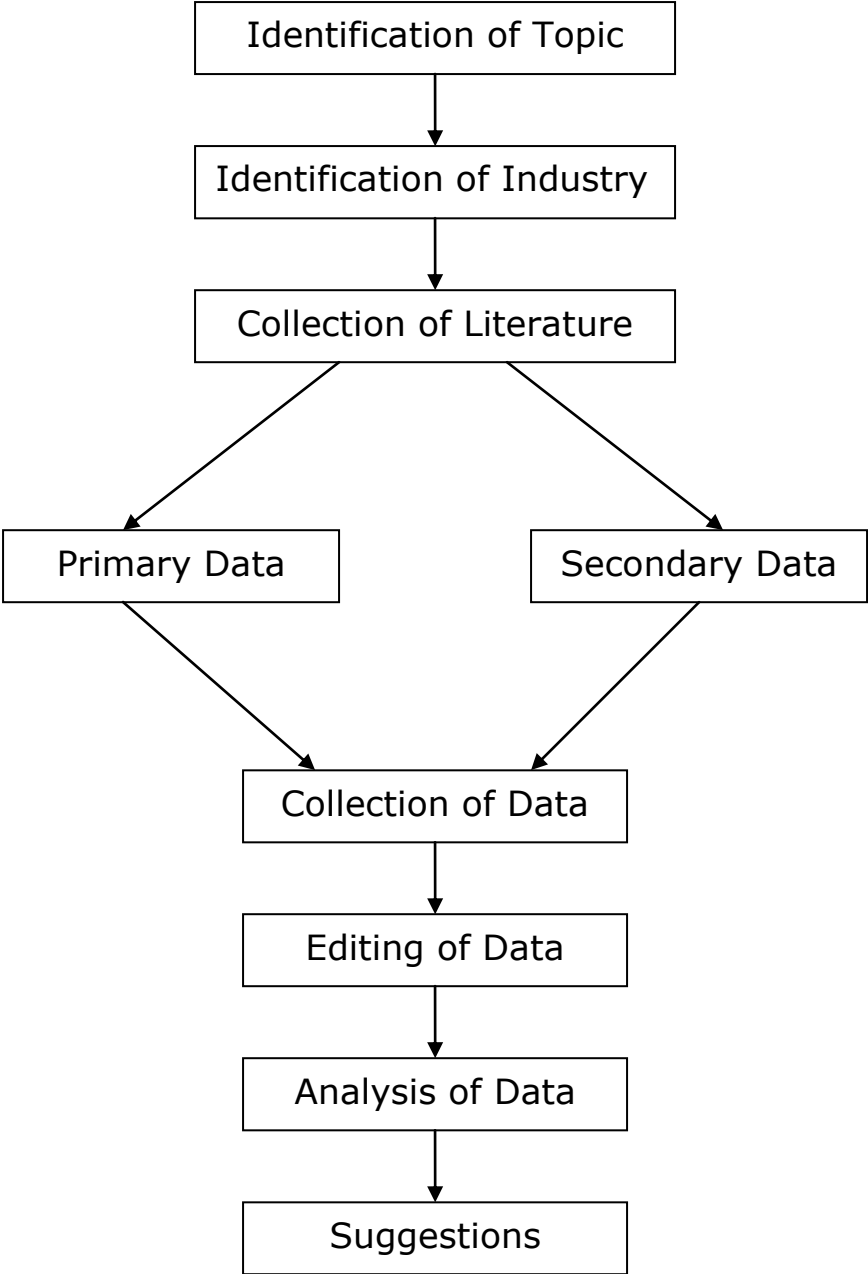
- To comment on the occurrence of the event
- To determine why it occurred
- To prevent a recurrence by that individual
- To ensure development of the individual and therefore
- To give the individual the opportunity to improve

The Grievance Interview:

Grievance interviews often have the same effect on managers as discipline interviews. Not because they are similar, infact they are poles apart, but because they are regarded as difficult events, which can produce conflict between the interviewer and the interviewee. The objectives of this interview are:

- To listen to and understand the nature of the grievance
- To take action to resolve the grievance
- To ensure that the circumstances producing the grievance cannot be repeated
- To assist the person with a grievance to follow any other procedures necessary.

Research Methodology:



Method of Data Collection:

The information collected for the study is known as data. The data should be:

- Suitable
- Adequate
- Reliable

The task of Data collection begins when the topic of the project & the company in which the project is to be done, are finalized. The data collected is classified as primary data & secondary data.

Primary data:

Primary data is the information which is collected afresh or for the first time & thus happens to be original in character. The following sources are used for collecting this type of data:

- Observation Method
- Questionnaires/ surveys
- Interviews & Discussions with: HR Manager, HR department people & the employees.

Secondary Data:

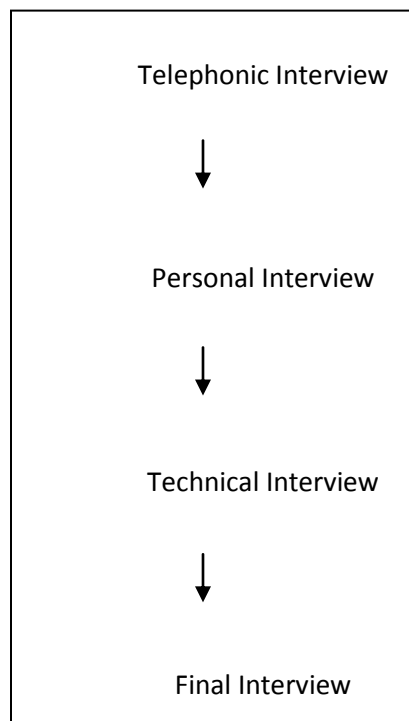
This includes information already collected by somebody else and which has been passed through the statistical process. The following sources are used for collecting this type of data:

- Books
- Magazines
- Journals
- Websites

CASE STUDIES

1. Selection Interview:

The people applying for the post of 'draftsman' and 'detailer' were interviewed. Three sets of papers are prepared to test the candidates' aptitude well in advance. Once the applicant faces the telephonic interview and solves the paper, along with the paper the person has to fill the Employee Data Form attached with the paper, the series of interview starts:



The Personal Interview (HR interview) is a preliminary interview in which the HR people tell the candidate about the company and the bond which is compulsory for the interested employee.

Then the candidate has to face the technical interview, generally conducted by the project manager. By the time the candidate faces the technical interview, the paper is checked by the HR department.

If the person scores well in the paper and is through with the technical interview, then he/she faces the final interview. In the final interview, the candidate's salary and date of joining are discussed.

2. Offer and Acceptance:

There is a discussion between the HR people and the new employee at the time of offer and acceptance of the job. As there are many doubts in the minds of the new employees as they are unaware about the work culture in the organization, it is the duty of HR department to understand their point of view and make them feel comfortable by way of regular interactions.

The HR person has to explain every clause mentioned in the offer letter to the employee so that there is no misconception regarding the job. All the HR policies and procedures are explained to the employee.

3. Salary Administration:

The HR people should be able to explain the distribution of salary to the employee, if the person asks for. The HR department is answerable to every deduction made in the salary. It is essential to calculate the salary day wise under various heads- like Basic Pay, HRA, and conveyance, etc. so that calculating deductions for LWP (Leave Without Pay) becomes easier.

The employee is given various other earnings apart from the Basic Pay, like HRA which is 35% of the basic pay (for Nashik, and for metro cities it is 50%) Conveyance is given maximum of Rs.800 and Education Allowance of maximum Rs. 200. Traveling Allowance is paid separately, which is not included in salary distribution. Bonus is distributed at the minimum rate of 8.33% and the company can increase it up to 10.30%.

Statutory Deduction are made as per rates fixed, like Provident Fund, 12% of basic salary of employee, and 13.5% is employer's share. Professional tax is deducted Rs. 200 per month and Rs. 300 for the month of February, i.e. in all Rs. 25,000 in a year. ESIC is deducted on gross payment, the rate is 1.75% from employee's salary and 4.75% is employer's share.

If any employee has any query regarding his/her salary distribution, then he/she can discuss with the HR department.

4. Shifts, late coming & leaves

The in time and out time of 5 employees working in Prothious Engineering Services was examined for 1 month, out of which 3 employees work in the general shift and 2 of them in first shift.

There are three standard shifts, which start on 7.30 am, 9.30 am and 3.30 pm, respectively. Additional two shifts are also there which start at 11 am and 4.30 pm. The employees are supposed to reach on time every day (5 minutes early to the office daily) as per their shifts. Grace time of 15 minutes is given to the employees but it should not be the case daily. If the employee forgets the punch card then he/she has to fill the small form and get it signed by his/her project manager.

The employee has to update his/her leave card as and when he/she wants a leave. If the leave card is not filled, the employee is marked as absent on the day on which he/she went opted for a leave.

5. Employee Satisfaction Survey

An employee satisfaction survey was conducted out of which 5 questionnaires were analyzed. The questionnaire was helpful in getting employees' views on the aspects such as Job satisfaction, working conditions, management style, etc.

After the survey, the common problems (views) of the maximum employees are jotted down and a discussion is held, keeping in concern all those points. The employees are convinced that their views are of importance to the company and the department will see to it that the things turn to be the way they want, if it is practicable or else make the employees understand that what they are expecting is not possible at present, probably the company shall try providing in the near future.

6. Performance Appraisal

Every employee has to fill the self appraisal form through software installed in the company office. There are four sections in the form which are further divided on various parameters. After the employee fills the form it is to be completed by the immediate superior in the company. This form is reviewed by the person in charge. But before the review there is discussion between the employee and the superior on various parameters.

One of the cases was studied, wherein the employee has completed the degree in engineering and wants to move one most higher in the hierarchy. In this case the project manager is interviewed to know whether the employee should be promoted or not.

7. One-to-one Counseling

One-to-one sessions are general discussions with employees one by one so that the employees feel free to share what ever they want to, regarding their work and the company. It the best means of handling grievances. There is a misconception that one-to-one sessions are only for grievance handling, which is not true, it is not that all employees have grievances, but there may be many other things which they would like to share but were unable to find a platform to do so.

In all 9 sessions were attended out of which 3 were females employees and remaining 6 were male employees. All the people had different opinions and views regarding their work and the benefits that they received, and the HR person has to behave in totally different manner with every employee as there are different ways of handling different people, the HR person should also know the local language along with English and Hindi, so that he/she can communicate well with every employee.

8. Separation

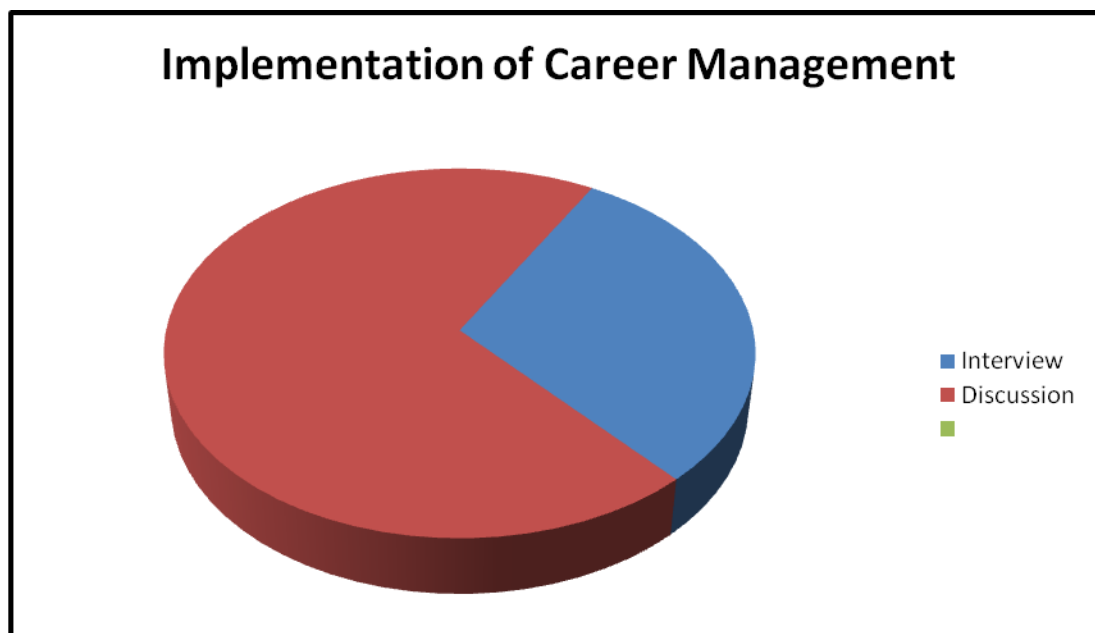
‘Resignation’ is the most common means of separation in Prothious Engineering Services. Various cases of resignation were studied; there are number of formalities to be completed during the separation of the employee. A written notice is sent to the person remaining absent without any prior intimation. If the person surrenders the I Card and the Health card then the resignation is acceptable with the resignation letter given by the employee 1 month before resigning, to the department head. If any person has to resign with less than 1 month prior intimation, then he/ she needs to forfeit his/ her 1 month’s gross salary in lieu of short notice.

DATA PRESENTATION & INTERPRETATION

1. Implementation of Career management through interviews and discussions.

Every company finds out different ways in which Career Management Function of HR department can be implemented, Prothious Engineering Services has two ways by which they can obtain information to plan an employee's career, viz. Interviews and Discussions.

Interviews	Discussions
30%	70%



(Ref. discussion with HR Manager)

Interpretation:

The HR department of the company feels that Career Management is a continuous process, so it doesn't mean that once the employee is interviewed, his/her career is planned, discussions are very much required for understanding the employees better. So, as per the views of HR department, discussions are given more importance and they form a firm base for managing employee's career. The word 'interview' itself leads to fear in employees whereas discussions are more convenient for employees to give their genuine opinions.

2. Role of an Interview during Mobility of Employees

Career Mobility of employees is categorized in two sections, namely: Internal Mobility (promotion, demotion, transfer, etc.) & External Mobility (recruitment, separation by way of resignation/ exit interviews, etc.)

Internal Mobility	External Mobility
30	70



(Ref. Q2 of questionnaire)

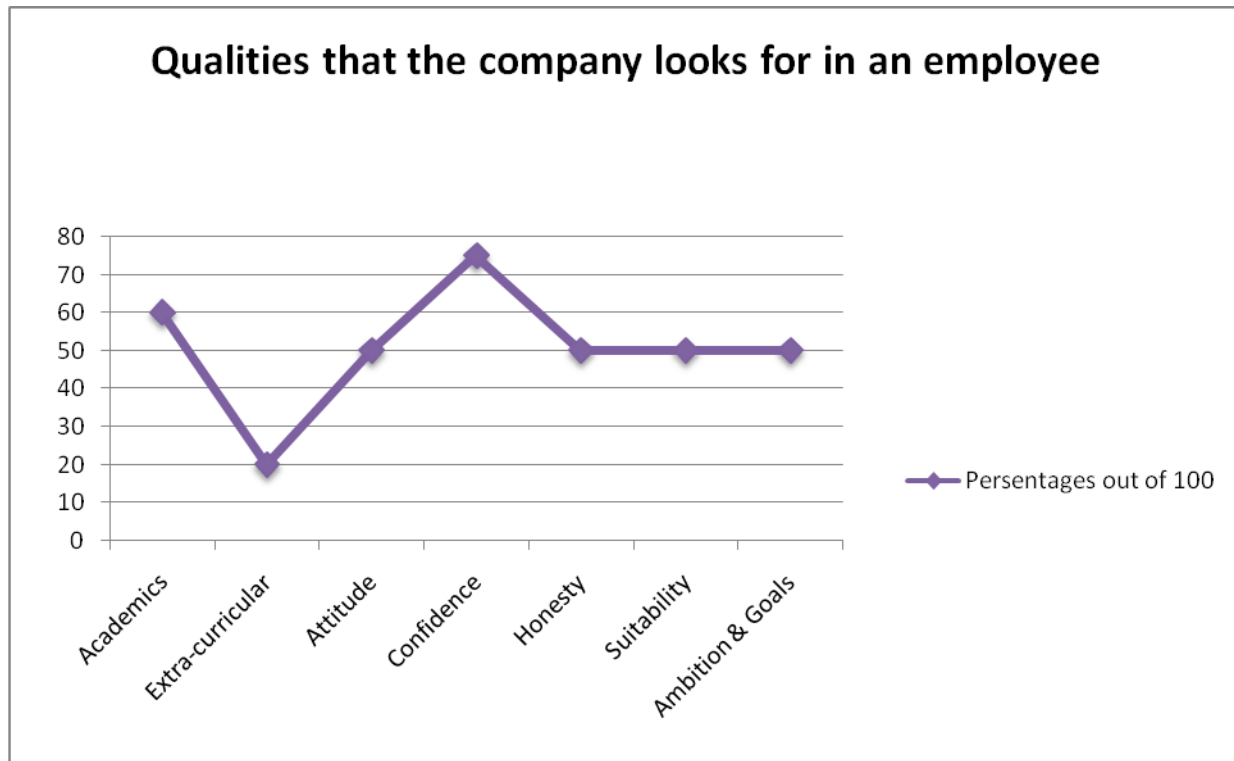
Interpretation:

As per the HR people, interviews play a vital role during external mobility of employees that is, either new employees join the organization, or the older ones leave it. Interviews are no doubt important during the internal mobility of the employees also, but comparatively it is lesser important.

3. Qualities that the company looks for in an employee apart from their practical knowledge

The company believes that various other qualities are to be judged in an employee during an interview other than their practical knowledge.

Fields to be judged	Percentages out of 100
Academics	60
Extra-curricular	20
Attitude	50
Confidence	75
Honesty	50
Suitability	50
Ambition & Goals	50



(Ref: Q3 of questionnaire)

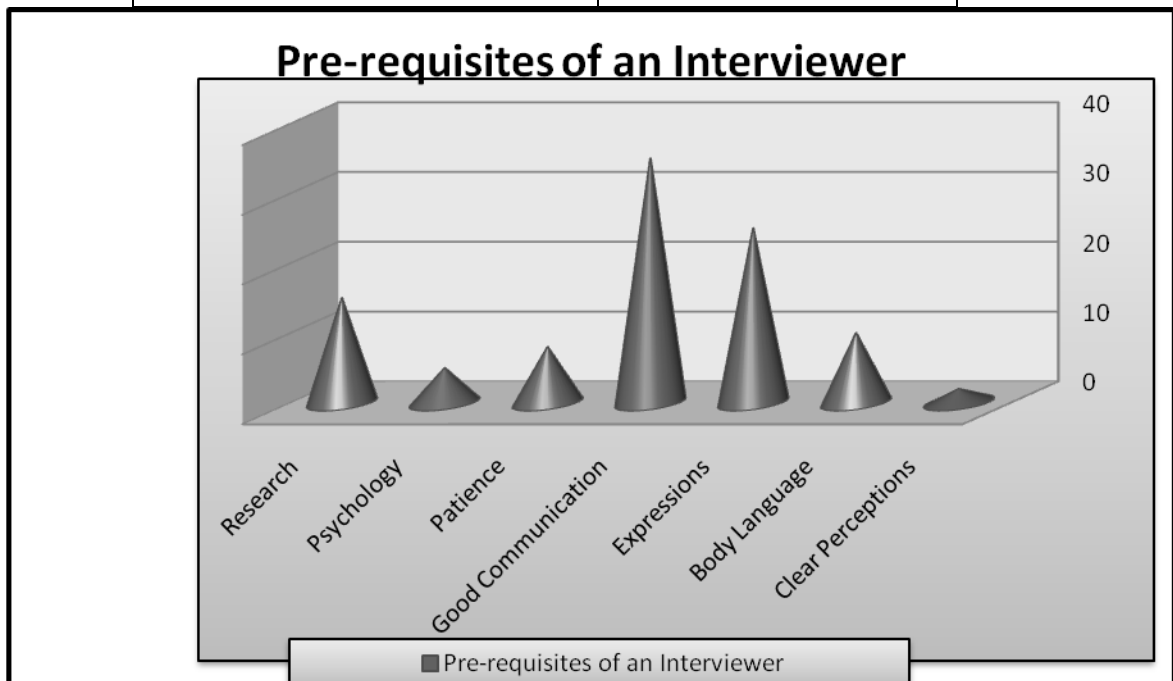
Interpretation:

Priority is given to qualities such as confidence of the employee and attitude towards his/her work. But, even fields like honesty of the employee towards the superiors, his/her suitability are also important.

4. Pre-requisites of an Interviewer

Interviewing a person is a tough job to do and there are many qualities essential to be a good interviewer and get maximum in that particular interview timing, from the candidate.

Pre-requisites	Importance (%)
Research	15
Psychology	5
Patience	8
Good Communication	35
Expressions	25
Body Language	10
Clear Perceptions	2



(Ref: Q4 of questionnaire)

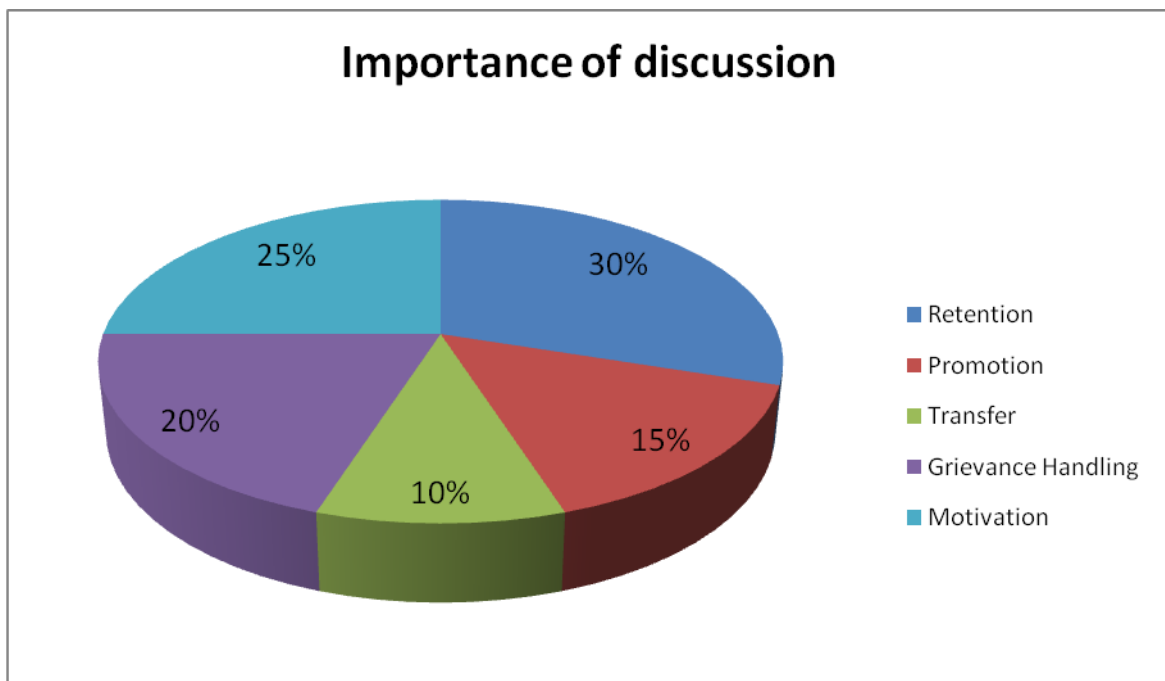
Interpretation:

The interviewer should have a good command over the language and flawless communication, the person should also be very expressive and should be well versed with the requirements of the company and the candidate and this is possible only through research. All these qualities, followed by patience and clear perceptions are very important.

5. Importance of discussions with employees

Discussions with employees play a very important role when it comes to retaining, promoting or transferring employees.

Discussion is helpful for:	Importance (%)
Retention	30
Promotion	15
Transfer	10
Grievance Handling	20
Motivation	25



(Ref: Discussion with HR manager)

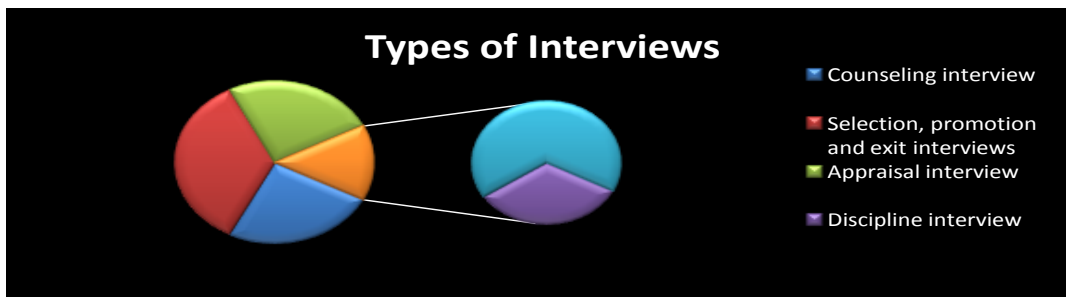
Interpretation:

Discussion is very important for retaining employees, it is then important for promotion of employees and also transferring them, the company also feels that discussions are of lot of use for handling grievances and motivating employees to do better work.

6. Different types of Interviews conducted in Prothious Engineering Services

There is often a misconception that interview is conducted only while selecting the employee, which is not the case, interview is conducted for various other attributes also.

Types of interview		(%) as per priority
Counseling interview		25
Selection, promotion and exit interviews		35
Appraisal interview		25
Methods used	Priority (%)	
Career planning workshops	5	
Self- development materials	15	
Assessment programmes	5	
Communication	45	
Counseling	30	
Discipline interview		5
Grievance interview		10



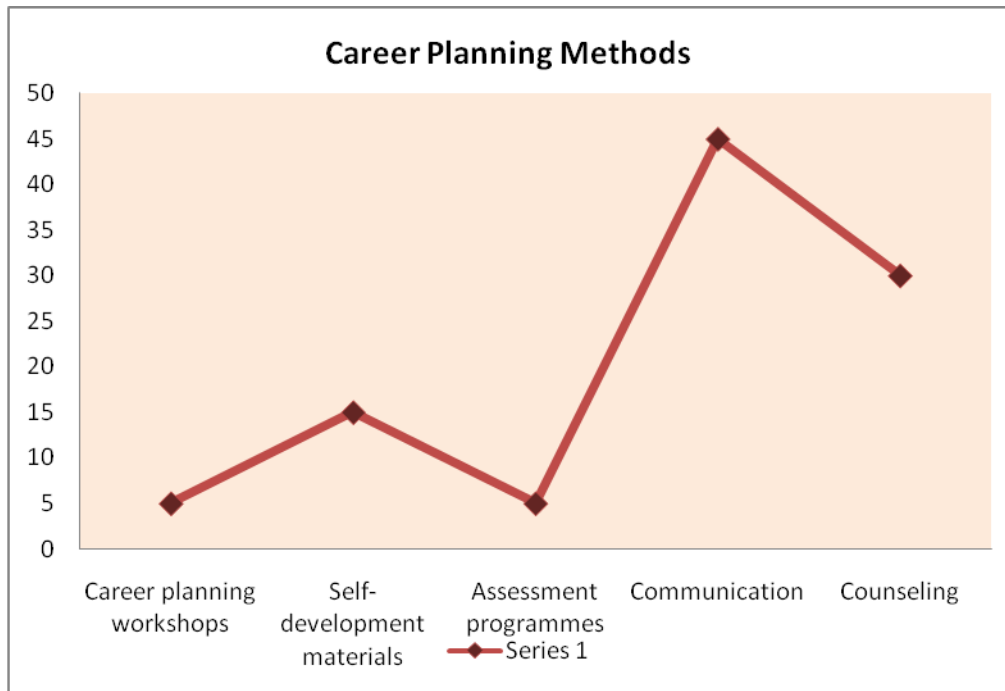
(Ref: Observation)

Interpretation:

Though maximum attention given to the Selection, promotion and exit interviews, Counseling interviews are conducted frequently, appraisal interviews are also conducted after the employees fill the annual appraisal forms, discipline interviews are held when there is any misconduct by any of the employees.

7. Career Planning Methods used by the company

Various methods are used for career planning of employees out of whom few are used in Prothious Engineering Services.

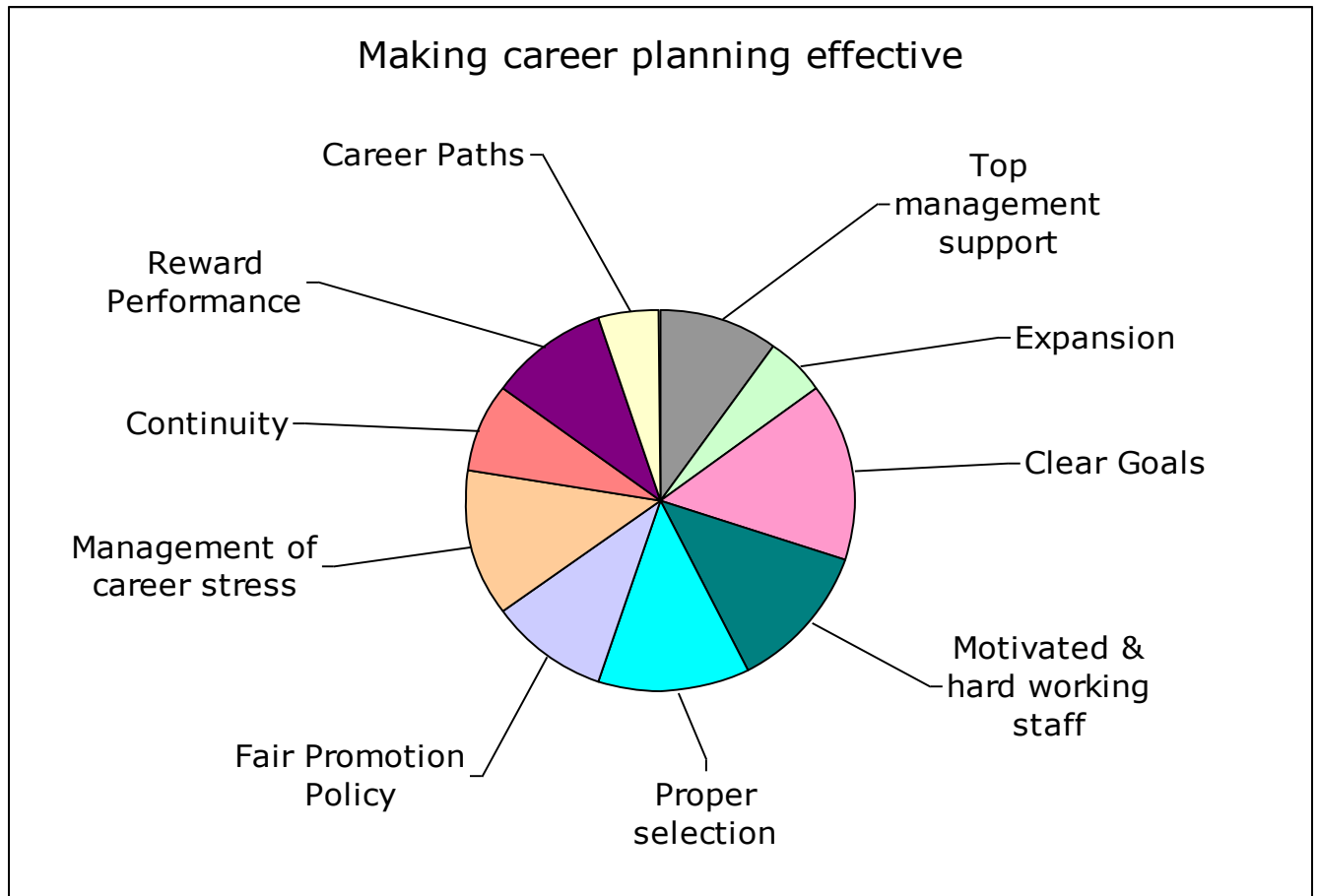


(Ref: Observation)

Interpretation:

The company provides self-development materials to all the employees, but Communication is the most preferred way of Career Planning for employees in the company and counseling is also said to be a good way for helping employees plan their careers in the company.

8. Making Career Planning Effective



(Ref: Discussion with HR manager)

Interpretation:

The above diagram highlights the measures taken to make career planning successful:

1. Top management support:

Strong & unflinching co-operation of top management is important for effective career planning of employees.

2. Expansion:

Career planning is feasible in the growing companies like Prothious Engineering Services.

3. Clear Goals:

An organization must have clear corporate goals for the next decade. On the bases of its corporate plans, it should determine the type of changes required in its activities, technology, materials and procedures.

4. Motivated & hard working staff:

An organization can create environment & express genuine concern for development. But unless employees are willing to make use of available opportunities & resources, career planning cannot be effective. If the employees are contented with what they are, the question of planning their career doesn't arise.

5. Proper selection:

Selection of right people, who have enough potential and urge to develop themselves, is very important.

6. Fair promotion policy:

There should be an equitable policy for promoting employees.

7. Management of Career Stress:

Stress arises due to blockage of career or lack of control over one's career. Management can help employees get over this stress through career stress management programmes.

8. Continuity:

Career planning & development should be carried out on a continuing basis so as to take care of changing needs of both the individual & the organization.

9. Reward Performance:

Employees must be willing to expand their abilities, trainer must be willing to coach, counsel and share their knowledge with employees. There must be appropriate rewards for people from both sides, who show promise.

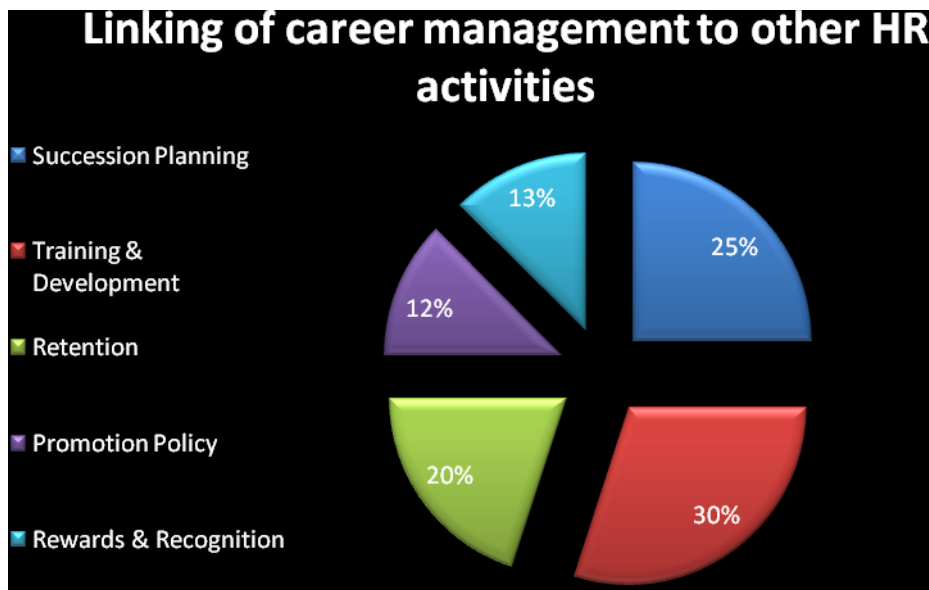
10. Career paths:

The career path for different employees must be laid down clearly. Seniors can be used on jobs requiring judging & experience; juniors could be used for jobs that demand routine application of rules & procedures, etc.

9. Linking of career management to other HR activities

Various functions of HR department are dependent on Career Management Activity also.

Activities	Affected by career mgt. (%)
Succession Planning	50
Training & Development	60
Retention	40
Promotion Policy	25
Rewards & Recognition	25



Interpretation:

Career Management is the activity that affects various other activities of HR department, like Training & development, recognizing & rewarding employees; it is also helpful for retaining employees, designing the promotion policy of the company and also doing succession planning for selective employees.

FINDINGS

1. Interview forms the base for Career Management:

Selection of the most appropriate candidate is very essential, only than the HR people can bridge the gap between organizational needs and the individual needs. Interviews as necessarily conducted during internal as well as external mobility of the employees in the company.

2. Time-to-time discussions are very important:

It is necessary for the HR department to have good interaction with the employees & informally discuss various issues with them, so that the solutions can be found out for every problem being faced by the employees. Informal discussions are even more important than the interviews being conducted because the word “interview” itself brings fear in the employees, & they may not discuss freely.

3. Need of pre-requisites in the interviewer:

It's not the case that only the qualities in the candidate/ employee are to be judged, but to judge these qualities, the interviewer should pursue a set of skills, like good communication skills, use proper body language and so on, with all these qualities only, the HR person can get maximum information from the employees, which is the first step of Career Management.

4. Interviews are not only for selection purpose:

There is a general misconception that interviews are conducted only for selecting the employees, which is not the case, there are various type of interviews being conducted in the company, namely, Counseling interview, Appraisal interview, Discipline interview, Grievance interview, etc.

5. Proper Career Management results in Employee Satisfaction:

If the company has a good Career Management System for its employees then it is seen that the employees are very satisfied as their needs are also considered by the company, and the company's priorities are also well understood by the employees.

6. Career Management helps in retaining the employees:

If career management activity is carried out nicely in the company, and then it becomes very easy to retain the capable employees as, they are satisfied with the company policies & procedures. Thus, appropriate career management reduces employee turnover.

7. Career Management is linked to other HR activities:

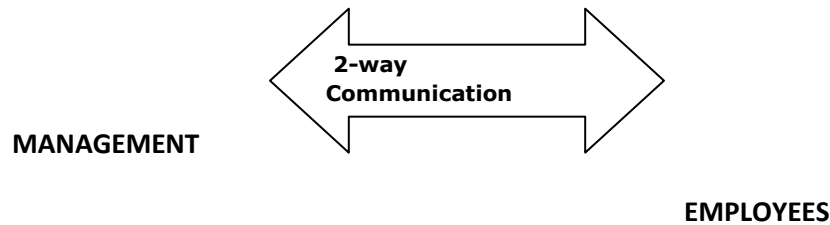
Career Management is known as "Determining Activity" as it determines the training needs of the employees, promotion policy of the company, need for succession planning, rewarding the employees, etc.

8. Series of Interviews are conducted:

For selecting an employee, a series of interviews are conducted, which starts with the Telephonic interview (if necessary), then HR interview, followed by technical interview, and lastly final interview.

10. Communication & Counseling are the career planning methods/practices used in Prothious Engineering Services:

The company has a strong Career Management System, which is implemented by way of proper communication & counseling. The company is dedicated to creating a culture of two way communication between management & employees.



SUGGESTIONS

- **Behavioral training should be given:**

Though the training is arranged for the new employees, behavioral training should be imparted on regular basis, so that the employees get a means of recreation. The training could be on topics like stress management, communication skills, personality development and so on, this will give the employees a platform to develop themselves.

- **Career Planning Workshops should be arranged:**

Such workshops can be organized once in the time span of 3 months. This kind of workshops will help the assess their own performance and where they are lagging behind. Thus the employees can cope up on their own.

- **Self-development material should be provided:**

The employees can be provided with reading material and other media aimed at career planning, so the employees can easily bridge the performance gap.

CONCLUSION

Career management has numerous benefits for the organization and employees. Organizations can help employees by offering career development programmes and encouraging them to do their own career planning. As such they should identify their own goals, strengths and weaknesses. They should also prepare for the realities of organizational life, and do well so that they are useful to the organization. Career planning is an important instrument for motivation and development of employees in an organization. The HR department plays a key role in the Career Management of each and every employee associated with the organization & has to shoulder the responsibility of developing a successful career for the employees by way of proper interview techniques and regular discussions. There should be the implementation of the Concept of EASE, i.e. the employee's career should go through four phases namely, Employability, Awareness, Sustainability & Excellence.



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ANNEXURE

Questionnaire on

“CAREER PLANNING AND DEVELOPMENT THROUGH PROPER INTERVIEW TECHNIQUES”

Q1. Do you think “career planning” is an important function of HR department?

Yes No

Q2. In which case does an interview play a vital role?

Internal Mobility _____

External Mobility _____

Both _____

Q3. What qualities do you look for in a candidate while taking a job interview apart from his technical knowledge? (Rate each of the following qualities in percentage with a total coming to 100%)

Academics _____

Extra-curricular _____

Attitude _____

Confidence _____

Honesty _____

Suitability _____

Ambition and goals _____

Any other quality being judged, please specify with percentage_____.

Q4. What according to you are the pre-requisites of an interviewer? (Please rank the following as 1, 2, 3, and so on as per your preference)

Research _____

Psychology _____

Patience _____

Good communication _____

Expressions _____

Body Language _____

Clear Perceptions _____

If any other, please specify _____

Q5. Do you think an interviewer can also get to know a lot from a person's non-verbal communication; if yes, than put a tick in front of the given actions that makes you aware of the candidate's personality?

Dressing sense _____

Foot Movements _____

Facial expressions _____

Movement of hands _____

Posture _____

Q6. Do you think a telephonic interview can be helpful to judge a person?

Yes No

Q7. Do you think an interview could be a good way of knowing employee's grievances?

Yes No

Q8. Do you think an interview can be a source of motivation to the employees?

Yes No

Absenteeism and Productivity

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Abstract :

Absenteeism is and has been a menace for industrial growth as it acts as a virus that gradually eats away the industry from within. From the many effects of absenteeism, the major one is on productivity. Productivity of a firm is its soul as any industry aims at maximization of profit which is possible by maximization of production with minimum set of resources. Here absenteeism acts as a major hindrance, which most of the times is beyond control... The problem of Absenteeism is a common but one of the most crucial and “has to attended” type of a problem which have to be dealt with, on day to day basis. Different organizations are employing customized strategies to cope up with the problem of absenteeism which is directly affecting the productivity. Especially labour intensive industries like Textile Industry has to take some corrective steps to beat the problem of absenteeism. This paper aims at finding out the extent of correlation between absenteeism and productivity with special reference to a textile undertaking

Introduction

A significant amount of work time is lost each year due to worker absence, but evidence on the productivity losses from absenteeism remains scant due to difficulties with identification. In this paper, we use uniquely detailed data on the production units and man-hours in an textile undertaking to address many of the potential biases from the endogeneity of worker absence. Our analysis indicates that worker absences have large negative impacts: the expected loss in daily productivity from employing a temporary substitute is on par with replacing a regular worker of average productivity with one at the 10 th –20 th percentile of productivity. We also find daily productivity losses decline with the length of an absence spell, consistent with managers engaging in costly search for more productive substitutes and temporary workers learning on the job. While illness is a major cause of absenteeism among teachers, we find no evidence that poor health also causes lower on-the-job productivity. Absenteeism has been viewed as an indicator of poor individual performance, as well as a breach of an implicit contract between employee and

employer; it was seen as a management problem framed in economic or quasi-economic terms. (, 2012). **A growing number of official and private publication records absenteeism as the major hindrance in overall industrial development.**

Textile industry continues to be labour-intensive even in the present scenario. Technological developments have resulted in the automation of many processes in the textile industry. With it comes the need for operatives' skills, knowledge and ability to man these machinery/instruments. It also requires workmen to produce results by the practice of better work habits at the work place and ultimately, improve the quality of products and enhance productivity. (2012)

The study of work and workers problem is a prominent field of inquiry in respect of modern industrial organization. Studies have demonstrated a lot of dimensions of absenteeism nature of work, bureaucratic set up, relationship between various branches within industry, working environment, family and social background of the workers. The study of the problems of industrial workers in of great importance so far as the recent development of industrialization is concerned. Therefore, it has become a recurring feature of industrial life. It has caused concern to the government, factory owners, management and all those engaged in the process and manipulation of production. Keeping in view the importance of absenteeism not only in the industrial set up, as well as general behavior of the workers in the process of production, this subject of sociological interest has been taken up for systematic study. Therefore, it is very essential to flush out the problem of employee absenteeism through specially designed strategies. Rhodes and Steers (1990) point out that measuring absenteeism can serve four purposes to organizations, namely, to administer payroll and benefit programmes, for production scheduling, to identify absenteeism problems and to measure and control personnel costs.(Sitra)

Objectives :

- 1) To identify the relationship between Absenteeism and Productivity
- 2) To study the effect of absenteeism coping on production.

Hypothesis :

- 1) Absenteeism is linear and inversely proportional to productivity
- 2) Absenteeism coping strategy can control production loss up to certain extent.

Methodology:

Analysis :

Dependent variables are absenteeism and productivity , Independent variables are Age of workers , Gender of workers , Individual Machine Output , Individual Labour productivity output. There were total 32 Ring Frame Machines and 2 workers are required to operate each machine. So the total manpower requirement is 64 in each shift. There are total 3 shifts. A total target production for each shift is set to 6.8 tones. When some workers remain then the previous shift workers are asked to replace the absentee workers for overtime. For each overtime worker the shift hours are reduced to 7 hours from 8 and lunch break is increased from ½ hour to 1.

Sample :

For the present study the author decided to select a renowned textile units situated in Central India mainly engaged in production of cotton and synthetic thread. A random sample of 20 workers which are engaged in the Ring Frame (production department) , 1 production manager and 1 HR manager were taken from the textile unit.

Data Collection Tools :

The data for this study were collected through primary as well as secondary sources. The production manager and HR Manager have been interviewed personally for the said purpose This entitled research is based on purposive random sample.

Statistical Tools :

For the purpose of analyzing the collected data , percentage method and correlation is used because for quantitatively small sample , researcher found it more suitable and reliable.

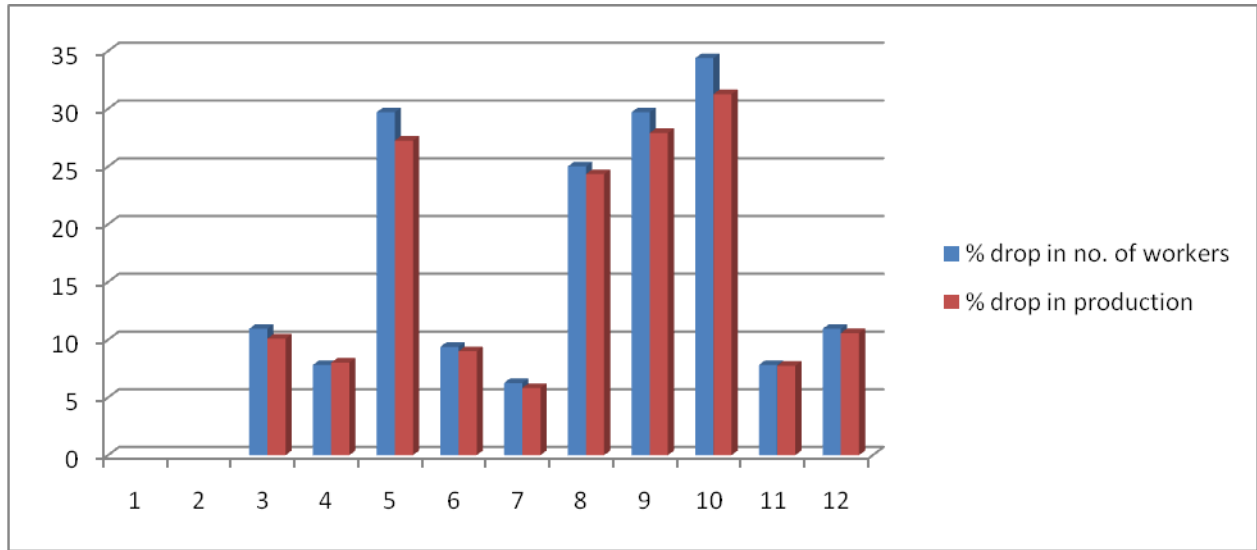
Data Analysis & Interpretation :

For the purpose of this study data was taken for 10 consecutive days regarding workers absentee and subsequent production . Following tables shows the said figures :

Objective 1 : To identify the relationship between Absenteeism and Productivity

Hypothesis 1 : Absenteeism is linear and inversely proportional to productivity

Table 1 :



Karl Pearson's Co-correlation coefficient = 0.998

<i>Day</i>	<i>Workers Absent</i>	<i>% drop in no. of workers</i>	<i>Production loss expected without substitute (in kg)</i>	<i>% drop in production</i>
1	7	10.94	686.00	10.09
2	5	7.81	545.00	8.01
3	19	29.69	1852.00	27.24
4	6	9.38	612.00	9.00
5	4	6.25	395.00	5.81
6	16	25.00	1655.00	24.34
7	19	29.69	1897.00	27.90
8	22	34.38	2125.00	31.25
9	5	7.81	526.00	7.74
10	7	10.94	719.00	10.57

Interpretation :

The table and graph above clearly shows that % drop in no. of workers leads to nearly equal % change in production. Karl Pearson's co-efficient of correlation also indicates was positive and linear correlation between presenteeism and productivity.

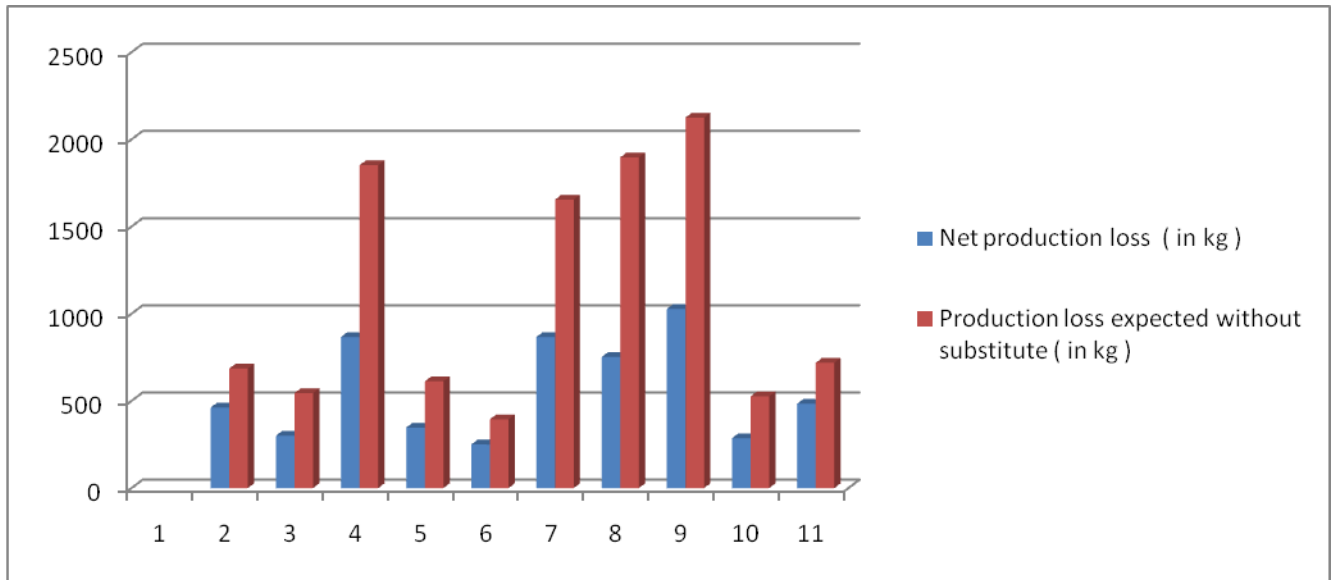
Hypothesis 1 is proved that there is a linear and inversely proportional relation between Absenteeism and Productivity.

Objective 2 : To study the effect of absenteeism coping on production.

Hypothesis 2 : Absenteeism coping strategy can control production loss upto certain extent.

Table 2 :

<i>Day</i>	<i>Workers Absent</i>	<i>Substitute workers</i>	<i>Net production loss (in kg)</i>	<i>Production loss expected without substitute (in kg)</i>
1	7	7	462	686
2	5	5	300	545
3	19	19	867	1852
4	6	6	347	612
5	4	4	250	395
6	16	16	867	1655
7	19	19	752	1897
8	22	22	1027	2125
9	5	5	286	526
10	7	7	484	719



Interpretation :

From the above table and graph it is clear that with strategy to cope with production loss in advent of absenteeism , almost 50-60 % production loss can be saved. Although the reasons for variation even after employing equal no. of substitute workers were observed to be following:

- 1) To every substitute worker the shift hours is reduced to 6 hours for that particular shift
- 2) Lunch break is increased to 1 hour for every substitute worker.

Hypothesis 2 is proved that Absenteeism coping strategy can control production loss upto certain extent.

Findings

In this empirical study it is seen that the total loss of production is direct but inversely proportional to workers absenteeism. The reason for loss occurring even after employing substitute labour is illustrated with the help of following example:

Illustration :

If 10 workers are absent then total man-hours lost will be :

$$\begin{array}{rcl} & 64 \text{ workers x 8 hours} & = 512 \text{ man-hours} \\ \text{Minus :} & \left\{ \begin{array}{l} 54 \text{ workers x 8 hours} \\ \text{Plus} \\ 10 \text{ workers x 6 hours} \end{array} \right\} & = 432 \text{ man-hours} \\ & & = 60 \text{ man-hours} \\ \hline & \text{Total man-hours lost} & = \text{20 manhours} \end{array}$$

Avg production per man-hour in a shift : 6800/512

= 13 kg (approx)

Net production loss : 13 x 20

= 260 kg (approx)

(keeping other factors constant)

Suggestions :

In order to reduce the gap between Expected production loss and Net production loss more strategies can be employed in addition to this strategy. In spite of reducing working hours for substitute workers , increased allowance is advisable .Also absenteeism can be reduced by using strategic application of labour welfare and personnel management schemes.

Conclusion :

- From the findings it could be concluded that although absenteeism is the most common problem in industrial sphere over the years and years to come still its adverse impact on production can be controlled in a planned manner upto a greater extent.

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Visual merchandising – An innovative Marketing practice to influencing brand choice of Direct To Home (DTH) Services to persuade consumers to purchase.

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ABSTRACT:

Awareness of happenings in DTH Service world is needed so as to keep up-to-date with the dynamics of the market and consumer needs constantly. Attract DTH customers by exchange offer, discount offer, cash back offer and face gift offer on the festival occasions. Establish a cordial relationship with dealers and offer a good commission margins for promoting our products. Keep a hawk eye on the competitors and act according to their sales and marketing strategy. It is the art of displaying merchandise in a manner that is appealing to the eyes of the customer. It sets the context of the merchandise in an aesthetically pleasing fashion, presenting them in a way that would convert the window shoppers into prospects and ultimately buyers of the product. There are certain things which a retailer needs to take care while proceeding with the process of displaying his products. These components when combined together in a proper ratio will make a successful outcome. Visual merchandising has its own rules and guiding principles. Within these set of rules you can still use creativity to write poetry using the same language a visual merchandiser too can use his creativity to create visual effects in the store to communicate in an innovative manner with the customer by this research we can find that how Visual Merchandising helps the customers to easily find out what kind of better services of DTH they are looking for and to helps the customers to know about the latest trends in Services so customer without any help can actually decide what he intends to buy Which increases the sales of the store and results in increased level of customer satisfaction.

Keywords:- Visual, Merchandising, Sales, Marketing, DTH

1.1 Introduction:

Visual merchandising is the activity and profession of developing the floor plans and three-dimensional displays in order to maximize sales. Both goods or services can be displayed to highlight their features and benefits. The purpose of such visual merchandising is to attract, engage and motivate the customer towards making a purchase. Visual merchandising commonly occurs in retail spaces and electronic stores such as [retail stores](#) and [trade shows](#). the influence of visual merchandising stimuli within the retail store environment on customer perceptions and responses. In doing this, the research is focused on the potential psychological and behaviour outcomes that result from customer interaction with visual merchandising, rather than directly trying to establish what constitutes best practice or manipulating visual merchandising techniques themselves.

1.2 A glimpse of DTH industry:

As we all know today's market is a competitive market, there are many players come up with same kind of product and they use different kind of sales strategy. Hence by visual merchandising at retail store and electronics stores come up with new product DTH i.e. direct-to-home, there are already many competitors like TATA SKY, DISH TV, SUN DIRECT, which are already present in the DTH and all digital TV has come up with a number of interesting features. Like booking cinema tickets, browsing for holiday packages, watching Onscreen Account details, tele shopping getting stock up-dates and many other facilities. High Definition (HD) content is an emerging market segment, which is currently at its early growth stage. This product and features are demonstrated by visual merchandising and it influences customer. The affluent middle class consumers have widely accepted the market offerings and helped players to maximize their revenue results. Additionally, various DTH companies are coming up with more number of channels for their subscribers.

1.3 Literature review:

Levy and Weitz, 1996; Berman and Evans, 1995), fixturing (e.g. Levy and Weitz, 1996; Donnellan, 1996), merchandise (e.g. Davies and Ward, 2002), presentation techniques (e.g. Buchanan et al., 1999), colour (e.g. Koelemeijer and Oppewal, 1999) and packaging (e.g. Bruce and Cooper, 1997; Da Costa, 1995). These areas have received varying degrees of attention as individual elements. Maier (2009) emphasizes on how visual marketing should be incorporated into one's business strategy by explaining the importance of a visual scheme that aids one to make decisions. Storms (2006) explores the role of interior decoration to add flavour to visual merchandising. Clark (2007) discusses that mannequin industry is crucial to any retail/visual merchandising. A study conducted by Dawes (2008) specified the importance of Visual Merchandising and fundamental principles that need to be applied thus leaving an impact on customer's mind and perception.

1.4 Objective of study:

- 1) To study emerging trends in DTH visual merchandising.
- 2) To study role of visual merchandising Fuel Growth in Indian Direct to Home Market.
- 3) To Identify The future potential of the DTH Industry

1.5 Method of research:

This research takes an exploratory approach and utilizes qualitative data collection techniques. This type of approach lends itself to this study as the central topic of visual merchandising has seen limited empirical investigation and the aims of the research focus on developing an understanding of stimuli that cause particular responses. In doing this, it is necessary to explore respondents' feelings and views in relation to a particular visual merchandising presentation and therefore a more open approach is dictated. This research is based on primary and secondary data

which have been collected through questionnaire, websites, magazines, journals reference books on visual merchandising and marketing of DTH in retail stores.

1.6 Emerging Trends In DTH Visual Merchandising

With visual budgets sometimes strained, visual merchandisers have, by necessity, come up with new approaches to planning. Others without the constraints of limited funds have also embarked upon new approaches to their programs that they hope will generate excitement and transform “lookers” into customers. Some of the major trends in the field are listed here and will be given greater attention in the subsequent chapters in the book.

◆ The increased use of graphics.

In just about every retailing venue, and in the stores that house them, the use of *graphics* is reaching new heights. Everything from the digitally produced “billboards” to graphics that feature motion is being utilized to capture the attention of the shopper.

◆ Opulence in store design.

Throughout the country, upscale retailers are investing in store designs that are more extravagant than ever before. Companies such as Cartier and Ferragamo have taken facilities design to new heights in their New York City emporiums with extravagant fixturing, lighting, and other amenities to capture the upper-class market. The various trade papers indicate this is only the beginning and that retailers will be likely to continue these design endeavors for the foreseeable future.

◆ The resurgence of mannequins.

In the past few years, many retailers have opted for less costly, more practical mannequins on which to display their merchandise. Today, however, and for the foreseeable future, that made their way into visual merchandising during the close of the twentieth century.

◆ Innovative lighting.

A wealth of new ideas is now vastly improving lighting for interiors and visual presentations. Included are advances in color kinetics, new lensing systems that give a smoother appearance to the light beam, new lighting control systems, and greater energy efficiency in white-light LEDs. And usage of latest LCD and LED TVs for demo.

◆ Directional signage.

Studies show that the average customer spends only 9 minutes in a store, so it has become essential for retailers to create **directional signage** that quickly directs the customer to the right place to find the desired products. To achieve this there is a trend toward greater use of hanging and framing systems. Companies like Rose Displays and APCO are addressing retailer needs with

a wealth of new signage products that will more than likely become part of the interior landscape of the vast majority of large retail spaces.

1.7 Enhancement of DTH acceptability and interactive services due to visual merchandising:

With the consumer inclination towards digital services, the number of DTH subscribers in India is expected to grow at a CAGR of around 18% to 39 Million by the end of 2013. Interactive services offered by four out of six DTH operators will help in the expansion of DTH subscriber base. These services allow content from various sites to be accessed and searched. The report also highlights that the installation prices have been gradually declining due to intense competition. All these activities and services are demonstrated at retail and electronic stores which play an important role to place DTH services and its image in consumer perception which made them to use and purchase it.

1.8 Indian DTH Market Set to Zoom. A future potential of DTH.

According to our research report “Indian DTH Market Forecast to 2012”, direct-to-home (DTH) industry in India has been witnessing tremendous growth for the past few years. Such a stupendous growth is mainly due to the continuous drop in setup and service costs of DTH. Further, decline in the prices of Set-Top Box (STB) has made DTH a viable option for the Indian users. It is anticipated that, the DTH market will post 28% CAGR growth during 2011-2014, thus positioning India as one of the most favorable destinations for industry investments. DTH industry holds dynamic future prospects with new technologies and business opportunities emerging at a rapid pace. Thus, it is suggested that, to remain competitive in the market, players require offering the latest bouquet of services along with the flexibility and content that consumers want. “Indian DTH Market Forecast to 2012” highlights certain key marketing strategies along with the current industry trends. These marketing strategies could serve as a benchmark for the anticipated future growth of the Indian DTH market. Besides, the report will help clients in recognizing/identifying factors that will drive the country’s DTH market in the coming years. The report also outlines Indian consumers’ behavioral pattern and elaborates various factors that will enable people to switch to DTH in near future.

Conclusion:

The visual merchandiser is largely concerned with the creative presentation of the store’s merchandise in settings that will maximize sales. The job involves the coordination of all the components needed to produce window and interior displays that will enhance the store’s image.

and set it apart from the competition. To achieve this goal of creating an inviting environment for shoppers, a number of tasks must be performed, such as selecting the appropriate props and mannequins to enhance the merchandise. Once these ingredients have been determined, the visual merchandiser must consider design, color, lighting that both illuminates and creates dramatic effects, and signage. The finished product should be one that attracts shoppers' attention and transforms them into customers. Retailers must create an environment that attracts the customer, is comfortable to shop in, and encourages the customer to return. The basics of visual merchandising include a clean, well lit store, with products displayed in orderly groupings. However, visual merchandising delves a lot deeper, focusing on the psychology and motivations of the target DTH customer.

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Sales Talk an innovative marketing Practice of real estate business in India.

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ABSTRACT

Sales talk is heart of salesmanship in the real estate sector. An effective sale talk is one of which thoroughly well planned and prepared for the occasion then it can gives desired result. In the game of selling, advertising gets products and services noticed by consumers. Literature, printed in posters, flyers and brochures or posted on the company website, provides the important details that could push consumers into buying but, it takes a master in the art of sales talk to win the customer and complete the sales transaction and sales talk has a big hand in booming of real estate sector in India The real estate action is no longer limited to the large metropolises of India but has now permeated to the burgeoning smaller towns and cities. These emerging centers of growth are lending sparkle to India's booming economy, rising purchasing power and affluence, proactive and changing government policies have all lent momentum to this rapidly growing sector and in that case the sales personnel must be trained to deal with all kinds of personalities. Never rude to clients no matter what mood they are in. Most important in the art of sales talk is not to misrepresent the Land and Property just so the consumer would buy it. And this paper highlights that is Sales talk serves true information to clients that the product or services are offered as a true marketing approach or not?

Keywords:- real, estate, property, land, Sales, Marketing, talk

1.1 A brief Introduction about real estate business in India:

India is emerging as an important business location, particularly in the services sector. Its favourable demographics and strong economic growth make the country an attractive place for property investors, given that demand for property is determined chiefly by business development and demographic trends. Historically, the real estate sector in India was unorganized and characterized by various factors that impeded organized dealing, such as the absence of a centralized title registry providing title guarantee, lack of uniformity in local laws and their application, non-availability of bank financing, high interest rates and transfer taxes, and the lack of transparency in transaction values. In recent years however, the **real estate** sector in **India** has exhibited a trend towards greater organization and transparency. The trend towards greater organization and transparency has contributed to the development of reliable indicators of value and the organized investment in the real estate sector by domestic and international financial

institutions, and has resulted in the greater availability of financing for real estate developers. Regulatory changes permitting foreign investment are expected to further increase investment in the Indian real estate sector. The nature of demand is also changing, with heightened consumer expectations that are influenced by higher disposable incomes, increased globalization and the introduction of new real estate products and services.

1.2 Theoretical Background of Sales Talk :

In [selling technique](#), a sales pitch is a line of talk that attempts to persuade someone or something, with a planned [sales presentation](#) strategy of a [product](#) or [service](#) designed to initiate and close a [sale](#) of the product or service. A sales pitch is a planned presentation of a product or service designed to initiate and close a sale of the same product or service. A sales pitch is essentially designed to be either an introduction of a product or service to an audience who knows nothing about it, or a descriptive expansion of a product or service that an audience has already expressed interest in. Sales [professionals](#) prepare and give a sales pitch, which can be either formal or informal, and might be delivered, in any number of ways.

1.3 Objectives of Study:

- 1) To study essentials of effective sales talk in real estate Industry.
- 2) To know importance of sales talk in real estate industry.

1.4 Research Methodology:

The study is based upon Primary and secondary data which has been collected from annual reports of real estate, real estate firms . Besides, a few websites have also been consulted. The data used in the paper covers the period from 2010-11.to 2011-2012 For the analysis of data, statistical tools like percentages, ratios, growth rates and coefficient of variation have been used.

1.5 Essentials of effective sales talk in real estate business:

1) Well planned:

The effective sales talk should be well planned for selling property and land. And it is prepared for occasion. Planning should be done from both sides i.e. Salesman and prospect then it give desirable result.

2) Courteous and friendly atmosphere:

The sales talk should be start proceeds close in most courteous and friendly atmosphere neither customer nor salesman should try to impose his superiority or dominates over the other while selling property and dealing.

3) Just and fair:

The sales talk should be just and fair in real estate business. From both point of view (salesman/customer) the sales talk not to aim at exploiting the customer. There should be any fraud, misrepresentation or suppressing of facts from sides of salesman.

4) Confidence:

The sales talk should be such which creates confidence in each other. if there is no confidence from both sides then it would amount to befooling each other along with wastage of time and energy. Hence sales talk should be convincing in real estate.

5) Free from pressure tactics:

The sales talk should be quite free from all kinds of pressure tactics. Use of pressure by any one may cause resentment and developed misunderstanding.

6) Humanitarian approach:

The sales talk should be based on the humanitarian approach, a salesman must feel that when he sells wrong property and land or anything which relates to real estate business, in case of any defect the salesman should clearly point it out. It gives reliability in relationships.

7) Build on the foundation of trust. Trust is the foundation of sales success. A prospect will not open up and share their needs if they don't trust you. A prospect will not believe in your solution and that you can do what you say you can do if they don't trust you. A prospect will never see the full value of what you propose if they don't trust you. You will not win the sale if they don't trust you.

8) Plan to succeed. Set the table for success by going into each sales conversation with a plan. Do your homework and know what you want to get out of the conversation. If you go into each conversation well prepared and planning to succeed, you will be much more likely to make the sale.

1.6 Impact of Sales talk in real estate business:

A) Real estate salesmen stationed in a model home on a tract from which parcels of real property are being sold with or without improvements, leaving the model home for such purposes, customarily and regularly, would meet the requirement of the definition, so far as making sales “away from” the employer’s place of business is concerned. This is true even though all of the property shown to prospects by the salesman is within the tract on which the model home is located. Further, not every home called a “model home” would be a place of business of the employer.

B) One which is in the nature of an “open house” to which a salesman is assigned to meet prospects who may buy that house or another similar one on the tract may more properly be viewed as analogous to the hotel sample room of a traveling salesman to an actual place of business of the employer.

C) Transitory assignments of salesmen permanently headquartered at an office of the employer who are sent to a “model home” or other location at a tract where it will be their

duty to engage in sales efforts with respect to real estate on the tract would not defeat an otherwise applicable exemption.

- D) The salesman would ordinarily be considered to be engaged in such work “away from” the employer’s place of business. On the other hand, when for purposes of convenience a “model home” on a real estate development is maintained on a relatively permanent basis as an office of the employer, staffed with necessary personnel for making sales, salesmen who do not customarily and regularly leave this headquarters as a part of their sales efforts would be “inside” rather than “outside” salesmen just as they would be if confined to such inside work in any other office maintained by the employer.
- E) The land office salesmen will attempt to “close” the agreement to purchase with the prospects. The salesmen do not customarily and regularly leave the site. In the case of real estate salesmen, however, this would appear to be the unusual, rather than the usual, case. So long as a salesman customarily and regularly goes to the site of the property or to prospects as a part of making his sales, this requirement for “outside” sales work would be met.
- F) Moreover, time spent on return to the model home or other headquarters to conclude a sales transaction or to continue sales effort with the prospect would be deemed a part of the salesman’s outside sales activity.

Conclusion:

In making a sales talk one has the opportunity to bring into play every element of his personality, appearance, speech, manners, knowledge, ability to get along with others, and character. Sales managers often say that the sale starts as soon as the prospective customer sees the salesman. From that point on every impression he makes either advances the sale or retards it. Here we are concerned primarily with the sales talk itself, but like a portrait, it needs a perfect frame to make it stand out effectively. If salesman attractively dressed and well groomed, and if courteous, sincere, and friendly, your speech will be much more effective. These are important, but of even greater importance is salesman’s mental attitude. Approach every prospect with the attitude that you have something of value to offer, that he can appreciate it if you make the proper presentation, and that if he needs your product he will buy. Bear in mind that he is busy and probably has troubles of which you are unaware. Successful customer communication is the foundation of all sales. That’s why the most persuasive and effective salespeople are those who naturally speak their customers’ “language.” One well-established field of language study, sales linguistics, helps us to understand how salespeople and their prospective customers use and interpret language during the decision-making process.

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Blue Ocean Strategy: Emerging Markets, Understanding and Its Application in Indian Companies.

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Abstract:

The Blue Ocean Strategy is a management system that makes competition irrelevant by creating new market spaces through simultaneous achievement of differentiation and low cost. Blue Ocean Strategy is about moving away from the traditional approach with existing competition and helps creates competition-free markets. It creates uncontested market space and captures new demands. Indian industries are facing severe competition and it is need to identify large markets where competition is irrelevant. The paper published for the understanding of practical application of Blue ocean strategy in Indian Companies. In this paper also discussed about the emerging markets and the risk factor/negatives associated with the emergence of application of blue ocean strategy in India.

Key words: Blue Ocean Strategy, Strategy, Indian Corporations.

Introduction and importance of blue ocean strategy in the present scenario:

Blue Ocean Strategy recognizes that industry and market boundaries exist only in the manager's minds, practitioners of such a strategy do not let existing industry assumptions limit this thinking. The challenge is not to grab a bigger share of the market but to create a bigger market. Extra demand is out there, largely untapped. The crux of the problem is how to create it. It is about increasing the size of the pie, instead if getting a bigger slice of the

existing pie. Blue Ocean Strategy is about creating new wealth, instead of capturing and redistributing existing wealth in the market.

Prospects in most established market spaces—red oceans—are shrinking steadily. Technological advances have substantially improved industrial productivity, permitting suppliers to produce an unprecedented array of products and services. And as trade barriers between nations and regions fall and information on products and prices becomes instantly and globally available, niche markets and monopoly havens are continuing to disappear. The result is that in more and more industries, supply is overtaking demand. This situation has inevitably hastened the commoditization of products and services, stoked price wars, and shrunk profit margins. As brands become more similar, people increasingly base purchase choices on price. One result of this has been the rising exodus of jobs to low cost countries like India and China as companies increasingly engage in outsourcing. While governments may seek to solve the issue of outsourcing through legislation, history teaches us that this is not a long-term solution. The long-term solution to creating jobs is in companies creating compelling products and services that take them out of the vicious cycle of commodity competition. This means moving companies' products and services from the red ocean to the blue ocean. These issues alone make blue ocean strategy a rising imperative in today's business environment.

Blue Oceans denote the industries/products not in existence today where demands are created rather than fought over. Blue Oceans thus represent the unknown market space. Blue Ocean in contrast is defined by untapped market space, opportunities for highly profitable growth and possibility for new demand creation. With competition in existing market (red ocean) becoming more intense, many business are seeking opportunities in new geographies. Emerging market such as China, India, Indonesia, Brazil, and other do provide opportunities. Nonetheless even these markets have limited with space, as local firms and the early-bird multinationals are already safely ensconced there. This limits the scope of arbitrage opportunities through geographical extension in emerging economics.

Contribution of blue ocean strategy:

- BOS is the simultaneous pursuit of differentiation and low cost.

- The aim of BOS is not to out-perform the competition in the existing industry, but to create new market space or a blue ocean, thereby making the competition irrelevant.
- BOS offers a set of methodologies and tools to create new market space.
- While innovation has been seen as a random/experimental process where entrepreneurs and spin-offs are the primary drivers –as argued by Schumpeter and his followers –BOS offers systematic and reproducible methodologies and processes in pursuit of innovation by both new and existing firms.
- BOS frameworks and tools include: strategy canvas, value curve, four actions framework, six paths, buyer experience cycle, buyer utility map, and blue ocean idea index.
- These frameworks and tools are designed to be visual in order to not only effectively build the collective wisdom of the company but also to effectively execute a strategy through easy communication.
- BOS covers both strategy formulation and strategy execution.
- The three key conceptual building blocks of BOS are: value innovation, tipping point leadership, and fair process.

According to W.Chan Kim and Renee Mauborgne the entire market universe can be divided into two oceans: Red Ocean and Blue Ocean. Red Ocean is representative of all such industries/products which already exist and are thus representative of the known market space. Red Ocean is industries existing today-boundaries are defined and competitive rules are known. This means the existing competition is well known in the market space and the players in the market try to outperform their rivals to get greater share of the existing market demand. As existing market space gets crowded prospects for good profit and growth in future are reduced. Products then lose their distinctiveness and become regular commodities resulting in cut throat market competition thus turning Red Ocean more red or bloodier.

ROS v/s BOS:

Red Ocean Strategy	Blue Ocean Strategy
Compete in existing market space	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value-cost trade-off	Break the value-cost trade-off
Align the whole system of a firm's activities with its strategic choice of differentiation or low cost	Align the whole system of a firm's activities in pursuit of differentiation and low cost

Emerging Markets in India and Blue Ocean Strategy:

- **Education Industry**

India, with its huge population, is the most exciting higher education market in the world. The education and training sector in India is standing at \$600 billion and the private education segment alone is expected to cross \$45 billion mark by 2015 from the present \$35 billion, according to a research by Investor Relation Society. This sector is named as the major employment driver in India in the Indian Job Outlook Survey 2012. It is expected that employment opportunities will continue to grow in this sector for the next two decades.

Huge potential

The higher education system in India has witnessed remarkable growth in the past few years. India is definitely ahead of other developed countries in the field of education and training. The number of institutes offering higher education is much more in India when compared to China and the US. A latest report by Ernst & Young states that the number of institutes offering higher education in India is 44,668. Of that, 33,668 offer various degrees and the rest offers diplomas. The total number of institutes in China is 4,192, while in the US, the number is 6,500.

According to the E & Y report, the number of students pursuing higher education is also on the rise. Based on this observation, several foreign institutions are foraying into India. This is expected to boost the quality of education in the country.

New opportunities

Education and training sector is undergoing a sea change in the recent past with the focus shifted from public to private sector. Private sector is also actively involved in education and its role will become more poignant in days to come. The private sector's role in the higher education sector has been growing at a rapid pace over the last decade and needs to further expand at an accelerated rate. The education market is now thriving on the back of the workforce proving itself equal to their counterparts elsewhere in the world in productivity. Given the predominantly young population, the education market is bound to accelerate rapidly.

According to the Investor Relation Society research, skill and vocational training are fast throwing good amount of employment opportunities in the education space in India.

- **The Media and Entertainment Industry**

The Media & Entertainment Industry in India is expected to reach Rs 1,457 billion by 2016 as per the FICCI-KPMG report. The industry achieved a growth of 12% in 2011 and is projected to grow at a CAGR of 15 percent over the next five years. The spends on leisure and entertainment are greater than the economic growth; this is a result of favorable demographics and increasing disposable incomes. The Indian Media & Entertainment (M&E) sector is growing rapidly, especially with new age technology and the rapid rise of digital media. Digital media includes cable digitization, wireless broadband, direct-to-home (DTH), digitization of film distribution and internet usage. Some of the key factors that have driven the growth of the M&E industry are: rise in digital content consumption, launch of innovative content delivery platforms, higher penetration in tier II and tier III cities, greater reach of regional media and regulatory shifts.

Key players

The media industry can be categorized into the following categories; films, television, music, radio and print. Television remains the dominant medium in this sector. However new media as animation & VFX, digital advertising, and gaming - are fast grabbing a larger share of the market. Radio is estimated to continue at a good growth rate. Print, though on a decline in terms of growth rate, continues to be the second largest medium of this industry. Also, the film industry has witnessed multiple movies go beyond the Rs 100 crore mark in domestic theatrical collections, and Rs 30 crore mark in Cable & Satellite rights. Advertising spends across media amounted to Rs 300

billion in 2011, which was 41 percent of the M&E industry's revenues. Advertising revenues saw a growth of 13 percent in 2011, versus 17 percent witnessed in 2010.

Television

Valued at Rs 329 billion (US\$ 5.76 billion) in 2011, the television (TV) industry is expected to expand at a compounded annual growth rate (CAGR) of 17 per cent through 2011-16 to touch Rs 735 billion (US\$ 13 billion), according to report by FICCI-KPMG.

Radio

The radio industry with around 36 FM radio operators is estimated at Rs 1,200 crore (US\$ 210 million). The Government plans to increase number of private FM radio channels to around 839, from the present 245, through e-auctions starting Dec 2012 over next three years. This plan would cover 227 cities with population of over 0.1 million. All India Radio (AIR) proposes to set up 385 new FM transmitters, under the Twelfth Plan, so as to provide FM coverage to 90 per cent of the population. Currently AIR reaches out to about 41 per cent of the population.

Digitisation

Flourishing DTH, cable digitization and launch of new digital platforms for content delivery have completely changed the face of media distribution over the last 5 years. These media along with other online platforms have made digital advertising a major player in the market. Digital advertising is expected to grow at a CAGR of 30 per cent during 2011-16.

Print

Print media is being driven mainly by growth in the regional markets, with an increasing literacy rate in this market. An estimated growth of 10 per cent is anticipated till 2015.

- **Organic Food Industry**

Some people believe that [organic food](#) is only a “concept” popular in the developed countries. They think that when it comes to [organic food](#), [India](#) only exports organic food and very little is consumed. However, this is not true. Though 50% of the organic food production in India is

targeted towards exports, there are many who look towards organic food for domestic consumption..ACNielsen, a leading market research firm, recently surveyed about 21,000 regular internet users in 38 countries to find their preference for functional foods- foods that have additional health benefits. The survey revealed that India was among the top ten countries where health food, including organic food was demanded by the consumers.

Though organic food is priced over 25 percent more than conventional food in India, many parents are willing to pay this higher premium due to the perceived health benefits of organic food. Although the pattern of organic food consumption in India is much different than in the developed countries and they need to be educated. There are many consumers who are unaware of the difference between natural food and organic food.

And now India has emerged as one of the largest potential markets for organic food consumption globally, owing to the fact that organic foods or products are healthy, contain no chemicals or preservatives, and are completely natural. With growing awareness towards healthy food, surging income levels, and shifts in consumer behavior, the country's nascent organic food market is fast transforming into the world's fastest growing organic food market. In addition, increasing export market coupled with government's support has driven the market that will further boost the demand for organic food products in the country. The increase in organic food consumption in India is evident from the fact that many organic food stores are spurring up in

India. Today every supermarket has an organic food store and every large city in India has numerous organic food stores and restaurants. This is a huge change considering that the first organic food store in Mumbai was started in 1997.

Indian Companies that succeeded in creating Blue Ocean by Extending the Known Boundaries of Red Ocean Market Space.

- **TATA Motors**

Tata Nano – Tata Motors' wildly successful four-passenger city vehicle has revolutionized the Indian car market while proving that cheap does not always mean bad quality.

As the leading automobile company in India Tata Motors achieved what is known as the cornerstone of Blue Ocean Strategy – value innovation. Value innovation is the simultaneous pursuit of differentiation and low cost.

The Nano is the least expensive production car in the world priced just around USD 2,200. But how does the Nano differ from the many failed Indian Brands that have focused on low price?

Simple. Tata Motors was able to reconstruct buyer value elements by generating a new value curve.

Cheap does not mean bad quality. They were able to produce a quality product and value innovates by focusing on creating a leap of value for buyers and for the company and in this case, opened up new and uncontested market space. Blue Ocean Strategy states that value to buyers comes from the offering's utility minus its price, and because value to the company is generated from the offering's price minus its cost, value innovation is achieved only when the whole system of utility, price and cost is aligned.

In Blue Ocean Strategy to break the trade-off between differentiation and low cost to create a new value curve as they did, there are four questions (Four Actions Framework) that challenge an industry's strategic logic and business model: Which factors does the industry take for granted and should be eliminated, which factors should be reduced below industry standard, which factors should be raised well above and created that the industry has never been offered?

Most families in India have two-wheeled vehicles and predominately drive in the city under 300 km. Recognizing the potential of the industry and asking these four questions Tata designed the Nano primarily for the Indian market. As a result the reliable vehicle serves the functional purpose of transportation at an affordable price – the world's cheapest car.

- **Micromax**

Till early 2008, Indian mobile handset market was dominated by players like Nokia, Samsung, LG, Sony Ericsson, Motorola etc. The market was ruffled by entry of Micromax. The company came in with product offers that were in the range of Rs. 1, 500 to Rs. 2, 500. Initially the company focused on small towns and rural market but soon it started to focus on building brand image and product portfolio which attracted all. Micromax is now India's third largest GSM mobile phone vendor. Following value innovations by Micromax helped the company to beat the competition: (a) increasing the battery size thereby leading to long lasting battery power. This innovation was extremely suitable for those areas in India which are suffering from erratic power supply (b) Launch of dual SIM and dual reception (GSM and CDMA) handset in the market even before world leader Nokia was able to do so in India (c) Introduction of high technology and good quality handsets, that is handsets with touch screen application or handsets with Android application at

very low prices in India, (d) Micromax also introduced mobile phones with Qwerty keyboards in India at very reasonable prices (e) Building strong dealer network. The company has an estimated over 75, 000 retailers in India today. The company offers an Estimated 5% commission to each of its distribution chain partners. All the above have insured that a little known Indian mobile handset manufacturing company has been able to beat the existing competition in India via creation of Blue Ocean within known Red Ocean market space.

- **Air Deccan**

Air Deccan, the first low fare-no frills airline line company in India, was established in the year 2003 by Captain Gopinath under the company name Deccan Aviation limited. It initiated its operations with regular scheduled flights from Bangalore to Mangalore and Hugli. It soon included other hubs as well in its regular flying program. Air Deccan also became the first private airline company in India to include Airbus aircraft A320 in its fleet.

Air Deccan ruffled feathers of existing market players by successfully offering Air fares as low as Rs. 500 plus taxes. Air Deccan created revolution in the aviation industry by making it possible for the common man to avail aviation services on account of its low fair-no frill offer. Air Deccan changed the rules of the game/competition in the aviation industry and forced other aviation companies to rethink on their strategies.

Indian Companies and their Products that represent creation of Blue Ocean in Uncontested Market Space

- **KBC**

The Blue Ocean created by Star Plus by introducing a concept of reality TV shows in Indian entertainment industry by making KAUN BANEGA CROREPATI ...as it is one of the biggest innovation in Indian TV shows of entertainment which was not only innovative in entertainment but also a Value to Indian viewers. Director Siddharth Basu changed the philosophy of the '**can't be done in India**' **Mindset**. When all were busy in making same kind of soap and competing in existing market. He thought to make the competition irrelevant with some value-innovation for Indian viewers.

It created a new era in TV shows entertainment as a reality TV shows by bringing the viewers as participant in the TV show which created more entertainment among the viewers and provided great value not only in terms of enhancement but also giving them a chance to win maximum of 1 crore in its beginning. Later on as the craze become so high that team again put its series in chain as Kaun Banega Crorepati 2,3..... however KBC is very innovative if we consider Indian

entertainment industry as it is a reality TV show and it attract a huge population of viewers because of its “Value-innovation” in Indian entertainment TV shows.

- **20-20 Cricket -IPL CRICK-ENT**

20- 20 Blue Ocean Creates new demand- watching cricket with a family Create and capture new demand 20-20 cricket is a fast pace game innovation which caters to total market segment rather than just cricket lover Create uncontested market space Provides differentiation value at low cost Break value and cost trade-off Caters to consumers emotional appeal by introducing performance of cheer leaders and movie stars Look across functional or emotional appeal to buyers Provides complementary services of entertainment along with cricket Look across complementary product and service offerings Test Cricket and One Day are both longer version of game as compare to 20-20 Make the competition irrelevant Created altogether new industry ”CRICK-ENT” by combining both cricket & entertainment Look across alternative industries 20-20 Cricket Blue ocean strategy

“Value innovation is a cornerstone of any blue ocean strategy” 20-20 provides great utility by increasing pace of the game and creates more excitement in shorter version. It combines entertainment with cricket. Indian Premier League (IPL) is a great example of 20-20 cricket’s blue ocean. It creates differentiation by introducing the concept of cheer leaders and movie stars in cricket and provides total entertainment at low cost. Value Innovation “ CRICK-ENT”

- **Shaadi.com**

Shaadi.com was started by Anupam Mittal on account of his chance encounter with a marriage broker. Anupam Mittal understood that success of a marriage broker was dependent on his/her ability to match matrimony requirement of parties or families based far and apart from each other. A chance of good match making was dependent on the ability of the marriage broker to travel and communicate far and wide. It was also dependent on he or her social clout. Mr. Mittal, thus, decided to use internet as a medium to do such ‘match making’ thereby removing the geographical barriers applicable on regular marriage broker or match maker. Today, Shaadi.com is the largest matrimonial website in the world with over 20 million registered users. Shaadi.com is a unique company and has succeeded in creating Blue Ocean in the unknown market space ever tried before.

- **BabaJob.com The Indian Social Networking Start-up: Differentiating with the Bottom of the Pyramid**

BabaJob.com, a Bangalore-based start-up, a unique Internet site that provides employment to the poor through the concept of online social networking. The idea is to help the highly unorganized poor workforce of the economy like maids, helpers, drivers, cooks, etc. The case not only gives the wider view of this but also highlights various issues, restricting the member users to integrate them with the growing popularity of online social networking. It illustrates the process by which an illiterate gets job through the help of a mentor, and in the process the mentor gets rewarded for every jobseeker's acceptance of job.

To stay Blue: A Challenge.

A company that has been successful in creating Blue Ocean has to ensure through regular value innovations that market of its products continues to stay blue. In words of Kim and Mauborgne "Creating Blue Ocean is not a static achievement but a dynamic process. Once a company creates a blue ocean and its powerful performance is known, sooner or later imitators appear on horizon". Thus biggest challenge for a company that has been successful in creating Blue Ocean is to ensure that it continues to introduce regular value innovation otherwise there is always a possibility that the company will fail in the market soon. It is on account of the above, that Orkut was challenged by Facebook and Facebook still stands tall while Orkut is now dead.

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TV Reality Shows & Indian viewer

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ABSTRACT

Indian reality shows are always a matter of discussion and debate from long back, there are supporters and protester as well but. It is not just enough to say “*it’s a democratic country everyone has choice to express and accept*” rather it is right time to decide the limit of constitutional permission of freedom to express because serving anything to mass which is not ethical by nature will always create moral issues and responsibility .

The mindset of Indian people and their societal bonding getting affected at large but in this race of looking modern we accept everything at first look without any objection, This paper focus mainly on the telecasting, censoring these reality shows & their impact on Indian viewer. Further paper argue with the use of such reality shows with sophisticated and lavish tag of promotional strategy .The author offers examples from past and present situation to elaborate them for the lay man . The contribution for paper mainly based on historical data and data which are collected from mass media .Further paper point towards the approach which can be used for tackling these set of acts efficiently and properly for the sake of betterment of server and viewer.

Key Words: Serving approach, tackling approach.

Introduction

The media put our environment in perspective by giving several aspects, meaning and explanations relating to it. They help establish our agendas by giving us things to think and talk about; they help us become socialized into our communities and political system and to participate in change when necessary; and they help us cope with or escape from life’s realities in a variety of ways. In short, the greater our need to belong, to understand, to cope with several situations and the greater our reliance on the mass media. Hence the media must have some pervasive influence on our thoughts, beliefs, values, and even our behavior. Television is a popular and powerful medium that both imitates and influences culture. For many people, television is a primary source of information and

entertainment. It is a window into a different world an opportunity to view people, place, and things that we may not have experienced firsthand. In an increasingly global society, television shapes society's perception of the world.

Reality television, they say, breaks the monotony by creating interesting concepts and innovative ideas that made them stand out from the regular shows. With the worldwide small screen sector coming up with new concepts for reality shows, India too is in the race to project good and original concepts. Every day on television, some new reality shows are being introduced, enabling the viewers to choose to choose from a large menu of many shows. Reality television is a genre of television programming that presents purportedly unscripted dramatic or humorous situations, documents actual events, and usually features ordinary people instead of professional actors, sometimes in a contest or other situation where a prize is awarded. Reality shows have become the order of the day, attracting and wooing the audiences in all age-group. With the advent of shows .The music reality shows, Indian television industry saw a new wave generated in the genre of Reality Television shows back in early 1990s and since then there has been all kinds of reality shows and perspectives like *MTV Bakra*, *Nach Baliye*, *Kaun Banega Croorpati*, *Jhalak Dikhlaja*, *Big Boss*, *Swayamvar*, etc. According to Hight (2001), most assumptions about the psychology of reality television viewership are derived from textual analyses of reality-based programs, rather than research involving audiences. Thus, it calls for investigations of reality-based programming based on the assumption that such programmes may implicate a network of social, economic, and political changes in modern society and hence the study attempts to determine impact of reality shows on the society.

The Basic Influence:

Reality shows play a significant role in television broadcasting benefiting the producers, sponsors, advertisers and anyone who has a stake in the making of it. Reality shows are degrading the society, individuals and ironically, these reality shows are far different from true reality. Reality programs have taken a major part in the affect on civilization and its influence on American popular culture. Although reality TV shows have acquired great demand among audiences in the origins of '70s, it has led to a decrease in social value which has a downbeat impact on the society as a whole.

Certain reality TV shows consider the humiliation of the participants on national TV as an entertainment to the public. Shows such as *The Moment of Truth*, where people reveal their personal lives face enormous disgrace and show like *The Biggest Loser*, with the insult right flee in the title. The humiliation of the contestants is a selling point for the program where audiences have a laugh at those contestants who are ripped apart by the shows' judges. There are no regulator guidelines set by the broadcasters where the program would stick to codes of behavior. One great example is *Big Brother*, where contestants mark each other with racial vilifications. Vulgar behavior, swearing, and fights that are shown on reality TV have a negative impact on the younger audiences. This behavior is applied in society such as home, school, and neighborhood by the viewers who are easily manipulated.

Younger audiences are influenced emotionally and psychologically from the reality show characters and lose self-esteem in them. Teenagers are impacted deeply by the lifestyle of those models on TV because they are bored of their monotonous lifestyle.

History perspective, present day status & growing trend:

The debate over whether or not television as a positive or negative effect on society has endured for more than sixty years. The latest causality in this war: reality TV. Critics lambast the genre, claiming it's a choreographed illusion that celebrates distasteful and dysfunctional behavior, feeds our voyeuristic urges, and siphons intelligence, while enthusiasts celebrate it as a method of entertainment. So, who's right?

The Worst of Human Behavior

Psychologist George Gerbner and Larry Gross of the University of Pennsylvania developed the "cultivation theory," which asserts that prolonged exposure to television can shape viewer's concept of the world. Basically, the more television someone watches, the more he will believe the world is as it's presented by the TV. I can see how this might apply to older generations who didn't grow up in the Information Age. Take my grandpa, for example. He watches nothing but the news and he's convinced the world is a violent and dangerous place. I'd probably think that, too, if all I watched were reports of thefts, shooting, and terrorism.

I wonder if the "cultivation theory" applies to reality TV shows. If I did nothing but watch "Big Brother" all day, would I start to believe there were cameras scattered throughout my home and my family was conspiring to vote me out of the house?

Voyeuristic Urges

The idea that reality TV nourishes voyeuristic behavior sounds like a great argument. Who would want to raise a society of Peeping Toms? Thankfully, this criticism has no merit. Voyeurism is, by definition (<http://dictionary.reference.com/browse/voyeurism>), "the practice of obtaining sexual gratification by looking at sexual objects or acts, especially secretly." The key word here is secretly. All voyeuristic pleasure is removed if the person being watched knows she's being watched.

A Threat to Intelligence

Reality TV critics claim that these shows pander to the ill-witted and somehow manage to make the rest of us dumber for watching. I don't think it's possible to lose brain cells or cognitive functioning simply from tuning into a TV show. I think a far greater concern for critics is the sense of superiority viewers derive from watching reality TV. The truth is many people watch these shows to feel better about their own lives. What does that say about our society's ability to promote a healthy self-image?

Entertainment

Critics of reality TV argue that television should be used to education, inform, and enlighten viewers. I agree television is an excellent medium for teaching, decimating information, and promoting the arts, but it is also a vehicle for entertainment. It's a way to peer into another world for amusement and fun. Television offers viewers a needed break from the daily pressures of life; it's a healthy occupation for the mind.

Negativity With These Shows:

Most popular shows have been ordered to broadcast in a late-night slot by the government because of their increasingly outrageous content.

The move comes after the hostess of one was sued for causing the suicide of a guest after insulting him over his marriage breakdown. The second – an Indian version of Big Brother – saw Pamela Anderson making a guest appearance in a gold and white sari. Both programmes have been accused of "vulgar language" and "objectionable scenes" by India's information and broadcasting ministry, which ordered that their mid-evening slots be swapped for 11pm-5am. Such a move would lead to a 30% drop in audiences, analysts say.

The government's decision was not entirely unexpected. India's reality shows range from copies of Masterchef to a version of I'm a Celebrity ... Get Me Out of Here! That saw minor Bollywood starlets spending weeks in a poor rural village experiencing the daily drudgery endured by millions of Indian women.

Many shows offer a shortcut to riches and garner thousands of applicants at auditions in small Indian towns. Some have "constructive" themes, such as a TV competition over which village can be the most environmentally friendly.

Others have been accused of chasing ratings with excesses of sensationalism.

Chetan Bhagat, India's topselling author who has also participated in reality shows, said the programmes "fascinated" because they broke taboos.

Issues & Challenges :

The basic issue involve with these kind of reality shows are nothing but their intention of serving the viewers .It is not being said that all the reality shows are of the same category but most of the current reality shows are highly influencible not only to the immature audience but also to the moral of the society. The challenge associated with this is to develop the values among the servers and awareness among the seekers so the effort can be taken from both the side and the overall negative influence can be removed or at least it can be nullify at far extent . there should be legal censoring on

such reality shows from government as well as the society and any kind of unacceptable thing need to be protested and criticised

Few of the most burning issues & challenges are,

- Broadcasting on prime time.
- Censor problem.
- Legal hurdle.
- Constitutional rights and its misuse.
- Race of TRP.
- Attracting more & more viewers.
- Moral and ethical problem and its understanding.

Methodology:

The paper is purely based on secondary data which is available so basic method which is used to set the target for completion of the research is secondary tool and all data are collected from both print and electronic media also data are collected from govt. authority to authenticate the information which is available online

The nature of research is analytical hence design is also analytical based and whatever is the analysis done is purely based on the reports of various agencies.

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New series of SAMSUNG mobiles - a Case of Successful Blue Ocean Strategy

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ABSTRACT

The concept of blue ocean strategy is well defined in the quote BLUE OCEAN STRATEGY - **"Don't Compete with Rivals- Make Them Irrelevant"** (Kim and Mauborgne, 2004). *Blue Ocean Strategy is the simultaneous pursuit of differentiation and low-cost to create new market space. A proven and practical approach to creating breakthrough business ideas, blue ocean strategy seeks to make the competition irrelevant by creating a leap in value for both the company and its buyer.*

Today in the age of tough competition companies are using various strategies to have edge over to their competitors. But this new strategy is all together different and highlights the combination of innovation, creativity and risk taking abilities.

The present study is based on primary data and it highlights the success of Samsung mobiles in the present market. Samsung by introducing entirely a new series of mobiles with different set of technologies has changed the attitude of customers towards the mobile purchase and it has definitely set new standards in mobile market. And the competitors of Samsung are unable to match this entirely new range of mobile by the company.

The primary data is collected through a structured questionnaire by distributors and customers in the city of Jabalpur. This paper will bring out the application of Blue Ocean Strategy with special reference to Samsung Mobiles.

Keywords: Blue Ocean Strategy, Red Ocean Strategies, Value Innovation, Competitor Irrelevancy, Competitive Advantage.

Introduction:

The Blue Ocean Strategy is still relatively new and had been introduced only in **2004** by **W. C. Kim and R Mauborgne**. Blue Ocean Strategy suggests that an organization should create new demand in an uncontested market space, or a "Blue Ocean", rather than compete head-to-head with other suppliers in an existing industry.

It is a series of managerial decisions that drive customer value up while driving costs down with a series of moves that create value innovation. The well-defined process looks at existing markets in a different way and identifies new competitive factors that add value and eliminate head-to-head competition. When you apply the Blue Ocean Strategy, you unlock new market demand and make the competition irrelevant.

Samsung:

Samsung Electronics Co., Ltd. is a South Korean multinational electronics company headquartered in Suwon, South Korea. It is the flagship subsidiary of the Samsung Group and was the world's largest technology company by revenues from 2009 to 2012. Samsung Electronics has assembly plants and sales networks in 61 countries and employs around 221,000 people.

Initially Samsung mobiles started its operations in India with low cost mobile having very basic features, but as the smart phone concept started to begun through Apple I-phone, Samsung took a big leap when got associated with Google and launched the new Operating system for mobile phones "Android", Since then there was no looking back.

Samsung has become the world's largest handset maker (eclipsing Nokia, which had that spot for as long as anyone can remember), going from zero to market dominance in less than three years.

Blue oceans Vs Red Oceans

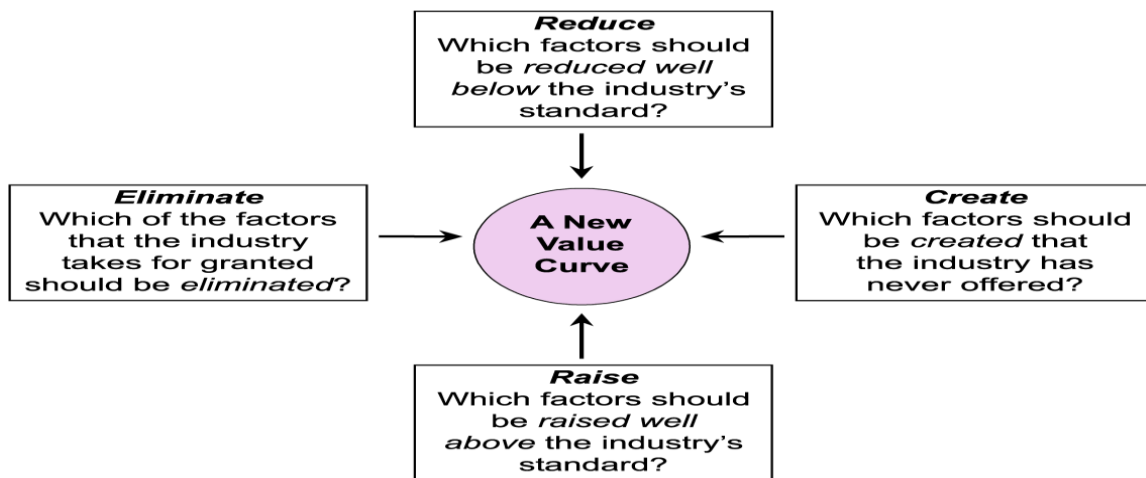
Generally "Ocean" refers to the market or Industry. Imagine a market universe composed of two sorts of oceans: red oceans and blue oceans.

Blue oceans, in contrast, denote all the industries not in existence today – the unknown market space, untainted by competition. In blue oceans, demand is created rather than fought over. There is ample opportunity for growth that is both profitable and rapid. In blue oceans, competition is

irrelevant because the rules of the game are waiting to be set. Blue Ocean is an analogy to describe the wider, deeper potential of market space that is not yet explored.

Blue oceans, in contrast, are defined by untapped market space, demand creation, and the opportunity for highly profitable growth. Although some blue oceans are created well beyond existing industry boundaries, most are created from within red oceans by expanding existing industry boundaries.

The four step framework of blue oceans:



Source: Kim, W. Chan - Harvard Business School Publishing Corporation 2004

The cornerstone of Blue Ocean Strategy is '**Value Innovation**'. A blue ocean is created when a company achieves value innovation that creates value simultaneously for both the buyer and the company. The *innovation* (in product, service, or delivery) must raise and create value for the market, while simultaneously reducing or eliminating features or services that are less valued by the current or future market.

The Blue Ocean Strategy is based on six principles proposed namely:

- i. Reconstruct market boundaries,
- ii. Focus on the big picture,
- iii. Reach beyond existing demand,
- iv. Get the strategic sequence right,
- v. Overcome organizational hurdles,
- vi. Build execution into strategy.

Red oceans represent to all the industries in existence today – the known market space. In the red oceans, industry boundaries are defined and accepted, and the competitive rules of the game are known. Here companies try to outperform their rivals to grab a greater share of product or service demand. As the market space gets crowded, prospects for profits and growth are reduced. Products become commodities or niche, and cutthroat competition turns the ocean bloody; Hence we use the term “red” oceans.

By contrast, the Red Ocean Strategy focuses on existing customers and is where most companies compete, seeking customers from the same market as their competitors. Researchers **Kim and Mauborgne** suggest that companies break out of the red ocean of bloody competition and create uncontested market space in the blue ocean.

Objectives:

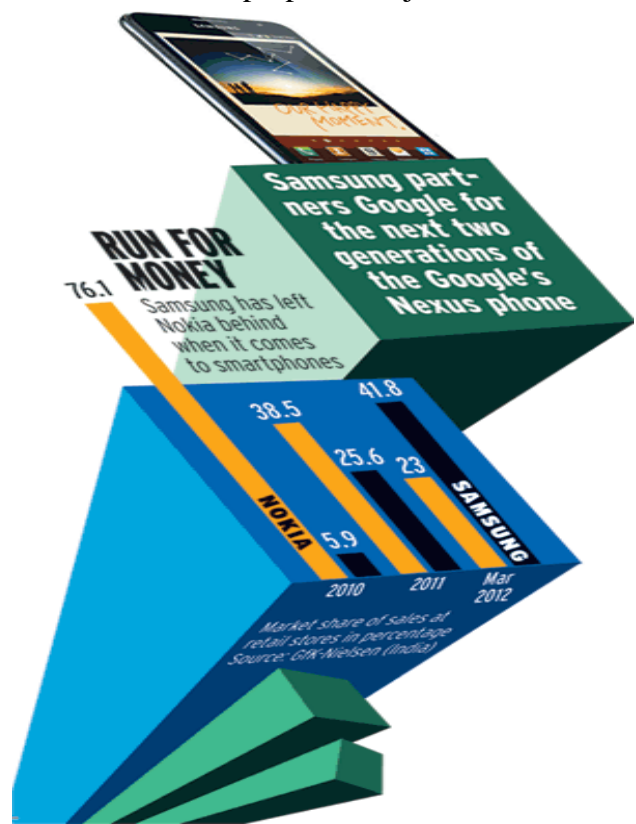
This paper focuses on that how the Samsung Mobile adopted the strategies worldwide to become no 1 in mobile handset. Further, paper would try to explore the possible applications of blue oceans strategies & how can we use in different market segments to identify new market & provide products without compete with others.

Research Methodology:

The present study is based on primary data and it highlights the success of Samsung mobiles in the present market. The primary data is collected through a structured questionnaire by distributors, retailers and customers in the city of Jabalpur. The research is also based on publically available information which has been taken into account. In order to fulfill proposed objectives data on various facts related to the Samsung and Blue Oceans Strategy is been presented with the help of literature review. For analysis purpose percentage method is used. Diagrams are also used for the presentation of analysis.

Literature Review:

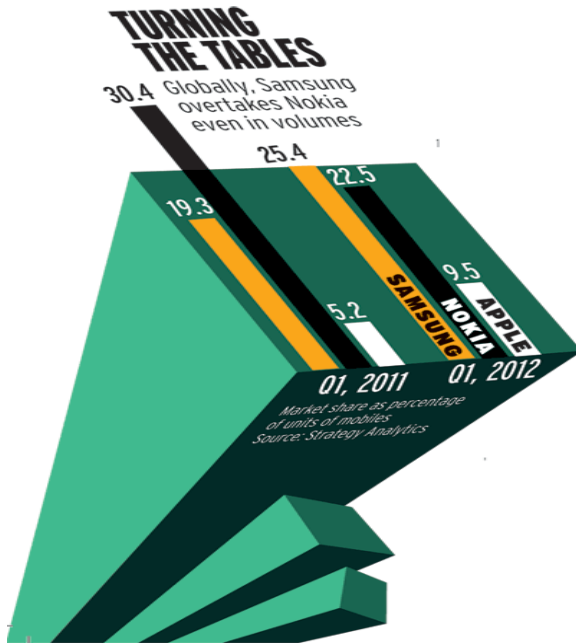
Blue ocean strategy, on the other hand, is based on the view that market boundaries and industry structure are not given and can be reconstructed by the actions and beliefs of industry players.



This is what the authors call “reconstructionist view”. Assuming that structure and market boundaries exist only in managers’ minds, practitioners who hold this view do not let existing market structures limit their thinking.

To them, extra demand is out there, largely untapped. The crux of the problem is how to create it. This, in turn, requires a shift of attention from supply to demand, from a focus on competing to a focus on value innovation – that is, the creation of innovative value to unlock new demand. This is achieved via the simultaneous pursuit of differentiation and low-cost.

Source : GFK-Nielsen Survey India 2012



Samsung had 19.3 % of market share in comparison of 30.4% of Nokia and 5.2 % Apple in the year 2011, but in the year 2012 Samsung were very aggressive in terms of product innovation and overtook Nokia by capturing 25.4% of market share till August 2012 it grown up till 29.5%.

Samsung became the world's largest cellphone maker in 2012, with the sales of 45 million smart phones in the first quarter, till October'12 Samsung's mobile phone sales have reached 86.6 million units. Samsung has also established a

Source: GFK-Nielsen Survey India 2012

Prominent position in the tablet computer market, with the release of the Android-powered Samsung Galaxy Tab. Samsung mobile products, particularly the company smartphones and tablets, has become wildly popular. But what is it about Samsung products that made them the most popular mobile products in terms of sheer numbers in the world.

Focus on India

As per GFK-Nielsen 2012 survey, India is the fastest growing telecom market in the world and presents an attractive opportunity for handset makers like Samsung. In all, Samsung has over 50 handset models in India in which 19 of them belongs to the Smartphone category, ranging from entry-level to mid-range and high-end smartphones. According to a GFK Nielsen report, the company’s overall market share stands at around 27 per cent of the Indian mobile market in value terms.

The company has also increased its focus on applications to provide users with a wide range of applications across various platforms like Android, Windows and Samsung’s own Bada. The

company is reportedly working with around 800 application developers in the country to develop customized applications for the Indian consumer.

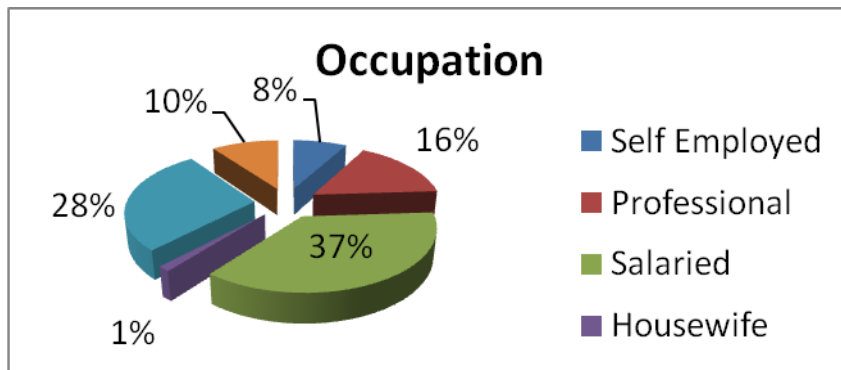
Research Analysis:

The study was done in the city of Jabalpur during the month of November-December 2012. It includes total 150 respondents out of that 106 (71%) were male and 44 (29%) were female. The samples covered 91(66%) unmarried and 51 (33%) married respondents. The age wise distribution of the sample covers 66(44%) of the respondents between the age group of 15-25 years, 72(48%) of the respondents were between the age group of 25-35 years whereas 8(5%) and 4(3%) of the respondents were between 35-45 and above 45 years.

To achieve the objective of the paper various questions were asked and the responses were analyzed for study purpose which highlights the following analysis.

Occupation

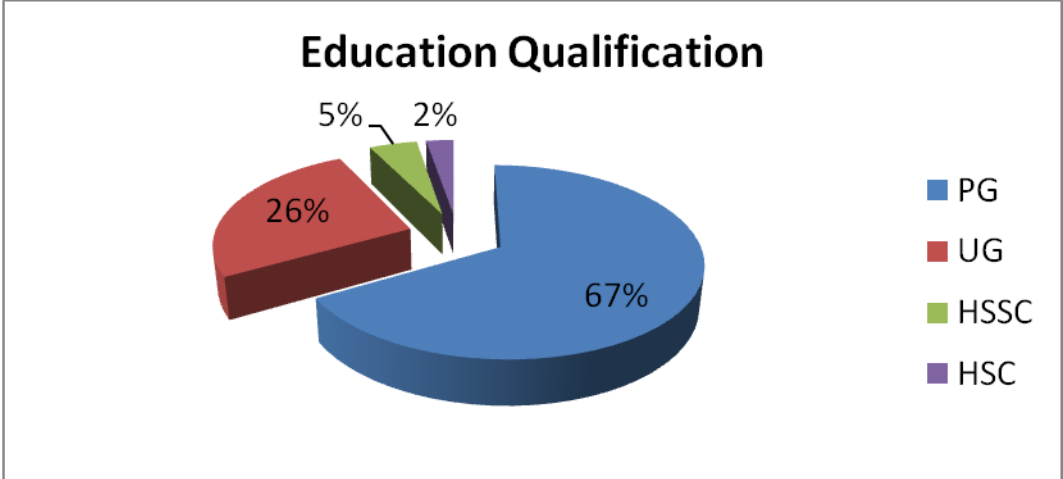
Self Employed	Professional	Salaried	Housewife	Student	Others
12	24	55	2	42	15



12(8%) of the respondents were self employed, 24(16%) of them were professionals, 55(37%) of them were salaried, 42(28%) of them were students, 2(1%) and 15(10%) of them were housewives and others respectively.

Educational Qualification

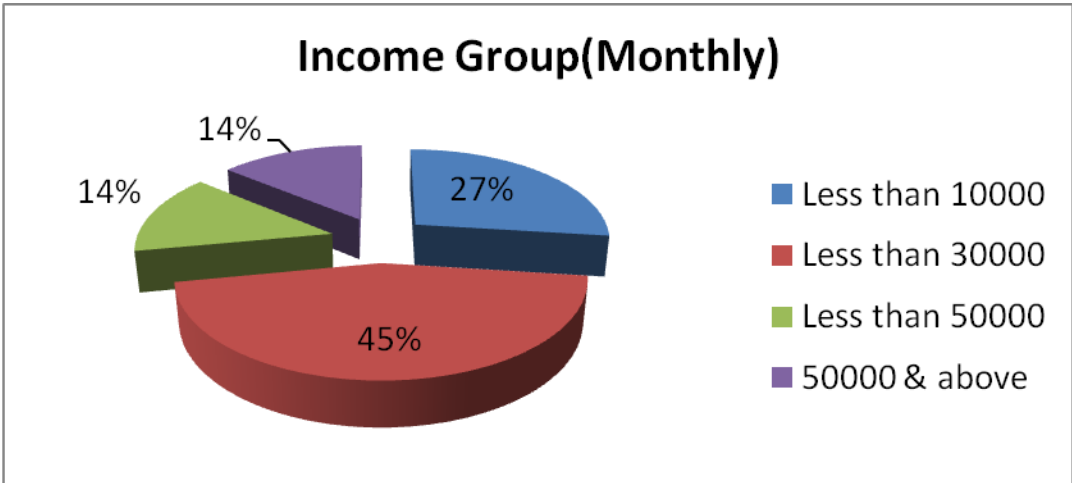
PG	UG	HSSC	HSC
100	39	7	4



When asked about their educational qualification 100(67%) of the responded as they are post graduates, 39(26%) of them as Graduates, 7(5%) and 4(2%) as Higher Secondary School pass and High school pass respectively.

Income Group (Monthly)

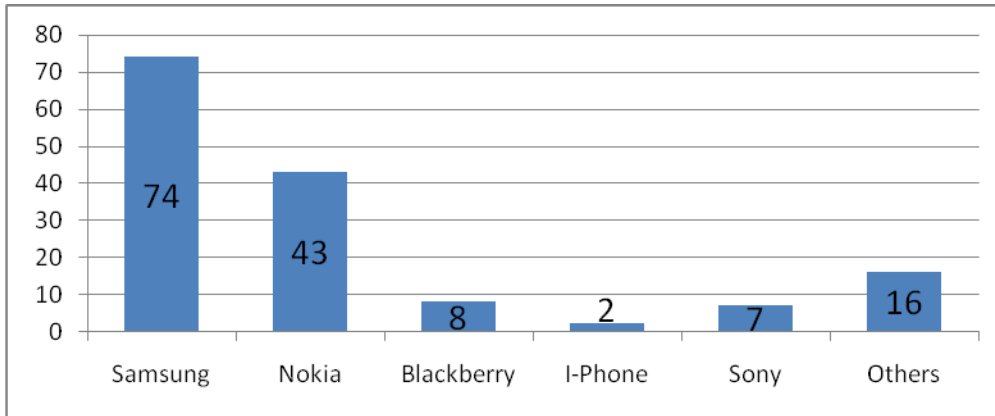
Less than 10000	Less than 30000	Less than 50000	50000 & above
27	45	14	14



When asked about their Income group 27 of them were in the group of less than 10000, 45 of them were less than 30000, 14 were less than 50000 per month and 14 were 50000 and above income group level.

Which company handset you are using

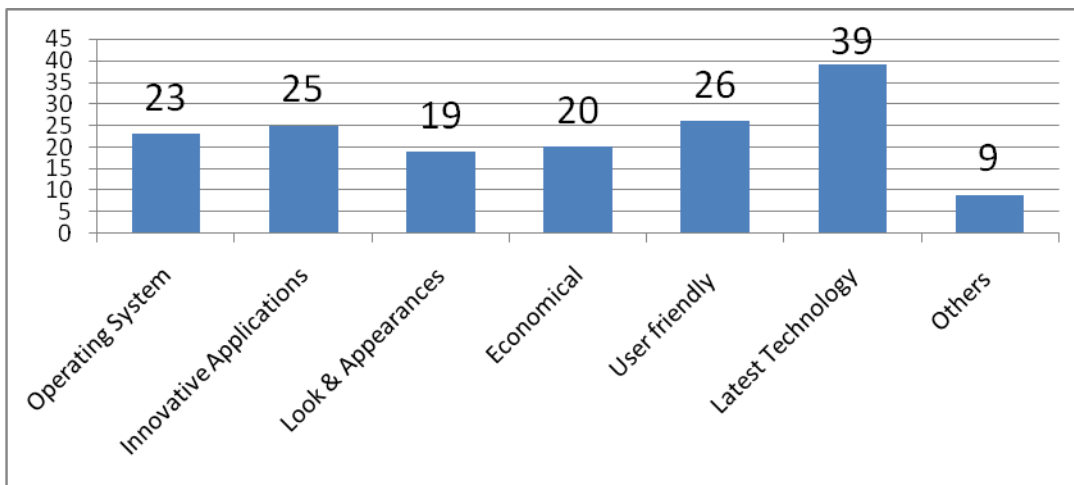
Samsung	Nokia	Blackberry	I-Phone	Sony	Others
74	43	8	2	7	16



When asked about that which brand handset they are using 74 of them are using Samsung, 43 of them are using Nokia, 8 of the respondents are using blackberry, 2, 7 and 16 were the users of the I-phone, Sony and other brands of phone.

Features

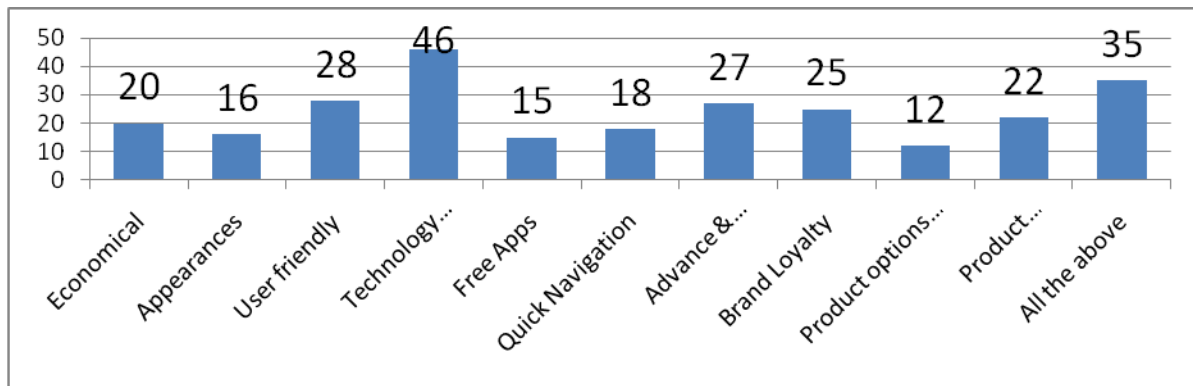
Operating System	Innovative Applications	Look & Appearances	Economical	User friendly	Latest Technology	Others
23	25	19	20	26	39	9



The question asked to the Samsung user that what are the reasons of them using Samsung mobile phones (a multiple choice question), 23 of them like the operating system, 25 of them liked the innovative application, 19 of them have chosen Samsung for its looks and appearances, 20 of them likes it because of it being economical, 26 likes it being user friendly, 39 likes the latest technology and 9 likes the other qualities of Samsung mobile phones.

If you are given a chance to change your current Handset, which features would you like to possess in the new one.

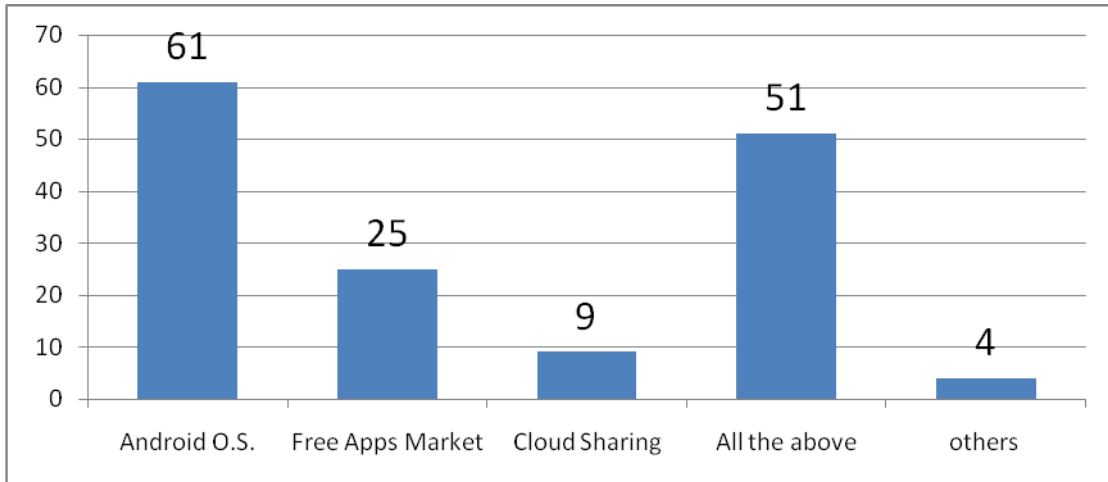
Economical	Appearances	User friendly	Technology (latest)	Free Apps	Quick Navigation	Advance & Innovative features	Brand Loyalty	Product options & variety	Product Reliability	All the above
20	16	28	46	15	18	27	25	12	22	35



Other than Samsung mobile user have asked about if they are given a chance to change their mobile phone brand what features they will be looking at(A multiple choice question); 20 would like it to be economical, 16 will look for the looks and appearances, 28 of them would want it to be user friendly, 46 will look for the latest technology, 15 want free applications, 18 likes the quick navigations, 27 will look for advance & innovative features, 25 of them are brand loyal, 12 need the variety and product options in the brand, 22 need a reliable product and 35 of them would want all of them.

latest technologies which are provided by Samsung Mobile

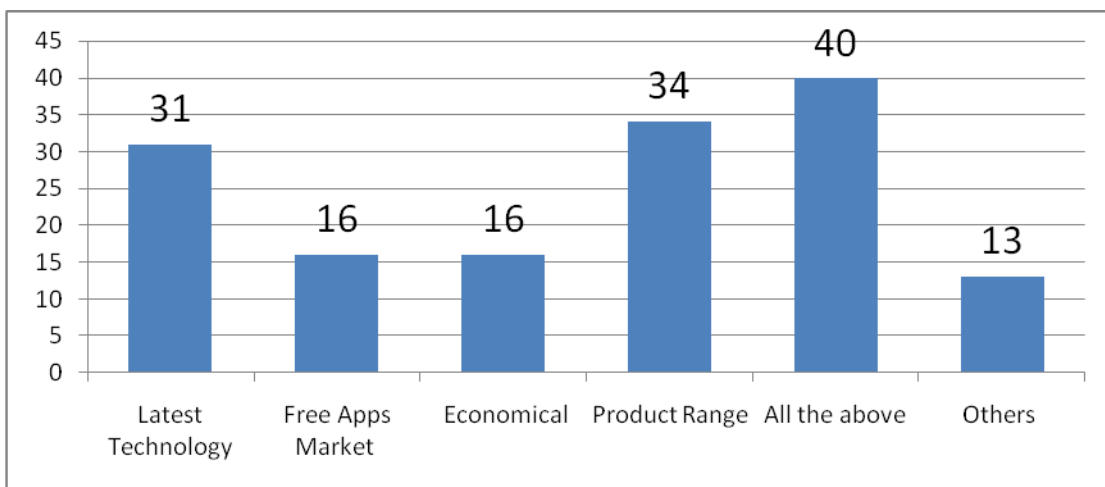
Android O.S.	Free Apps Market	Cloud Sharing	All the above	others
61	25	9	51	4



This question is to know the product awareness of Samsung, in which 61 of them said Samsung is providing Android Operating Systems, 25 of them said it gives free market of latest applications, 9 of them said it gives the cloud sharing facility, 51 of them said All the features and 4 have said other features like navigation, multiple mail access etc.

On What basis Samsung is better than other Smartphone Available in the market.

Latest Technology	Free Apps Market	Economical	Product Range	All the above	Others
31	16	16	34	40	13

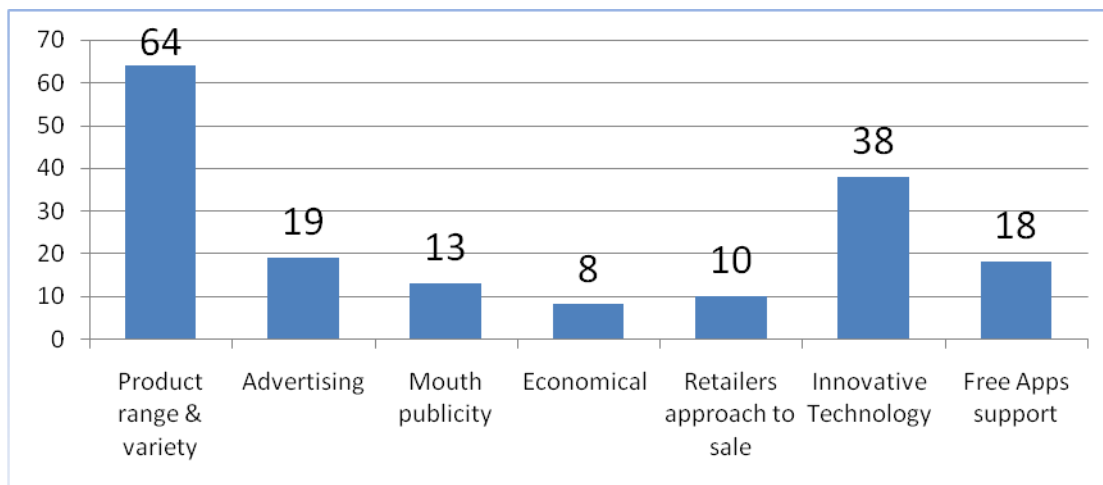


When asked that if Samsung phones are better than the other phones available in the market or not and if yes Why? To which 31 of them said it is because of the latest technology, 16 have said

because of free market of applications, 16 of them think that it is economical, 34 of them think that it has a wide range of products, 40 think all the features are as reasons and 13 of them said other reasons.

Reasons behind Samsung mobiles Fast Growth & Increased market share.

Product range & variety	Advertising	Mouth publicity	Economical	Retailers approach to sale	Innovative Technology	Free Apps support
64	19	13	8	10	38	18



When asked the reasons of Samsungs fast growth and increased market share; 64 of them have said it is because of wide product range and variety, 19 of them thinks it is because of advertising, 13 of them says mouth publicity is responsible, 8 thinks that it is economical, 10 thinks that the retailers approach towards selling Samsung phone makes it better placed in the market, 38 of them thing the innovative technology that Samsung is using is a factor while 18 of them think that free application support makes it growing with such a fast pace.

Findings:

On the basis of the primary data collected through various sources we found that the Mobile market has been captured by Samsung Mobile very aggressively and looking to dominate the phone market for a very long time. The primary data collected through a structured questionnaire confirms the same thing and been able to give us the reasons of the same which are:

1. The latest Operating System and Regular updation in it.
2. Wide range of products available in the market.

3. Economical Smart phone availability.
4. Free application market provides approx. 400000 applications.
5. Looks and appearances of the devices.
6. The Capacitive touch of the devices is very responsive.

Conclusion:

The blue ocean strategy expresses the importance of market expansion through selling innovative product in untapped market. This concept has been applied by Samsung effectively and today it has become number one sellers in the mobile market throughout the world. The innovative approach of Samsung by introducing entirely new range of product unmatched to competitors gave company a competitive edge and has become leader today. The present study which was conducted at the city of Jabalpur also confirms the popularity of Samsung in the mobile market.

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Title
Deodorant Positioning in Indian market: Thurston Case V Scale approach

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Deodorant Positioning in Indian market: Thurston Case V Scale Approach

Abstract:

In past few years, cosmetic industry has been witnessing a significant growth in Indian market. The consumption of cosmetics by both men and women shows upward trends. As customers of deodorant, one of the cosmetic products, look for innovative features in their brand or product, the leading cosmetic manufacturing companies has gone for several experimentations with new features of deodorants.

In today's competitive market in the cosmetic sector, the proper positioning of a product or a brand has become a key to success when customers are looking for the best product with innovative features. Basically, positioning of a product helps in developing an image of the same against the product of competitors and helps customers in differentiating company's product from its competitor's product. The positioning strategy directs the customers to associate the product with some features or customer benefits.

This paper is an attempt to find out the positioning of deodorant in customers mind considering the basic three features viz. fragrance likability, strength of fragrance and fragrance comparability of four prototype products. In this paper a perceptual map has been drawn with the help of Thurston Case V scale in order to explain the positioning of four deodorants.

Key Words: Product positioning, Thurston Case V scale, Perceptual map

Introduction:

Products or services can be defined as a collection of many tangible and intangible attributes with varied significances for a potential buyer (Kotler., 2006). A customer may describe a product as a bundle of objective and subjective characteristic viz. colour, size, design, weight, texture, fragrance, comfort, user friendliness, eco-friendliness etc. and consequences viz. feelings of pride, power and prestige. A marketer's responsibility to understand the customers' need and demand, design a product or service considering different attributes and their quality and put those attributes together to gain a competitive advantage (Bagozzi et.al., 1998). In the competitive environment where products become more and more complex and consumers become more sophisticated, marketers have no option except developing more attributes in their product. However, the purchasing decision of consumers mostly depends on some key attributes as per their process of choosing any product (Aaker, 2005). Generally, the key product attributes vary with the change of market segments. Therefore, the marketers have to position their products focusing on the market segment that they want to target (Bagozzi et.al., 1998).

In modern business environment where intensiveness of rivalry and competition is increasing day by day, any offering demands its clear identity and orientation in the mind of target customer. Therefore, marketers put much emphasis on positioning of their products or offerings that help occupy the distinct and valued place in the mind of target customer.

Literature Review:

Product Positioning: Meaning and concept:

According to Ries and Trout (1986), positioning is what a marketer does with the mind of customers. They opined that positioning is possible with a product, service, merchandise, company and even with a person. Kotler (2000), has defined positioning as an marketing activity through which an offering can occupy the valued and distinct place of customers' mind. Product positioning can be defined as a process of creating an image of the product in the mind of customers so that they can differentiate the company's product from the products of their competitors (Etzel et.al., 1997). According to A. B. Thompson (2004), positioning is a process of occupying a credible and profitable place in the mind of consumers either by getting their first or by capturing the position against competitors or by repositioning the same product against the competitors. Product positioning is highly associated with market segmentation as positioning helps in targeting a specific market segment (Lambin, J.J. 1997, Thompson, 2004. Kotler, 2000, 2006, Neamtu and Neamtu, 2012). Product positioning facilitates to develop customer perception towards a company and its offerings and thus positioning strategy of a company becomes a key to its success (Karadeniz M, 2009). Therefore, it is important for a marketer to have the knowledge how a product is perceived by a customer and what position the product can occupy in the mind of customers (Ruta Ostaceviciute and Laimona Sliburyte ,2008), Different authors suggested that a perceptual map is a powerful tool indicating the position of a product in the mind of customers (Bagozzi et.al.,1998, Rice, 2001, Arora R.2006, Kotler, 2006, Karadeniz M,2009).

Perceptual Mapping – a Tool for Positioning:

Perceptual mapping is a strategic tool for positioning of any product or service which has been applied for last three decades (Green and Wind, 1975). Perceptual mapping provides marketing information in relation to product positioning and competitive market structure (DeSarbo and Rao, 1984; Wind, 1982, Srivastava et al.,1984). Perceptual mapping is a process by which marketer can understand the consumer's perception about any product and service (Rice, 2001). Perceptual mapping is a tool that is utilized for visual representation of customers' perception towards products, attributes, brands, promotion and services (Jawarharlal and Kumar, 2004). A perceptual map provides graphical cues that communicate a relationship between the criteria of buying decision of customers and market place competitors (Nigam and Kaushik , 2011). The perceptual map is a graphical presentation of products or services considering a space spanned by different attributes and explain the positioning of different products (Torres and Velden, 2005).

Development of Perceptual Mapping – Methods and Techniques:

The most popular and universally acceptable statistical technique which is applied for developing perceptual map is Multi-Dimensional Scaling technique (DeSarbo and Wu ,2001,Blake et.al. 2003, Nargundkar, 2007, Mohanty, 2012). Multi-Dimensional Scaling problems can be solved with the help of two basic methods – a) attribute based methods and b) similarity and dissimilarity based approach (Nargundkar, 2007). In an attribute-based approach, comparative differences amongst different products and brands are rated on the basis of their attributes which helps evaluate how distinctly the customers perceive different products and services (Torres and Velden, 2005, Nargundkar, 2007, Agarwal and Dey, 2010). In a non- attribute based perceptual map, respondents' summary judgments regarding degree of similarities and dissimilarities amongst

different products or services are taken into account. This kind of similarities or dissimilarities indicates the perception of customers towards different products and services (Nargundkar, 2007, Lambin, 2007). However, apart from multi-dimensional scaling, perceptual mapping is also an application of some other techniques viz. Factor Analysis, Correspondence Analysis and Discriminant Analysis which reveals customer perception towards any product or brand or service (Greenacre. and Blasius, 2006, Greenacre, 2007, Nargundkar, 2007).

Thurstone case V scale is another widely used tool for estimating customer preference towards different items and their positioning in the mind of customers (Lipovetsky, 2007). Thurstone case V scale is a convenient method for obtaining preferences of respondents as scale values. Those scale values are plotted on an interval scale indicating the positions of preferred items in the mind of customers (Varva,1997)

A β -Test with Four Variants of Deodorants – a Real-Life Case Study on XYZ India Ltd. the real name of the company is concealed due to some confidential reasons).

A famous Corporate house of India, XYZ India Ltd. that has a diversified presence in cigarettes, hotels, paperboards & specialty papers, packaging, agro business, packaged foods & confectionery, branded apparel, greeting cards, safety matches and other FMCG products has decided to extend their product line of deodorants by adding four new variants to existing items. The company has engaged some professionals to conduct a β -test with four prototype variants of the above - mentioned deodorant before commercialization of those products.

Generally, at the time of new product development, after developing a prototype product, a company conducts β -test with its employees in order to understand their perception towards the new product (Kotler, 2006). In the company premise of XYZ India Ltd., the same kind of β -test has been conducted with its female employees who generally use deodorants, body lotion and perfume. Thirty such female employees have been selected as a sample unit for conducting a blind test with four variants of deodorant. Blind test is a kind of experiments with any product and their users or potential users where the brand name of the product remains unknown to the respondents. The same experiment has been set up with the female employees of XYZ India Ltd. considering four variants of deodorant which were not known by any brand or symbol rather by some codes viz. L7, N5, U3 and Q4.

The objectives of the study are:

- To determine the consumer preference between different variants of deodorants before measurement
- To measure the positioning of four deodorants in the mind of female prospects

Research methodology:

This study follows a three- step methodology to conduct a research on perception of employees of XYZ India Ltd. towards the eight variants of deodorants. The steps are research design, data collection and data analysis.

Research Design:

The basic structure of a research methodology is a research design which provides a guide to researchers to conduct the research. In this study, a literature review has been conducted to explore how product positioning involves in determining customer perception towards the company's offering. Therefore, initially the study is involved in exploratory research design. The latter part of the study involves in setting up an experiment like blind test as it is mentioned in the above section. This experimentation is a sort of conclusive research based on primary data that leads to certain conclusion regarding the perception of users of deodorants towards the company's offering.

Data Collection:

As per the design of the above-mentioned conclusive research a structured questionnaire has been framed for conducting a survey with 30 employees of XYZ India Ltd. to collect their preference ratings against each variant of deodorants. At first, after receiving some information from those 30 employees regarding deodorants, the surveyor provided them the free sample of deodorants. Afterward, they were asked to use those deodorants for two days. Then, after two days a questionnaire survey was conducted with them to collect their final ratings for four variants of deodorants.

The purpose of the questionnaire survey was to understand the perception of those 30 respondents towards both the male and female variants of deodorant on the basis of three important attributes that the respondents preferred most at their initial feedback before using those deodorants. These three attributes are fragrance likeability (3A), the fragrance 'amount'(3B) and the fragrance comparability (3C). Fragrance likability explains someone's personal likes and dislikes about the fragrance of the deodorant. Fragrance amount indicates how strong the fragrance is. The fragrance comparability means the 'amount' of fragrance is compared to the 'amount' of fragrance desired by the respondents.

Data Analysis:

In this paper, data analysis has been conducted by applying Thurstone Case V Scale. As per the methodology of Thurstone Case V Scale, firstly, all the ratings provided by the respondents were assembled in proportion matrix which is a square matrix with the description of variants both at the column and rows. Secondly, entries in each cell indicates the proportion of the respondents preferring column variants over the row variants considering any of the above mentioned three attributes. There are three such matrices for all the three attributes. Thirdly, the proportion matrix has been transformed into Z-Transition matrix by determining the corresponding Z values of all those proportions. Finally, the summation of Z values and their averages are calculated. The average Z-values are considered as scale values to form an interval scale which is known as Thurstone case V scale. In the Thurstone case V scale, all the average Z-values are placed to determine the position of four variants in the mind of prospects.

Results:

In the following table, the research result for four variants shows the average score of respondent's preference against the attributes viz. fragrance likability (3A), fragrance amount (3B) and the fragrance comparability (3C) as the scale values of Thurstone case V scale.

Female Variants of Deodorant

Attributes	U ₃	Q ₄	L ₇	N ₅
3A	.28	-.08	.66	-1.71
3B	-.07	.02	.05	.1
3C	-.07	.03	-.28	.39

Table of the Scale values of four female variants of deodorants

Three Thurstone case V scales have been formed on the basis of above scale values. Scale-I represents attribute-3A. Scale-II represents attribute-3B and the scale-III represents attribute-3C. These scales can be considered as three dimensions. Considering two dimensions imultaneously, a perceptual map has been drawn. Three such perceptual maps have been drawn considering three pairs of attributes viz. 3A-3B, 3A-3C and 3B-3C. Each perceptual map provides graphical positions of above-mentioned four variances indicating the perception of female employees of XYZ India Ltd. who might be the potential users of those deodorants.

In the Perceptual map-I (given in appendix-I) the positioning of variants in the mind of customers has been determined on the basis of two dimensions viz. fragrance likeability (3A) in the vertical axis and the fragrance 'amount'(3B) in the horizontal axis. The fragrance 'amount' represents the strength of fragrance of a particular deodorant whereas the fragrance likability indicates the personal likes or dislikes of respondents about the fragrance of deodorant.

Interpretation of the Perceptual map-I:

Variant L₇ has occupied the best position in the mind of respondents considering both the attributes 3A and 3B whereas U₃ has been accepted by respondents as far as 3A is concerned but the same variant has been rejected by the same set of respondents when 3B is considered. Respondents have positive attitude for both the variants Q₄ and N₅ as far as 3B is concerned. However, same set of respondents have negative likeability for both the above variants against the attribute 3A. The variant N₅ is the most disliked variant though it has the maximum strength of fragrance.

In the Perceptual map-II (given in appendix-II), fragrance likeability (3A) has been considered along the vertical axis and the fragrance comparability (3C) along horizontal axis. Fragrance comparability means the 'amount' of fragrance is compared to the 'amount' of fragrance desired by the respondents. The fragrance 'amount' represents the strength of fragrance of a particular deodorant.

Interpretation of the Perceptual map-II:

L7 is the most preferred variant amongst the respondents though the amount of fragrance strength compared to desired amount of fragrance is very mild. U3 is also the second most preferred variant when the amount of fragrance strength compared to desired amount of fragrance is mild. Q4 and N5 are not at all preferred by the respondents when their amount of fragrance strength compared to desired amount of fragrance is stronger. N5 has shown strongest amount of fragrance when the amount of fragrance strength is compared to desired amount of fragrance.

In the Perceptual map-III (given in appendix-III), the positioning of variants in the mind of respondents has been determined on the basis of another two dimensions viz. strength of fragrance or fragrance amount (3B) in the vertical axis and the fragrance comparability(3C) in horizontal axis. Fragrance comparability means the 'amount' of fragrance is compared to the 'amount' of fragrance desired by the respondents. The fragrance 'amount' represents the strength of fragrance of a particular deodorant.

Interpretation of Perceptual map-III:

The variant N5 has been accepted as a deodorant having the strongest fragrance considering both 3B and 3C. The variant Q4 has occupied the second best position in the mind of respondents. L7 has got good positive responses for the strength of deodorant fragrance but it has got negative feedback from the respondents when the amount of fragrance in the deodorant variant is compared to fragrance desired by the respondents. The position of the variant U3 shows that the respondents are not ready to accept U3 as far as attributes 3B and 3C are concerned.

Finally, it has been observed that N5 has been perceived as a deodorant with strong fragrance. U3 has been perceived as a mild deodorant. L7 has been perceived as the best deodorant with moderate amount of fragrance and high rate of fragrance likability. Q4 is the variant which is not preferred brand as the amount of fragrance is strong.

Conclusion:

Product positioning is one of the methods by which a company can create an image of its product in the mind of customer. In this paper, the case of XYZ India Ltd. has been taken into account in order to explain how the blind test of four different deodorants helps develop an image of those deodorants in the mind of female employees of the company or potential users of the product. The paper has put much emphasis on perceptual mapping of four deodorants on the basis of three different angles viz. fragrance likability, fragrance amount and fragrance comparability. The paper has generated a hypothesis - the deodorant having moderate amount of fragrance that does not cross the desired level is highly accepted by the female prospects. The company should conduct test marketing with the same products considering a large sample of respondents from the market place to understand how far the above-mentioned hypothesis is true.

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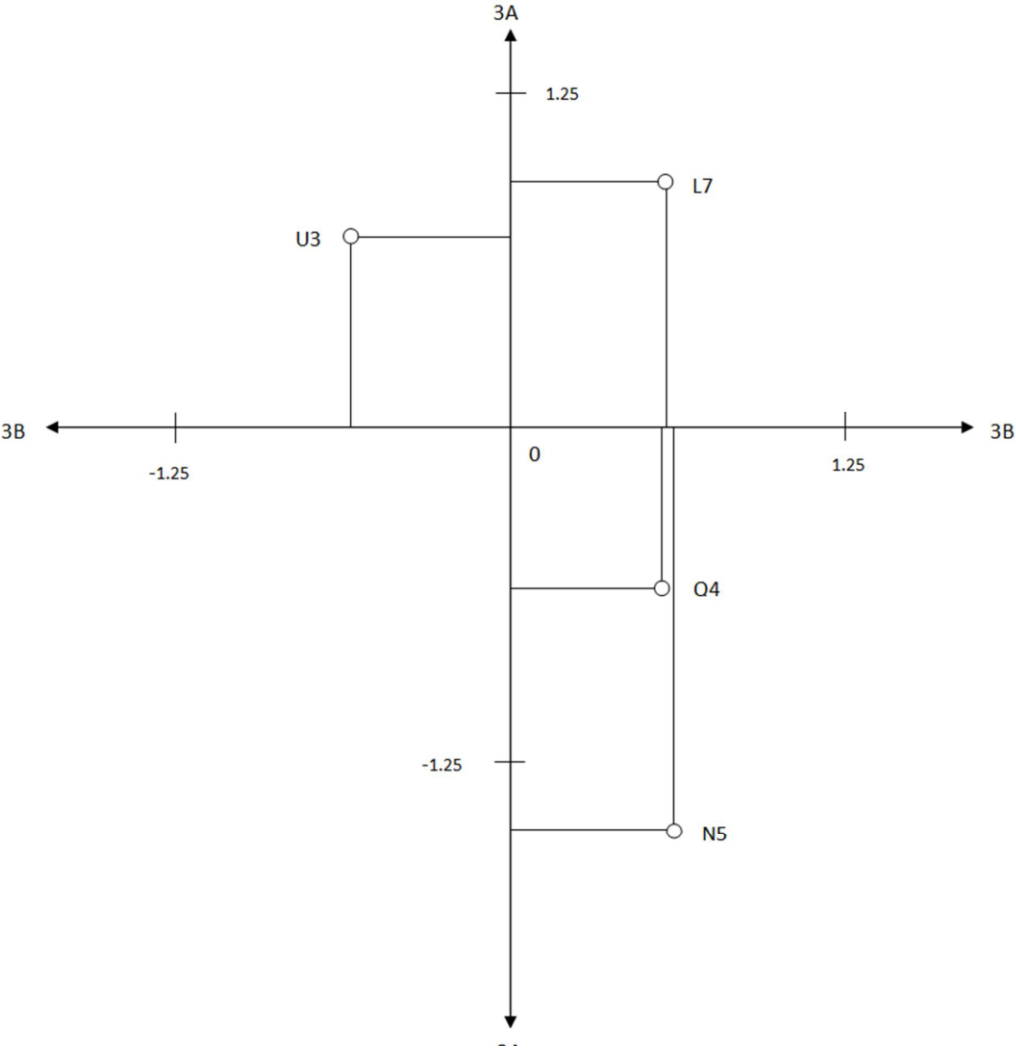
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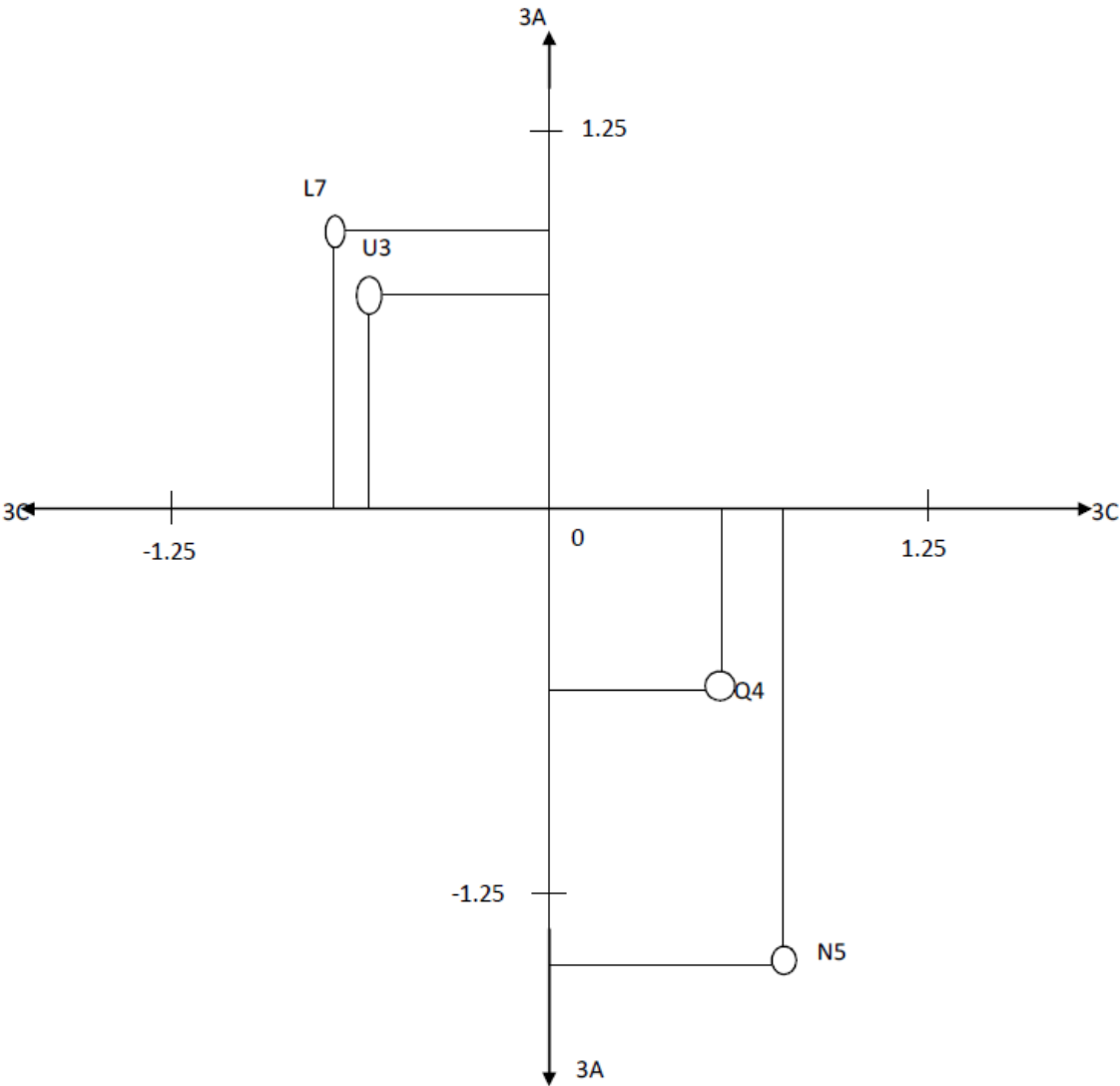
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Appendix-I



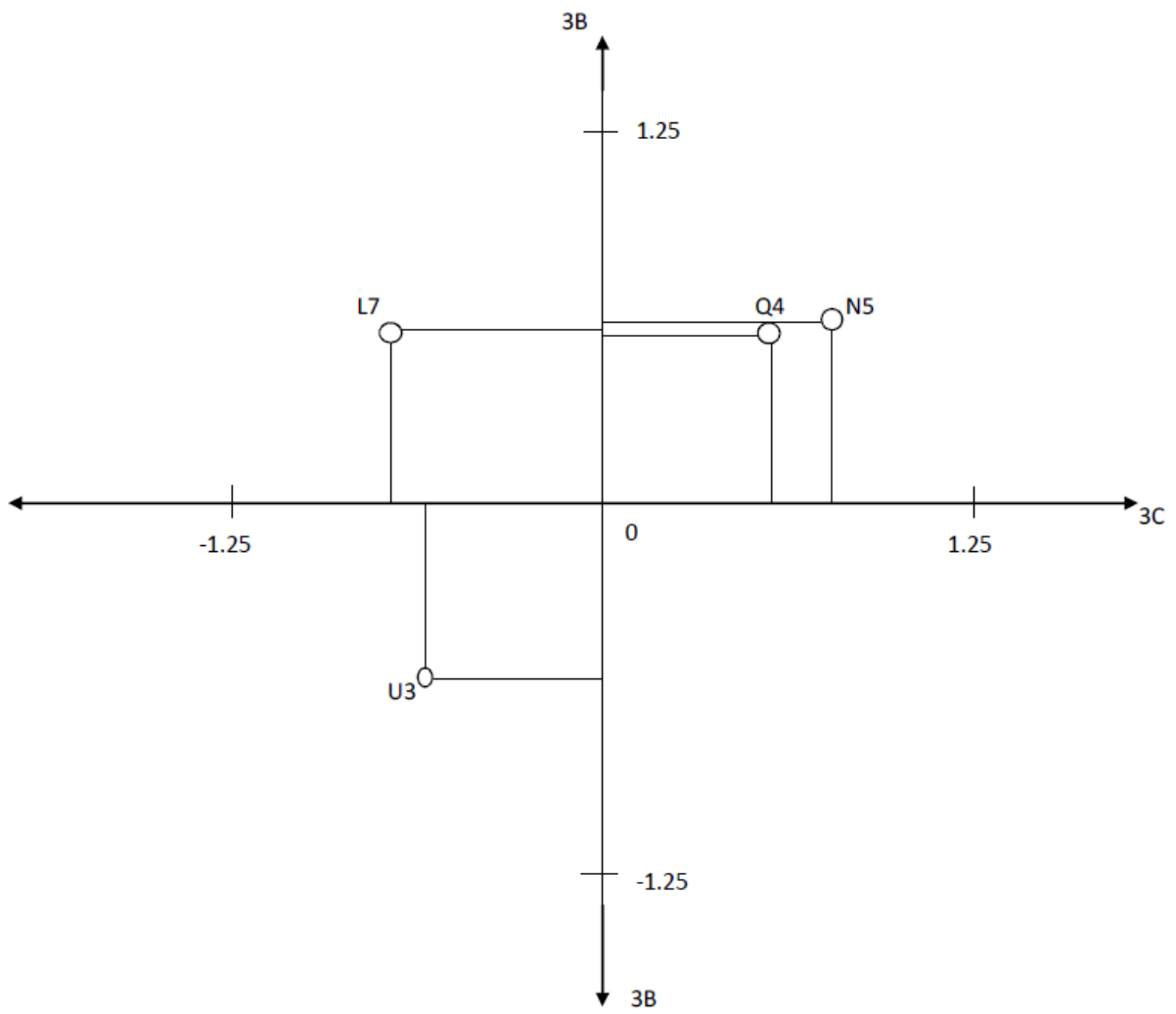
Perceptual Map-I: Positioning Deodorants based on Fragrance Likability and Fragrance Amount

Appendix-II



Perceptual – II: Positioning Deodorants based on Fragrance Likability and Fragrance Comparability

Appendix-III



Perceptual – II: Positioning Deodorants based on Fragrance amount and Fragrance Comparability

Applying Blue Ocean Strategy to Management Institutes – A case of Nagpur based Institutions.

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INTRODUCTION:

A market universe composed of two sorts of oceans: red oceans and blue oceans. Red oceans represent all the industries in existence today. This is the known market space. Blue oceans denote all the industries not in existence today. This is the unknown market space. In the red oceans, industry boundaries are defined and accepted, and the competitive rules of the game are known. Blue oceans, in contrast, are defined by untapped market space, demand creation, and the opportunity for highly profitable growth.

W. Chan Kim and Renee Mauborgne in their famous book have suggested six steps of blue ocean implementation i.e.

- 1) Reconstruct market boundaries
- 2) Focus on the Big Picture
- 3) Reach beyond existing demand
- 4) To get the strategic sequence right
- 5) Overcome key organizational hurdles
- 6) Build execution in to strategy.

Blue ocean strategy (BOS) can be applied to the businesses including education industry in general and the management institutes in particular. As the competition amongst the management institutes is increasing day-by-day, it will be great to apply the BOS to management institutes.

1. MANAGEMENT EDUCATION SCENE IN INDIA:

One can easily feature out the growth of management institutes in the country especially after 1996. The course that was meant for classes and chosen few is being offered to masses. The exponential growth in the management institutes and their intake capacities has lead to cut throat competition amongst them for the full quota of admissions in quantitative terms at first level and for quality of students at second level. The reasons why graduates these days opt of MBA course are fairly simple and wrong! The primary reason why a graduate goes for MBA is more job prospects and earning potential. One interesting fact coming out of the pilot survey is that most of them prefer office or white collared job and MBA degree is perceived to be the gate way for that. The full time on campus two year course is the most preferred one. For the purpose of this study, the educators are divided in 3 clusters as follows:

1. Premier Management institutes like IIMs, IIT-DoMs, MDI, XLRI, IIFT, JBIMS etc. The total intake of students varies from 200 to 300 per institute. Qualifying test accepted at these institutes include CAT, GMAT, XAT etc. As these Institutes run independently, they can frame their syllabus as per the current industry need. The placement package is very high as compare to the other colleges. With more numbers of IIMS and multiple campuses, there is competition among new and old IIMs.
2. MBA colleges affiliated to Pune & Mumbai University go around 100 but only 20-25 institutes can be considered as grade-A institutes. As these institutes are affiliated to the university, they don't have freedom to change the syllabus or update the syllabus. They have to follow the rules and guidelines of the university. Qualifying test accepted at these institutes include CAT, MH-CET/CMAT. With more institutes under same trust and dilution in Mumbai/Pune craze, there is competition among new and old institutes in the region.
3. MBA colleges affiliated to Nagpur University are around 60 but only 5-6 institutes can be considered as grade-A institutes. These institutes are also affiliated to university and thus operate in constrained environment. The institutes mainly fight on the differentiators and

key strengths. USPs created over teaching learning process, infrastructure, fees and placements make them fight with each other. Here the age is not the differentiator.

While the grade B and C institutes will continue to fight for quantity, the grade A institutes are expected to fight for quality. The current paper is an attempt to apply BOS to these institutes so as to conserve their energy and time in fighting for their pie of quality and to create a all together new space over and above existing boundaries.

2. RESEARCH QUESTIONS:

The paper tries to answer few vital questions in reference to the management institutes. After studying the concepts and matrices suggested in the blue ocean literature, an attempt is made to answer the following questions:

- ✓ How can we differentiate various management institutes in India?
- ✓ Is there any blue ocean for management institutes?
- ✓ How do we device performance measures for management institutes?

3. RESEARCH OBJECTIVE:

- ✓ To identify the problem areas for the management institutes in the region and to check if BOS can attempt them
- ✓ The main objective of this study is to identify a new strategy for the management institutes to explore the unexplored markets.
- ✓ To find out new way of imparting management education to students.

4. RESEARCH METHODOLOGY:

- ✓ The research methodology used was exploratory in nature.
- ✓ Study of existing literature primarily available in www was studied in order to get insights into BOS tools and matrices.
- ✓ A group of 20 students each from grade-A institutes were questioned in informal setting using structured interview schedule.

5. STUDY OF EXISTING LITERATURE:

The study of literature is mostly revolves around the BOS. A brief of these is presented below:

Sr. No.	Studies	Findings
1	W. C. Kim and R. Mauborgne (2004)	The authors believe is the high growth and profits an organization can generate by creating new demand in an uncontested market space, or a “Blue Ocean”, rather than by competing head-to-head with other suppliers for known customers in an existing industry.
2	Vargo and Lusch (2004, 2006)	Successful Blue ocean strategies manifest as applications of service-dominant logic.
3	Analysis of the Use of the blue ocean strategy; Case Study Analysis on 14 Different Agencies, Zainal Abidin Mohamed (2004)	The exploratory analysis was an attempt to understand deeper the practise of BOS principles. As the BOS framework does go into details on how they are to be implemented, the data that were shared were confined only to the ERRC Grid component. It has to be assumed that they all practised and implement with full understanding of the principles as proposed by BOS.
4	Blue Ocean Strategy- A Critical Analysis of Application on Indian Companies, Smita Shukla (2012)	Challenge in front of the companies that have been successful in creating Blue Ocean is to ensure that ‘Blue Ocean’ stays Blue.
5	Blue Ocean Strategy: A Preliminary Literature Review and Research Questions Arising, Alex Ng Hou Hong, Dominic Lau Hoe Chai Wan	This paper is concerned with providing an initial literature review based mainly on the management literature particularly in the field of strategy. The main objectives of the paper are to revisit and review the previous and current literature on strategy research with

	Khairuzzaman bin Wan Ismail (2011)	the intention of identifying a theme for further research.
6	An Exploratory Empirical Verification of Blue Ocean Strategies: Findings from Sales Strategy, Jaako Aspara, Joel Hietenen , Petri Parvinen and Henrikki Tikkanen	The conceptualization and subsequent operationalisation of the blue ocean strategy perspective is naturally a source of uncertainty in terms of the research and realistically, the research design in its entirety.
7	ICTs for the Effective usage of Blue Ocean Strategy for societal Development: An analysis with reference to the parameters of Capability, Vinay Sharma, Piyush Seth, Shujauddin Niyazi	This paper looks towards efficient usage of ICTs (Information and Communication Technology) so as to effectively use Blue Ocean Strategy at the grass root levels for enhancing the propulsion of societal development at large.
8	The Future Challenges of Business: Rethinking Management Education and Research, Paul J.H. Schoemaker	The paper talks about the implications for the management institutes like research based faculties, Encourage cross-disciplinary Instructor, Student Leadership and Creativity.

6. DISCUSSIONS AND FINDINGS:

- **Problems faced by management institutes in the Nagpur region:** The management institutes can be differentiated as colleges in Vidarbha, Pune/Mumbai University colleges and premier B-schools. Most Institutes in Nagpur region being small face multiple problems. Following problems can be identified:

1. Mismatch between the expectations of students and delivery of the institutes

2. The promoters/trustees do have concern but lack the managerial expertise and time to match it.
3. Getting quality of faculty on sustained basis
4. HR problems related to recruitment, compensation, evaluation/appraisal are common.
5. Financial constraints
6. Vision, mission statements and clear-cut strategy— lack of vision and mission statements and clear-cut strategy of growth is often missing in small management institutes. Even if they have mission or vision statements they are not carefully drafted and seriously adopted.
7. Measuring performance of management institutes: generally the performance of management institutes is measured by their placements, but this is not the only criteria for measuring performance, performance can be measured by the research work of students as well as faculties. The best criteria would be the research budget and consultancy revenue of the institute.

- **BOS tools and their implications for management institutes:**

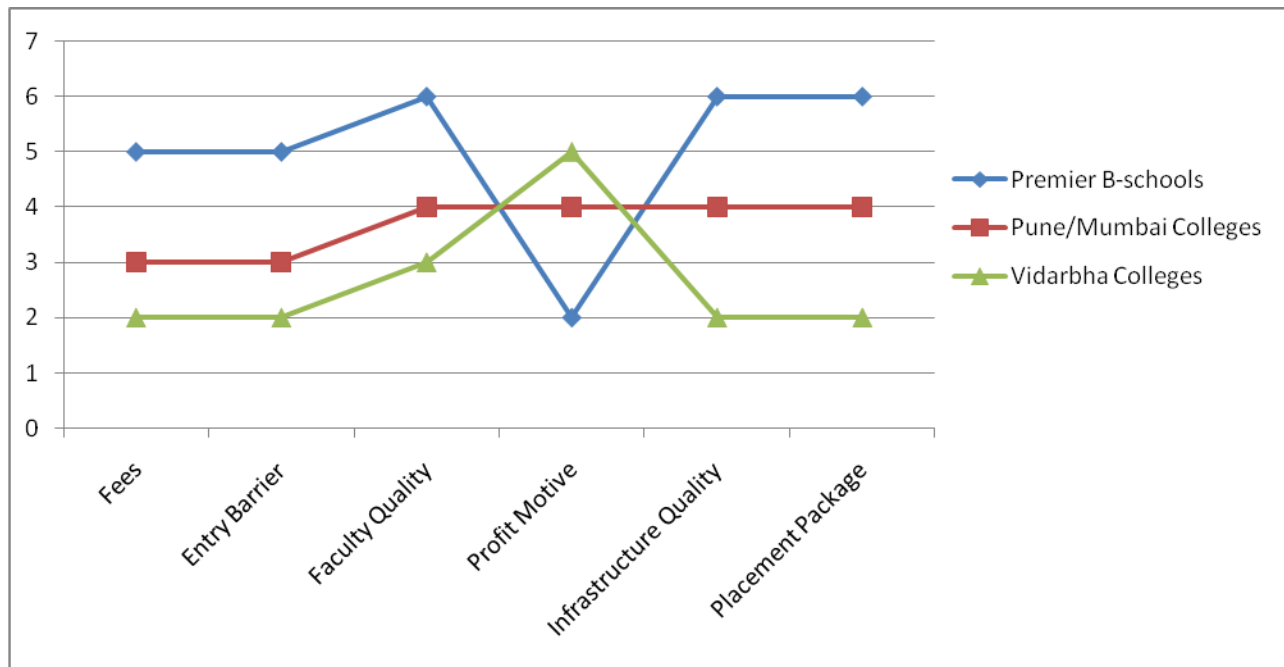
One can think BOS when the firm's resource position is weak and the structural conditions are unfavourable. This also means that the organisation is facing problems in achieving their goals. Such organisations are faced with dilemma of this or that and cannot think about this and that. BOS formulation includes:

1) Reconstructing Market Boundaries:

- ✓ What are the alternatives of management institutes? (Distance Learning, Management Development Programmes)
- ✓ Look across Strategic Groups within industries. What are the strategic groups in our industry? (Premier B-schools, colleges of Pune/Mumbai university, colleges of Vidarbha Region)
- ✓ Why do students enrol for the higher group, why do they enrol for the lower one? (Brand Image, Higher Placement packages is the main reason for the higher group, lower fees, mobility constraints and low entry barriers are the reasons for lower one)
- ✓ Which buyer group does industry typically focus on? (colleges of Pune/Mumbai university)
- ✓ Looking across Time, what trends have a high probability of impacting the industry? (On-line teaching, Distance learning courses, International degree)

2) Focus on Big Picture, not on Numbers:

Strategy Canvas of Management Institutes- Strategy Canvas is the first tool here; it is both a diagnostic and an action framework for building a compelling BOS. Following is a Strategy canvas for Management institutes.



As seen from the strategy canvas, the premier B-schools are at advantage at infrastructure quality, faculty quality, entry barrier and placement package but at the same time fee is also high.

As the blue ocean strategy talks about value innovation by increasing the buyer value and decrease in cost, the new institutes has to increase the faculty quality, infrastructure at a reduced fee.

The four actions Eliminate, Reduce, Raise and Create (ERRC) framework is next in the row. ERRC framework when applied to the Management Institutes has revealed many interesting facts. The same are represented in following figure:

Eliminate	Raise
Flaws in teaching-learning process Examinations	Faculty Quality Activity based Learning
Reduce	Create(Value)
High Fees Multi-tasking of teachers Student Strength	Cross-disciplinary instructor Entrepreneur Managers Field research

Reach Beyond existing Demand: Uncovering the Buyer Experience Cycle (BEC) along with the Buyer Utility Map (BUM) is the next step. It outlines all the levers institutes can pull to deliver utility to customers and the different experience cycle (put across horizontally in row) and six ways the institute unlocks utility for the customers/students (put across vertically in column).

BEC/BUM for Management Institutes:

	Purchase	Delivery	Use	Supplement	Maintain	Dispose
Customer Productivity	X	√	√			X
Simplicity				√		
Risk	X					
Fun & Image	√		√		√	
Environment Friendly				√		

The customers of the management institutes are students, their productivity can be enhanced through enhancement of all the $\sqrt{\quad}$ and reduction in all X.

8. Conclusion:

Looking at the above discussions it can be concluded that the very system of management education is created for competition. Existence of grading system, awards and rankings is a testimony of competitive forces in the market. The market has become very structured and predictable without any scope for innovations as such innovation do not fit in to the structure of the regulators.

In light of BOS literature, if any institute wants to create Blue Ocean or enter in to uncontested market which is fairly huge to accommodate all players, following can be tried

- a) Change the focus from two, three or five year course to 10-12 year course by viewing management course as basic life skill as against specialized PG or integrated course. The model can be tried in the institutes where the institute can tie up with some CBSE School.
- b) Look to serve industry and business and make them customers to buy your products and services rather than considering students as customers.
- c) Focus more on your services like training and consultancy rather than your products (student managers). Instead of focusing class room coaching involve students in such real life assignments of faculty. Let the salaries of teaching staff come from the industry customers rather than student fees.
- d) Remove entrance tests, high fees, examinations and let the buyer / world decide the worth of the product and pay the same.
- e) Remove cut offs and package size from criteria for performance measurement and add research expenditure and consultancy revenue in the performance metrics.

In short, there cannot be a blue ocean in the existing red ocean of management education. It needs a systematic sea change in the way management education is perceived, delivered and regulated.

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Measurement of Performance of Retail Store in terms of Customer Loyalty and Sales Volume: a Study on Branded Retail Stores at Kolkata

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Abstract:

In today's business environment, customers put much emphasis on their choice and convenience utilities that satisfy their need for product search, purchase and delivery. Therefore, they like to search different stores and channels to buy their products, particularly the products which are highly differentiated in features. Moreover, now a days, people want to relish the ambience of stores, malls and hypermarkets while they are involved in shopping. So, they look for store quality, display, range of merchandise, behaviour of sales people, billing process and many other attributes of the store that create a favourable ambience for shoppers. Like other metropolitan cities in India, in Kolkata, number of stores viz. West Side, Pantaloons, Shopper Stop, Spencers, Big-Bazar , Reliance trendzetc have opened their chain stores, department stores and hyper markets where varieties of products are available in large quantity to satisfy choice and convenience utility of customers.

The success of these retail outlets depends on their productivity or performance. Therefore in today's competitive environment, it is important to evaluate the performance of retail outlets. The best method of evaluating the store performance is to measure their impact on customer loyalty. Customer loyalty is determined on the basis of repeat purchase and is a driving force to increase

the sales volume of retail outlets. The focus of this paper is to evaluate the performance of three branded retail stores in Kolkata considering two important parameters viz. repeat purchase and the purchase amount of customers. The paper has another intention to measure how different attributes of a retail store affect their performance and influence customer to purchase more.

The layout of the paper would appear as follows:

- a) Findings of literature review:
 - Growth of organized retailing in India
 - Influence of store attributes to increase sale volume and customer loyalty
 - Relation between customer loyalty and repeat purchase
 - Sales volume and customer loyalty – two determinants of store performance
- b) Evaluation of Store performance of branded retail outlets on the basis of customer loyalty and sales volume

Key Words: Customer Loyalty, Branded Retail Store, Store Performance, Repeat purchase and Purchase Amount

Introduction:

Since 1990, after liberalization of Indian economy, the country's business environment has been featured by the growth of new industries, the entry of multinational and transnational companies, changes in consumption pattern and shopping orientation of Indian customers etc. the government of India put their full effort to hold the above-mentioned trend by continuing the economic reforms and improving the infrastructure of the country with the development of highways, ports, airports, special economic zone etc. (PricewaterhouseCoopers Private Limited,2011).In the changing economic scenario, it has been observed that India has become a third largest economy in the world in terms of GDP and fourth in terms of purchasing power parity (Handan and Grover, 2012). With the economic growth of the country, a large and educated middle class has emerged with a high demand for different products and services across categories and is able to establish them as some of the most confident consumers in the world (PricewaterhouseCoopers Private Limited, 2011). Present socio-economic environment of India shows that the country has now become an attractive destination for the growth of retail sector over the last few years (Kalyanasundaram, 2012).

Literature Review:

Growth of organized retailing in India:

In the present economic environment, there has been a substantial growth of organized retailing in India. Major industrial houses have shown their interest to invest in retail sector (Joseph et.al. 2008, Kalyanasundaram, 2012, Baskaran 2012, Gupta 2012). Even, some foreign companies have also an intention to enter the same area of Indian market (Joseph et.al. 2008, Kalyanasundaram, 2012, Baskaran 2012). In India, the retail sector mostly depends on unorganized retailing viz. counter-stores, street traders, road side peddlers etc. (Baskaran 2012, Gupta 2012). Unorganized retail is featured by lack of standardization in terms of supply chain management and inventory management (Baskaran 2012). Presently, high population density and growing consumer spending in the metropolitan cities and surrounding tier-I towns have become a driving force for the nationwide penetration of modern organized retail in India (Joseph et.al. 2008, Gupta, 2012). Organized retailing has been defined as a trading activities by which licensed retailers set up formats viz. chain store, supermarket, hypermarket etc (Baskaran 2012). Indian domestic corporate houses namely, Future Group, Reliance Industries Ltd., Aditya Birla Group, RPG and Bharti, a cellular service provider have invested in retail sector to open up stores viz. Pantaloons, Big-Bazar, Shopper stop, Reliance Trends, Spencer's Retail etc. (Baskaran 2012). Government of India is also in favour of opening up the retail sector for Foreign Direct Investment (FDI) (Baskaran 2012). From the above discussion it can be interpreted that the growth of the concept of organized retailing has entered the maturity stage of its life cycle in India.

Relation between customer loyalty and repeat purchase:

Customer loyalty in relation to retail industry can be defined as a function of psychological process (Jacoby and Kyner, 1973) that refers to the tendency of customer to purchase repeatedly from the same store for similar or other products (Cunningham, 1961). According to Raynold et al. (1974), the loyalty towards a store implies an increased number of shopping trips to that store in comparison to other stores. Loyalty is an cognitive, behavioural and psychological process by which a relationship between relative attitude and patronage behaviour has been built up (Kaul

2006). Huber and Herrmann (2001) in their study have shown that customer's loyalty to their dealers can be measured on the basis of repeat purchase intentions and their willingness to recommend a dealer. Zeithamal(1996), in his study pointed out that a customer can be considered as a loyal customer as long as he continues to buy and consume a good or service. Reichheld (2003) has found that customer loyalty is the chance that a customer refers others to buy the same product or service that he has consumed once. According to Baumann et al. (2005), customer loyalty is an attitudinal approach where customers feel a sense of belongingness or commitment to the good or service. The behavioural approach in relation to customer loyalty is repeat purchase or customer referrals whereas the attitudinal approach indicates the customers' emotional attachment with the brand or product or service or a store (Toyin et.al.2008).

Influence of store attributes to increase sale volume and customer loyalty:

Any organized retailer has a challenge to increase the footfall as well as the repeat purchase or shoppers loyalty by understanding their customers' need and formulate their retail strategy accordingly (Mittal and Mittal,2008). One of the major issue that helps increase shoppers loyalty is the store image which means the perception of customers towards retail brand (Keller,2003, Hawkins, Best and Coney, 2004, Mittal and Mittal,2008,Verma and Madan, 2011)).Some important store-attributes are considered to explain store image. These are the variety and quality of products, services, and brands sold; the physical store appearance; the appearance, behavior and service quality of employees or sales men available in the store; the price levels, depth and frequency of promotions etc. (Ailawadi and Keller, 2004). Some other researchers have also pointed out the dimensions of store image viz.convenience, perceived price, physical facilities, employee service, and institutional factors on retailer equity (Jinfeng and Zhilong, 2009). In another study,Yoo-KyoungSeock (2009) pointed out three factors affecting store image viz. customer service, convenience and physical atmosphere of the store. J van der Vyver (2008) considered a scale for measuring store image where he explained eight dimensions of store image viz. atmosphere, convenience, facilities, institutional, merchandise, promotion, sales personnel and service. From the above discussion, it can be interpreted that the store attributes viz. convenience, price, physical environment or store ambience, service provided by employees, promotional activities of stores, varieties and quality of product available in the store etc. are some components

of store Image which is an antecedent of customer loyalty towards a retail store. Therefore, all the store attributes can be considered as factors influencing customer loyalty.

Sales volume and customer loyalty – two determinants of store performance

The performance of retail store depends on profitable sales of physical product as well as the value added services it provides (Arnold et.al. 2009). Yoo and Chang(2005), in their study, has pointed out that the two major aspects viz. store loyalty and store image are the principal causes behind the good performance of a retail store. According to Fabian Bergès-Sennou and his coworkers (2007), store loyalty influences the volume of purchase of private brands. In their research report they have mentioned that the store loyalty directly influences the retailers to increase their revenue as well as their private label share. Wahid (2009) in his study has shown that the customer loyalty has an important role to increase the profitability of a retail store and thereby it increases the store performance also. Above discussion reveals that the performance of a retail outlet depends different parameters viz. profitable sales volume, store loyalty and store image.

Objectives of the Study:

This study has a definite purpose of identifying the problem relating to the performance of three organized retail outlets in Kolkata. Apart from that, another important issue is to determine the effect of different store attributes on store performance. Keeping the above mentioned two issues in the mind, this paper has formulated following objectives:

To measure the performance of three renowned retail stores in Kolkata on the basis of store loyalty and purchase volume.

To understand the effect of store attributes on store performance.

Research Methodology:

Research methodology provides a guide line regarding how to conduct a research. It constitutes the blue print for the collection, measurement and analysis of data.

Data Collection:

A questionnaire survey method has been applied to collect primary data from three renowned retail outlets namely, ABC Ltd., XYZ Ltd. and MNP Ltd.(The real names are concealed due to confidential reason). Primary data have been collected from the customers who visit above-mentioned retail store on regular basis. The convenience sampling method has been applied to select ninety such customers who visit the said outlets regularly.

Data Analysis:

The relationship between non-metric dependent variable viz. store performance and two metric independent variables viz. repeat purchase and purchase amount of customers has been determined by applying multinomial logistic regression.

An association between store attributes and store performance has been determined by calculating the value of contingency coefficient. The probability of association between each store attributes and store performance has been calculated to understand the impact of store attributes on store performance.

Results:

The store performance has been determined on the basis of the frequency of repeat purchase and purchasing amount. Three retail stores namely, ABC Ltd., XYZ Ltd. and MNP Ltd. have code numbers 1,2 and 3 respectively to indicate their performance. In this paper, *the retail store number has been considered as non-metric dependent variable whose performance depends on purchasing amount and repeat purchase or store loyalty which are two metric independent variables. Multinomial Logistic Regression has been applied to formulate an equation in order to relate the store performance with repeat purchase and purchase amount of respondents.*

The Table-I shows the code numbers of retail stores, frequency of repeat purchase and purchasing amount of customers.

Store	Repeat Purchase	Purchasing Amount (Rs.)	Store	Repeat Purchase	Purchasing Amount (Rs.) Amount	Store	Repeat Purchase	Purchasing Amount (Rs.)
1	3	1650	2	3	1750	3	5	4500
1	3	5700	2	4	3200	3	1	2800
1	6	2250	2	5	2700	3	1	3300
1	2	2600	2	3	3500	3	2	3800
1	2	3500	2	4	4800	3	1	4900
1	3	5600	2	1	2200	3	2	2900
1	3	3250	2	2	2800	3	2	3200
1	3	2750	2	3	3550	3	7	5200
1	2	2200	2	4	1800	3	1	3100
1	2	3000	2	2	3800	3	2	2600
1	3	1850	2	2	2400	3	2	5600
1	4	3660	2	4	4400	3	8	4300
1	5	2300	2	2	2990	3	0	0
1	3	4900	2	1	1800	3	5	5900
1	4	5800	2	5	3700	3	4	3600
1	1	2750	2	2	2600	3	1	3500
1	2	4300	2	3	4200	3	3	4800
1	3	3550	2	3	3259	3	0	0
1	4	3950	2	3	2850	3	2	6400
1	2	3100	2	3	3000	3	3	3900
1	1	2450	2	3	2650	3	2	3400
1	2	2340	2	3	5700	3	4	5400
1	3	6500	2	6	2750	3	2	1900
1	4	5100	2	2	4300	3	1	2100
1	2	3580	2	2	3500	3	5	2750
1	1	1700	2	3	5800	3	2	3400
1	3	4360	2	3	3550	3	3	4200
1	2	4400	2	3	2950	3	3	3259
1	1	3400	2	2	3200	3	3	3850
1	2	5300	2	2	4700	3	3	3100

The multinomial logistic regression with above data helps develop the following formula which leads to the relation between store performance, frequency of repeat purchase and purchasing amount.

$$Y = 33.851 + 62.882 X_1 + 165.661 X_2$$

Where, Y = Store Performance, X₁ = Repeat purchase, X₂ = Purchasing amount

The value of store performance has been determined by substituting the values of X₁ and X₂

The Table-II, presents the value of store performance of different stores as well as their rank as per their performance.

Store	Store Performance	Store	Store Performance	Store	Store Performance
1	273561.5	2	290127.5	3	745822.8
1	944484.5	2	530397.4	3	463947.5
1	373146.1	2	447630.3	3	546778
1	430875.6	2	580032.5	3	629671.4
1	579969.6	2	795453.4	3	811835.6
1	927918.5	2	364548.7	3	480576.5
1	538617.5	2	464007.6	3	530274.8
1	455787.5	2	588315.5	3	861911.2
1	364611.6	2	298473.4	3	513645.8
1	497139.6	2	629667.6	3	430878.2
1	306693.5	2	397743.6	3	927861.2
1	606601	2	729189.4	3	712879.2
1	381366.3	2	495483	3	33.851
1	811956.5	2	298284.7	3	977748.2
1	961113.4	2	613290.3	3	596665
1	455661.7	2	430875.6	3	579910.2
1	712497.6	2	695994.5	3	795395.3
1	588315.5	2	540108.4	3	33.851
1	654642.4	2	472353.5	3	1060390
1	513705.6	2	497202.5	3	646300.4
1	405963.7	2	439221.5	3	563407
1	387804	2	944484.5	3	894854.8
1	1077012	2	455976.1	3	314915.5
1	845151.4	2	712497.6	3	347984.8
1	593222.4	2	579969.6	3	455916
1	281718.7	2	961050.5	3	563407
1	722500.1	2	588315.5	3	695998.7
1	729063.6	2	488919.5	3	540111.7
1	563340.7	2	530271.6	3	638017.3

Table – II: The value of store performance corresponding to store types

The values provided in the above table have been divided into five categories viz. very high, high, moderate, low and very low. Very high performance corresponds to higher performance values whereas moderate performance corresponds to medium performance value and very low

corresponds to the lower values. The chance of association between different categories of store performance and store types has been explained in Table - III

Table –III: Probability distribution considering categories of store performance and store type

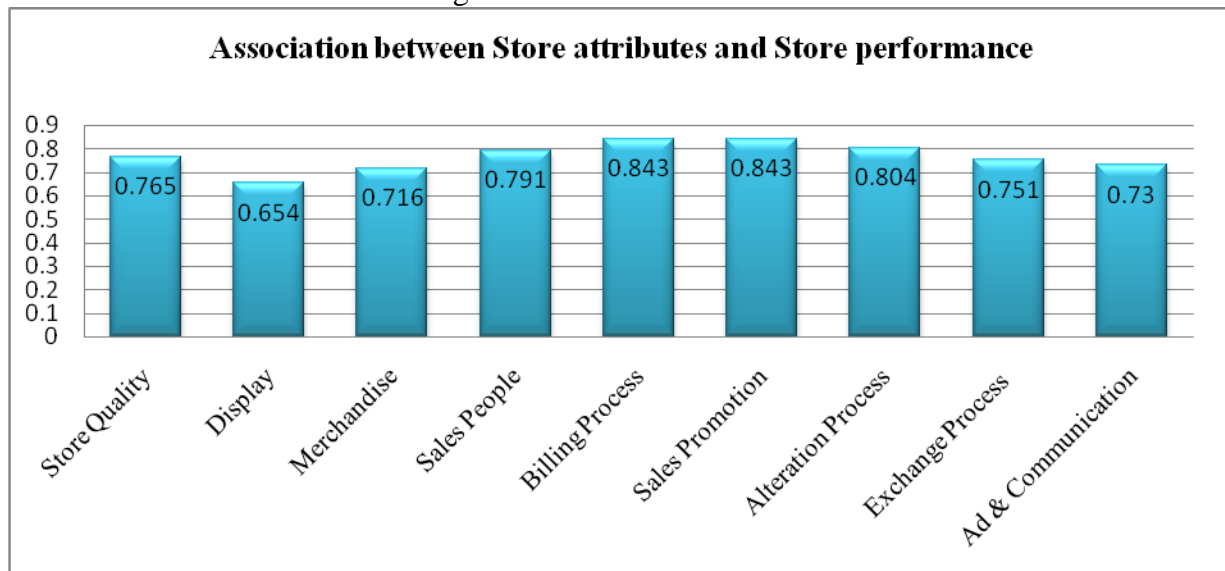
Store Codes	Very high	High	Moderate	Low	Very Low
1	0.23333333	0.2	0.13333333	0.16666667	0.26666667
2	0.21212121	0.15151515	0.21212121	0.27272727	0.15151515
3	0.14814815	0.25925926	0.25925926	0.14814815	0.18518519

From the above table the probability of store performance of each type of store can be determined. There is highest chance (0.25925926) that the MNP Ltd. will be associated with the high and moderate performance values. There is highest chance (0.27272727) that low performance value will be associated with XYZ Ltd. and another highest chance(0.26666667) is that the very low value will be associated with ABCLtd..

In the next step of the study, nine different store attributes have been considered with the five categories of store performance. The nine store attribute are store quality, display, merchandising, sales people, billing process, sales promotion, alteration process, exchange process and advertisement(ad) and communication. The five categories of retail store performance has been considered with the rating of store attributes in the following table (Table – IV)

Rank	Store Quality	Display	Merchandise	Sales People	Billing	Sales Promotion	Alteration	Exchange	Ad & Communication
1	3	3	3	2	1	1	2	1	3
1	3	2	2	2	1	1	2	1	3
1	3	2	2	2	1	1	2	1	2

The association between store attributes and store performance has been measured by calculating the value of contingency coefficient. The measurement of association of the above mentioned variables has revealed the following results.



From the above diagram one can understand that there are nine store attributes all of which have high association with the store performance. The store performance has been considered along vertical dimension and store attributes represent the horizontal dimension of the above graph. It has been observed that the highest chance that sales promotion and billing process are associated with store performance. The second highest chance of association is there between alteration process and store performance. Third important attribute is sales people for improvement of store performance.

Conclusion:

Indian retail sector is flourishing with the liberalization of Indian economy. With the growth of retail sector, the domestic and foreign investors find an opportunity to invest their capital in this field and some of them have already come up with huge modern retail store in India. Therefore, the competition is also increasing in this sector. In this competitive environment all the retail stores

intend to enhance their performance so that they can make their organization more and more profitable. In Kolkata, a number of organized retail outlets started their hyper market, supermarket and chain stores amongst which ABC Ltd, XYZ Ltd. and MNP Ltd. are three famous outlets. A study with ninety respondents has revealed that in respect of repeat purchase or store loyalty and purchase amount, the MNP Ltd. is the best performer amongst these three. Nine store attributes have been considered in this study to explain the store image and It has been found that both the billing process and sales promotion offers have highest chance to influence the store performance.

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Innovative Marketing practices adopted by multinational companies for its survival in Indian market

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Introduction

Marketing is typically seen as the task of creating, providing and delivering goods and services to consumers and business. Marketers are skilled in stimulating demand for company products. Marketing is regarded as the activity involving the buying and selling of products and services. However, as a subject of study, its approach is more than one way commodities, institutional, managerial, societal and systems approaches. Just as production and logistics, professionals are responsible for demand management.

To overcome the problems of marketing and distribution of products, there is a strong need on the part of companies to develop good marketing and distribution channels. The good marketing and distribution policies help the companies and customers in both the ways for earning money and increasing usage respectively.

As the domestic companies have to fight out foreign competition, they are not able to raise their standards and customer satisfaction levels in order to survive in the market. Besides, when a global brand enters a new country, it comes in riding on some goodwill, which it has to live up to. This creates competition in the market and a 'survival of the fittest' situation.

Present scenario of rural India

A great number of studies done by many researchers and companies have shown that yet today near about 60 to 70% of Indian Population lives in Rural Areas. Today, Improvement in living condition and enlargement of Rural area is essential for the development of the Indian Economy. Many projects were undertaken by the Government, State Governments and NGO's in rural area and other's which are in pipeline; are likely to be introduced with in short span of time. If we see the Rural Literacy the Trends shows that rural markets are coming up in big way and growing multiple fold time as faster as urban markets.

India is a land of villages where more than 70% live with livelihood and occupation directly or indirectly based on agriculture. Unfortunately rural population is said to be comparatively poor, unskilled, less educated and not technosavy as compared to the urban scenario. Because of this migration from villages to cities is observed nowadays for want of better opportunities in all respect. In rural part people are more attached with their domestic affairs which sometimes are based directly on agricultural or other related units which are indirectly helping to the agriculture for providing services and products to it.

Problems in marketing

There are many problems to be tackled in marketing, despite rapid strides in the development of the both the sector, urban and rural sector. Some of the common problems are discussed below:

i) Transportation: Transportation is an important aspect in the process of movement of products from urban production centers to remote villages. The transportation infrastructure is extremely poor in India. Due to this reason, most of the villages are not accessible to the marketing man. In our country, there are near about six lakhs villages. Nearly 50 per cent of them are not connected by road at all. Many parts in rural India have only kachcha roads. During the monsoons, even these

roads become unserviceable. Regarding rail transport, though India has the second largest railway system in the world, many parts of rural India however, remain outside the rail network.

ii) Communication: Marketing communication in rural markets suffers from a variety of constraints. The literacy rate among the rural consumers is very low. Print media have limited scope in the rural context. Apart from low levels of literacy, the tradition-bound nature of rural people, their cultural barriers and their overall economic backwardness add to the difficulties of the communication task. Post, telegraph, and telephones are the main components of the communication infrastructure. These facilities are extremely inadequate in the rural parts of our country. In rural areas, the literacy percentage is still low, compared to urban areas. In India, there are 18 recognized languages. All these languages and many dialects are spoken in rural areas. English and Hindi are not understood by many people. Due to these problems, rural consumers, unlike urban consumers do not have exposure to new products.

iii) The markets and sales management: Rural marketing involves a greater amount of personal selling effort compared to urban marketing. The rural salesman must also be able to guide the rural customers in the choice of the products. It has been observed that rural salesmen do not properly motivate rural consumers. The rural salesman has to be a patient listener as his customers are extremely traditional. He may have to spend a lot of time on consumer visits to gain a favourable response from him. Channel management is also a difficult task in rural marketing.

iv) Warehousing: A storage function is necessary because production and consumption cycles rarely match. Many agricultural commodities are produced seasonally, whereas demand for them is continuous. The storage function overcomes discrepancies in desired quantities and timing. Due to lack of adequate and scientific storage facilities in rural areas, stocks are being maintained in towns only.

v) Inadequate banking and credit facilities: In the markets, distribution is also handicapped due to lack of adequate banking and credit facilities. The urban and rural outlets require banking support to enable remittances, to get replenishment of stocks, to facilitate credit transactions in general, and to obtain credit support from the bank. Retailers are unable to carry optimum stocks in the absence of adequate credit facilities. Because of this problem, they are not able to offer credit to the consumers. All these problems lead to low marketing activities in rural areas.

vi) Market segmentation in rural markets: Market segmentation is the process of dividing the total market

into a number of sub-markets. The heterogeneous market is broken up into a number of relatively homogeneous units. Market segmentation is as important in rural marketing as it is in urban marketing.

vii) Packaging: As far as packaging is concerned, as a general rule, smaller packages are more popular in the rural areas. At present, all essential products are not available in villages in smaller packaging. The lower income group consumers are not able to purchase large and medium size packaged goods. It is also found that the labeling on the package is not in the local language. This is a major constraint to rural consumers understanding the product characteristics.

Innovative Marketing practices of multinational companies:

D) Creating Awareness through various mediums

i) Awareness of product (advertisement) on Television

Television as a communication medium is only of recent origin in India and is known by the name of Doordarshan. It is Center-controlled. The role of television cannot be underestimated in rural areas of Indian context. Television as an advertising medium holds great promise.

ii) Awareness of product (advertisement) on Radio

Radio as an advertisement medium offers considerable promise. Products advertised played an important role as a medium of advertisement particularly in rural markets, where print cannot make a breakthrough owing to illiteracy.

iii) Print medium advertisement of product

Press or print as an advertising medium comprising all those vehicles owned by others and which can carry the advertisement messages in print to be read by target consumers. Most of the companies use press as an advertisement medium because it offers intensive message and geographical selectivity provides flexibility to the latest development and is less expensive. The companies give its advertisement in newspapers and magazines in both regional and English language.

iv) Products' advertisements on boards and hoardings

This type of advertisement is termed as outdoor advertisement. It includes poster advertisements, poster displays, wall paintings and pamphlets etc. It is a medium through which companies offer

considerable selectivity and flexibility in terms of unique marketing needs of products in a given situation. It goes very well with company's segmentation policy.

These boards and hoardings are placed or hanged in the sides of villages roads and in the middle of the village. Wall paintings are also used. The boards and hoardings are in the regional language so that farmers can easily read them. These are placed or hanged at the important place of village and on the side of the roads in such a manner that they can be easily seen when farmers pass that place.

II) Promotional activities undertaken by Multinational companies

Multinational companies have been conducting promotional programmes in the potential areas various districts. The activities of Multinational companies aim in increasing the production. There are some intensive promotional activities like adoption of villages and education programmes such as products' Demonstration on Field, Melas, Seminars etc. are undertaken every year in different parts of different district. The details are as follows

✓ Village Adoption

The village adopted is selected in such a way that it has an easy access with some infrastructure for village development. It is medium size village with large percentage of small and marginal farmers.

✓ Opening of Sale Points

Pesticides' sale points are opened in each of the areas or regions to ensure the supply of quality products and other inputs in time.

✓ Special Seminars

At least one seminar is organized at a suitable place by the in charge of Area office/ Area Manager of the region during each season i.e. two seminars in a year. Besides the general training programme, an important requirement of the area is selected and special lectures covering the various packages of practices relating to that important crop are delivered for which the experts from the various Universities, Department, Banks and other institutions are invited to address or discuss the various issues.

✓ **Young Farmers Club**

In all the villages adopted, young farmers clubs have been formulated with an enrolment of 15 -25 farmers within the age group of 25-35 years. After completing the formalities, a date to organize a meeting during each month, is fixed for each young farmers club and accordingly, the meeting is held on a special date and time during every month. The participants are provided with the technical literature and Agricultural Universities publications. Besides the distribution of technical literature, a talk on a specified subject is arranged during the month from the experts/specialists as per the need of the farmers.

✓ **Group Discussions**

The field staff of multinational companies, in addition to individual contacts, requests the farmers to participate in group discussions organized in the different villages or farm sites. The different subjects/programmes on products are undertaken for discussions and queries of the customers are also answered. The customers are advised to use the products in the prescribed manner.

✓ **Dealers'/retailers' Training**

The idea behind organizing dealers/retailers trainings that the dealers/retailers should be imparted a working knowledge regarding the products and utility of the various development of promotional programme undertaken by the multinational companies for the benefits of the dealers/retailers. The objective is that the dealers/retailers attitude should be service oriented instead of being only the distribution agencies. The dealer/retailer is viewed as a link between the multinational companies and customers. This training also pushes up their sales as well.

The above mentioned schemes are the main promotional schemes adopted by the multinational companies. The aim of the promotional programme is not only to increase the sale of the company but also to educate the customers for the judicious and balanced use of products and to help in adopting the modern practices for increasing the production and thus fulfilling the economic and social responsibility as well.

Various Promotional Strategies adopted by the multinational companies for rural area are:

- a) Use of Mobile van
- b) Visiting to farmers customers and giving samples on
- c) Meeting to village head and giving the information about products

- d) Meeting to the learned persons and telling them the information.
- e) Pasting posters in the villages/towns
- f) Erecting hoardings in the villages/towns near bus-stand, public health centre and Gram Panchayat
- g) Distributing pamphlets in villages/towns
- h) Distributing free books and other gifts like pens, bags etc.
- i) Organizing various melavas, exhibitions, and demonstrations

III) The way of Multinational company's entry in Indian Market

In an age of intense competition and a race for market share, as like multinational companies, we can assuredly say that no other type of companies have the infrastructure and capabilities to match multinationals products reach in the market.

With the liberalization and globalization of the Indian economy in last decade, many multinational companies began to enter the country to tap the vast potential market of about billion farmers. The entry of multinationals had made a significant effect on the Indian agriculture marketing environment. Many companies entered the country with the same strategies they had followed in their home countries or they alter their strategy and offer products that are significantly adapted to Indian market conditions.

In today's environment, with the rapid increase in information, advertising media and domestic markets becoming saturated, it has become important for companies to market their products globally. Selecting a potential market is a crucial factor in global marketing, as the firm has to evaluate several factors like political, economic, social, technological, legal and regulatory environments before selecting a viable market.

i) Entry with exports, indirect exports, licensing, joint ventures

The multinational companies engaged in the business of Indian market has entered with exports, indirect exports, licensing, joint ventures, indirect investment etc. From the various studies, it is clear that the Customers preference of products from multinational companies is more and is only because of good quality, brand name, long product range etc. It is also clear that the multinational

companies performing business in Indian market **have maximum sales and holds major market share**. They are betterly offering schemes, offers, foreign tours, gifts to the dealers and retailers.

ii) Strategic alliances :

Strategic alliances in the form of licensing agreements and joint ventures between an multinational and a local partner in a host country are fast becoming a means by which the multinational gets an entry into Nagpur district. The key to successful strategy implementation lies in the selection of the local partner. They are capturing the Indian market by giving attention on organizing farm visits, melavas, exhibitions, trade fairs, demonstration programmes etc. on large scale as compared to domestic companies working in Indian market.

iii) By providing better products:

Also the multinational companies are providing better products with different prices having active ingredients, higher molecules with better results. They are entering in the Indian market with high research and development, newer technology, licensing, joint ventures and exports etc

Conclusion

- The Financial constraints in the field of training, advertisement, promotional activities etc. creates environment of unwillingness for domestic companies which restrict them to expand profit margin. In turn, the domestic companies doesn't expand their wings globally.
- As the domestic companies have to fight out foreign competition, they are not able to raise their standards and customer satisfaction levels in order to survive in the market. Besides, when a global brand enters a new country, it comes in riding on some goodwill, which it has to live up to. This creates competition in the market and a 'survival of the fittest' situation.
- The multinational companies are setting high advertising budgets and using various Advertising Mediums, Campaigning, Organizing customers' Counseling, Exhibitions, Melavas, Demonstrations, Free samples, Sale points, Field visits etc. to educate the customers as compared to domestic companies. The multinationals are entering in the market with high research and development, newer technology, licensing, joint ventures

etc. creating adverse effects on marketing of pesticides for domestic companies in Nagpur district.

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Necessity of Innovative Teaching Methodologies In today`s Competitive Era

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ABSTRACT

We have great possibilities in what a teacher can do with his or her students, in terms of teaching methods, seating arrangement, visual aids, etc. With this freedom in teaching, we have as well an enormous number of ideas to use in our classrooms. However, since the time of our students is precious, one of the teacher's crucial tasks is to compare, analyze and evaluate the methods they use in order to motivate the students and to make the learning as effective as possible. As Kenneth T. Henson claims, usually the methods are better for some purpose, e.g. understanding, transfer, but there is no method simply the best for everything (Henson). I agree with the opinion of Michael J Wallace who believes that a central factor in the choice of methods is the learners' needs and characters; something works for one person well, but the same method might not work at all for another person (Wallace).

My purpose with the paper is to support the idea that the aim of innovative teaching and learning methods is to translate the enthusiasm of teaching to students' enthusiasm to learn. Gone are the days when students were the mere receiver and teachers were the sender of the information.

I believe that innovative methods can be perfect tools for it. It might sound obvious, however in education it often happens that students are not able to follow the material, since they are required to study a lot and they are struggling with the knowledge level of thinking. Hence it is the task of the teacher with the aid of innovative methods to break deadlocks and avoid impasses that might occur during the students' learning process.

Key Words: Traditional Methodology, Innovative Teaching Approach, Collaborative Learning, Digital story telling, Z to A approach, Role plays, Ice Breakers.

1. Introduction

Education is a light that shows the mankind the right direction to surge. We have to convert education into a sport and learning process has to generate interest in the students and motivate them to stay back in the institution than to run away from it. Education should become a fun and thrill to them

rather than burden and boredom. It is an integral part of their growth. Students actively learn by observing and performing activities, the process of learning is far more accelerated when a practical implementation is associated and the learner is benefited with the applied knowledge and skills and it also involves trial and error at times during self-exploration. It's more effective if the students are made to perform rather just asked to remember some information. The applied and implicit knowledge should be the ultimate goal of the education system. A typical classroom environment with a presentation from the course teacher accompanied by a lecture does not promote learners to participate and does not build a required involvement level of the students. Most of the learners just copy the notes from lecture or board considering it part of their responsibility being in the class but it does not build their engagement level with the course being taught. This typical environment only promotes a fraction of students who start thinking at their own and try to raise questions taking initiatives.

*"Teaching is leaving a vestige of oneself in the development of another.
And surely the student is a bank where you can deposit your most precious treasures."*

- Eugene P. Bertin

2. Traditional Teaching Approach

In the traditional directed instruction, the approach is essentially teacher-centred and uses fact-based learning. The teacher is in control of the classroom and decides what and how much information is to be disseminated to the students. The teacher creates the values, behaviours and beliefs for the students. The students themselves are the passive recipients of the information and knowledge delivered to them by the sole authority. (Laurillard, 1993; Orlich et al, 1998). A very typical feature of traditional methodology, as Broughton and his colleagues' claims, is the "teacher-dominated interaction". The reason for this approach is explained by the statement of Prof. Dr. Abdullah Kuzu, who asserts that it is based on the "traditional view of education, where teachers serve as the source of knowledge while learners serve as passive receivers" (Kuzu 36). This idea corresponds to the simile of Jim Scrivener, who claims that "traditional teaching [is imagined to work as] 'jug and mug' – the knowledge being poured from one receptacle into an empty one." This widespread attitude is based on a precondition that "being in a class in the presence of a teacher and 'listening attentively' is enough to ensure that learning will take place" (Scrivener 17). In his book Communicative Language Teaching Today, Jack C. Richards

highlights that in traditional methodology “learning was very much seen as under the control of the teacher” (Richards).

The teachers delivers the message via the “chalk-and- talk” method and overhead projector (OHP) transparencies. This directed instruction model has its foundations embedded in the behavioural learning perspective (Skinner, 1938) and it is a popular technique, which has been used for decades as an educational strategy in all institutions of learning. In other words, the teacher delivers the lecture content and the students listen to the lecture. Thus, the learning mode tends to be passive and the learners play little part in their learning process (Orlich et al.,1998). It has been found in most universities by many teachers and students that the conventional lecture approach in classroom is of limited effectiveness in both teaching and learning. In such a lecture students assume a purely passive role and their concentration fades off after 15-20 minutes.

Some limitations which may prevail in traditional teaching method are

- Teaching in classroom using chalk and talk is “one way flow” of information.
- Teachers often continuously talk for an hour without knowing students response and feedback.
- The material presented is only based on lecturer notes and textbooks.
- Teaching and learning are concentrated on “plug and play” method rather than practical aspects.
- There is insufficient interaction with students in classroom.
- More emphasis has been given on theory without any practical and real life time situations.
- Learning from memorization but not understanding.
- Insufficient elements of interest and engagement for the learners.
- Applied and real life knowledge is least discussed and focus is purely based theory.
- The system promotes memorizing skills of student and least concerned with the understanding.
- Marks rather than result oriented.

"Do not train children to learning by force and harshness, but direct them to it by what amuses their minds, so that you may be better able to discover with accuracy the peculiar bent of the genius of each."

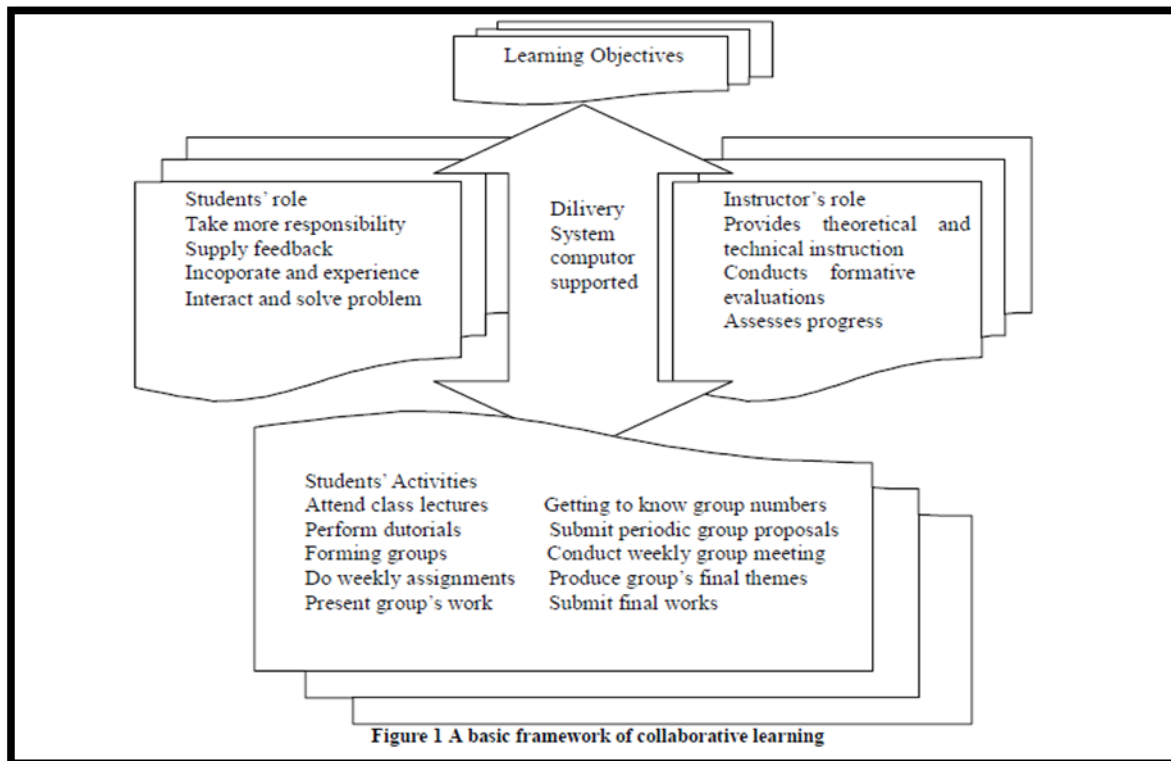
- Plato

3. Innovative Teaching Approach

In education learning system we can talk more about a problem-solving than problem based learning and special attention shall be paid to this fact while designing the introduction of Innovative methods.

In this scenario the role of the students is to become a real problem solver who masters the knowledge through more or less bounded problem solving. It seems that in a problem-solving approach the teacher is always a guide and a facilitator. Hence before introducing some innovative teaching and learning methods, I clarify the importance of mini-lecture as a presentation method. I am convinced that in education mini lecture mixed with student activity is the most forwarding. On mixture I mean a short lecture at the beginning followed by seminar, practical, debate, or discussion. Thus the most important is to eliminate the strict division, even physical between the lectures and the seminars and to have lectures with student involvement. The teacher should promote and not force conversation among the students about the material, cases, subject matter. Moreover students can become good group-workers, role players, after they are able to be individual learners. Brainstorming and active learning is also important from the first class, however it cannot replace individual learning.

Since modern methodology is aiming for something different, also the way to achieve the goal has changed. These days, a new way towards incorporating technology, collaborative learning have begun to move into the classroom, to promote a better student learning environment. The technology used in the classroom acts as a support tool for the teacher to enhance students' learning processes. Learning is moving beyond the recall of facts, principles, or correct procedures and into the areas of creativity, problem-solving, or evaluation (the very skills needed in the workplace in a knowledge-based economy, not to mention in life in general). Communicative competence became the priority Learners need the opportunity to communicate with one another as well as with their teachers. This of course includes the opportunity to question, challenge and discuss issues. Learning is as much a social as an individual activity (Bates, 2000)

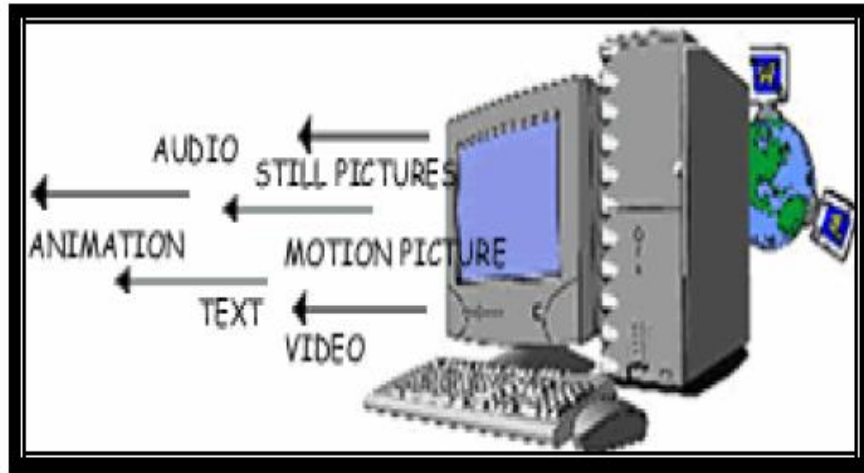


Source: HUANG Yingli, QIU Zhaowen: Task oriented collaborative learning

B. Methodology

- Team projects
- Individual projects
- Field trip
- Flash cards
- Real objects
- Internet access
- Work sheets
- Group discussions
- Quizzes

C. Digital Story telling



Source: Dr. Damodharan V. S. ACCA

Digital Story telling is the practice of using computer-based tools to tell stories. As with traditional storytelling, most digital stories focus on a specific topic and contain a particular point of view. However, as the name implies, digital stories usually contain some mixture of computer-based images, text, recorded audio narration, video clips and/or music. It can vary in length, but most of the stories used in education typically last between two and ten minutes. The topics that are used in Digital Story telling range from personal tales to the recounting of historical events, from exploring life in one's own community to the search for life in other corners of the universe, and literally, everything in between. A great way to begin learning about Digital Story telling is by watching the following video introduction to Digital Story telling. According to Bernard Robin, at the University of Houston, she states in her Power Point presentation that the educational uses of digital story telling are immeasurable. She clearly shows that if this type of technology is used appropriately by classroom teachers its results will be effective in helping students with research skills, writing skills, organizational skills, technology skills, presentational skills, interviewing skills, interpersonal skills, problem-solving skills, and assessment skills. She also mentions that students will learn information from digital storytelling

that will influence and improve their digital, global, technology, visual and information literacy skills.

D. Teaching with Sense of Humour

Everyone loves a teacher with an infectious sense of humour. Looking at the lighter side of life not only fosters cordial relations between professors and students, but also provides welcome relief while trying to follow a difficult lecture on a complicated subject. When there is a willingness to change, there is hope for progress in any field. Teaching is a challenge. Learning is a challenge. Combining both effectively is a challenge. Being humorous is a challenge. However, laughing is easy. It is easy to create a humour in the classroom by reading books of jokes and to listen to professional comics. The students should be encouraged to take notes, especially to learn about the professionals' use of such techniques as exaggeration, pauses, and timing. Observe reality and exaggerate it - much humour lies in observations about real life and truthful situations. Humour not only plays an important role in the healing process but is also very important in education.

E. Z TO A Approach

This approach attempts to explain the application part of a particular concept. The teacher should explain the application of a particular concept first and explain the effects of such applications. For example in management subject -

Motivation is explained in a manner that the organization get extensive benefits out of using some techniques like promotions and awards. So here the use of promotion is explained first and later students would get interest in knowing what promotions are and awards. The teacher starts explaining what is promotion and explains what motivation theory in management is, another example we can try is that in accounting the Income statement and Balance Sheet can be explained first and later drawing their attention to double entry system of book keeping.

Strengths

- Makes a particular concept clear
- Students develop interest to know exactly the concept.
- Creates long lasting memory/correlation of a concept.

Weaknesses

- Take quite long time for a teacher to introduce a concept
- Initial difficulty in understanding a particular concept will be encountered.

F. Mnemonics Words- Words –Words Approach

Here the teacher is not supposed to talk on a particular concept for quite a long time. But to make it clear to the students he can just go on saying mnemonics or its associated meaning in words. Here he goes on saying only words instead of sentence, and once they come to a basic understanding of the meaning of a particular concept then the teacher will explain in sentences.

For example in teaching language courses this technique can be used as an effective medium by the teachers to develop word power. Dictionary must be used widely. Teacher also gets to know many words pertaining to a particular concept.

G. Role Playing, Simulation and Scenario Analysis Based Teaching

Role playing and scenario analysis is mostly used in organizations that try to analyze a problem pertaining to the organization, and this is also used in management institutions. But the similar kind of practice can be tried in other specialization too like science and engineering. In terms of verbal teaching and learning methods I demonstrate role-playing, simulation. The goal is to create a scenario that suits the topic, it is a safe setting however it pretends that it is real life. As a consequence it is appropriate to enable students to develop social skills.

For example, in teaching accounting the role of accountant can be explained by role playing technique. Invoice and bills can be given to students and asked them to assume the role of accountant. Here the real entries pertaining to transactions are made by the student and this is more practical approach to teaching where theory is supplemented by proper practical knowledge

One main advantage of role-playing and simulation is the possibility to encourage evaluation and synthesis of the subject matter while practically taking students out of their chairs and allow them to learn it by doing. In addition it is the role of the teacher to explain for the students that it is not (not only) fun, but an opportunity to participate in the learning process. Furthermore students can achieve deep-learning that is prerequisite of long-term knowledge. On the other hand this method can be time-consuming; hence it cannot be applied spontaneously, randomly. The teacher as the instructor of the simulation, role-play should have clear goals regarding the learning outcome and elaborated plan in connection with this method.

H. Use Ice Breakers

Beginning your lesson plans with a five-minute warm up or ice breaker can serve to focus your students on the topic, open up creative thinking and help them to apply the learning in new ways. The feedback you get from students also gives you an instant reading on where their heads are. Whether you are in a traditional classroom setting, or an online learning community, ice-breakers play a vital role in developing a sense of community in a learning environment.

5. Anticipations of few researches made on Innovative teaching styles

The researchers anticipated to determine the effects of innovative teaching techniques on students' achievement. This was an experimental research conducted on the students of grade 1 to analyze the psychological effects of teacher's behaviour and teaching styles on students' learning.

There was a research conducted on elementary classrooms in 1974 by Jane Stallings and her associates to study relationship between teacher behaviours and student achievement (Stallings & Kaskowitz, 1974). The behaviours of teachers were observed in 166 classrooms and their students were tested for achievement gains in mathematics and reading. Along with many other findings it was

discovered that the teachers who were more businesslike and had pre-planned activities in structured

class rooms produced better results as compared to those with informal classrooms and routine methods. Doyle studied the impact of academic learning through indirect tasks in 1983 where the learners were redirected to focus their attention to alternate tasks rather direct study of the curriculum. He concluded that learning is influenced by targeting and applying different ways of processing information and focusing the attention towards a particular task. Croker and Algina 1986 assert in their work the individual needs of the students that cannot be fulfilled with one standard teaching method as every student comes from different background and possess different questions about the things being taught and have a different focus towards the environment around him or her. So until and unless the things get cleared in the mind of students, the learning cannot be gauged, rather conventional methods are mostly measuring the memorizing skills of the students instead of bringing clarity in their minds.

6. Findings

An innovative teaching and learning method is not panacea. It cannot replace traditional methods in the education. For these reasons I argue that innovative methods shall be applied and introduced in collaboration with the traditional ones. However innovative methods can provide students significant experience with practice and opportunities to deal with issues of profession.

Classroom teaching is a demanding job. Most people outside education probably think teachers spend most of their time teaching, but teachers are responsible for many tasks that have little to do with classroom instruction. Beyond planning and implementing instruction, teachers are also expected to be managers, psychologists, counsellors, custodians, and community "ambassadors," not to mention entertainers. Innovative teaching styles transform pedagogy and subject matter into the joy of learning. Innovative teaching is transformational, encouraging and enabling students to become more than they are, by discovering who they might be. Innovative teachers recognize the

need for freedom to learn and the students may receive new information on each class and teacher's task is to leave enough time for them to incorporate the materials.

7. Conclusion

Education is a beacon for all mankind; it is the right direction to surge. We have to make education a learning process that generates interest in the students and motivate them to stay back in the institutions than to run away from it. Education should be entertaining and fun to students not boredom or just a duty. Teaching is also changing classroom experience. The researchers recommend that the teaching would be highly effective if the teacher starts to use innovative teaching techniques. Education is thus the beginning of every human activity. To restrain the traditional approach of teaching; teachers must use innovative strategies to enhance the cognitive level of students. Students must be given the exposure to the science and technology to compete the outer world. Technology is also changing the classroom experience. The general ideas behind innovative methods are quite the same in any discipline. Motivating, encouraging students with the help of these methods promote interest toward the subject and try to find tasks that seem to be meaningful after the exams as well. Additionally give more chance for the students to share with the teacher and peers their ideas, opinions. However distinct disciplines can have different challenges, advantages and opportunities regarding the innovative methods.

“The great thing, a little lamp can do which the big sun cannot do is, it gives light when it is night.
No one is superior by size but by purpose.”

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ON LINE BUDGET DISTRIBUTION MANAGEMENT SYSTEM FOR ANY ORGANIZATION

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Abstract

Budget distribution management system is an online computerized system (OLBDMS) to distribute the budgetary funds to authorized expenditure. As soon as budget is released,

The section or department can allocate funds to their field officers through this system. All the expenditure is thereafter not only checked for budget availability before the bills can be submitted but also the monthly cash flows are controlled against predetermined targets. This system can permits the re- appropriation of funds within the prescribed times and allows withdrawal/ surrender of budget grants. The system provides limited facility to monthly cash flows. The expenditure monitoring system can give expenditure data to the finance Manager of company on a real time basis.

Keyword:

Budget, distribution, online, expenditure, allocation, monitoring, targets,

Re-appropriation, withdrawal, surrender, computer, cash flows.

INTRODUCTION

Budget means “An estimation of revenue and expenditure over a specified future period of time.” A budget can be made for a person, family group of people, business, government, country, multinational organization or just about anything else that makes and spends money .A budget is a microeconomic concept that shows the tradeoff made when one good is exchanged for another.

We can chalked out the main functions of budget are as follows:

1. Mapping
2. Controlling
- 3.Co-ordinating
4. Communicating

5. Instructing
6. Authorizing
7. Motivating
8. Performance Measurement

BUSINESS START-UP BUDGET:

The process of calculating the cost of starting small business begins with a list of all necessary purchases including tangible assets(for example: equipment ,inventory)and services (for example: remodeling , insurance) ,working capital, sources and collateral. The budget should contain a narrative explaining, how you decided on the amount of this reserves and a description of expected financial results of business activities. The assets should be valued with each and every cost. All other expenses are like labor factory. Overhead all freshmen expenses are also included in to business budgeting.

CORPORATE BUDGETING:

The budget is often compiled annually but may not be. A finished budget, usually requiring considerable effort, is plan for the short term future, typically one year. While traditionally, the finance department compiles the company's budget. 'OLBDMS' can allow hundreds or even thousands of people in various departments (operations, human resources, IT etc) to list their expected revenues and expenses in the final budget.

If the actual figures delivered through the budget period come close to the budget, this suggests that the managers understand their business and have been successfully driving it in the intended direction. On the other hand, if the figures divers widely from the budget, this sends on "out of control' signal and share price could suffer as a result.

EVENT MANAGEMENT BUDGET:

A budget is a fundamental tool for an event director to predicate with reasonable accuracy whether the event will result in a profit, a loss or will break-even. A budget can also be used as a pricing tool.

GOVERNMENT BUDGET:

The budget of a government is a summary or plan of the intended revenues and expenditures of that government. There are three type of government budget; 1)The operating or current budget, 2)The capital or investment budget, 3)The cash or cash flow budget.

PERSONAL OR FAMILY BUDGET:

In a personal or family budget all sources of income (inflows) are identified and expenses (outflows) are planned with the intent of matching outflows to inflows (making end meets) .In consumer theory , the equation restricting an individual or household to spend no more than its total resources is often called to budget constraint.

TYPES OF BUDGET:

- 1. Sales budget-** an estimate of future sales.
- 2. Production budget-** An estimate of number of units that must be manufactured to meet the sales goods.
- 3. Capital budget-** Used to determined whether an organizations long term investments such as new machinery, replacement machinery and research development projects are worth pursuing
- 4. Cash flow/cash budget-** A predication of future cash receipts and expenditures for a particular time period.
- 5. Marketing budget-** An estimate of the funds needed for promotion , advertising and public relation in order to market the product or service.
- 6. Project budget-** A predication of the coast associated a particular company project budget.
- 7. Revenue budget-** Consist of revenue receipts of government and the expenditure met from these revenues.
- 8. Expenditure budget-** Includes spending data items.

BUDGET ALLOCATION AND MONITORING

Good financial management system and process for tracking resources utilization are essential for a department to make effective use of its resources. Effective planning and financial control will help department to

1. Ensure to efficient and effective use of resources.
2. Make sound business decisions.
3. Demonstrate accountability.
4. Take remedial action where needed.

ONLINE BUDGET DISTRIBUTION MANAGEMENT SYSTEM

With the view of computerizing and automating key aspects of budget execution and accounting operations across all the departments ,all sections and Finance Manager can use On line Budget distribution system for their organization. The system brings transparency. It enables control and efficient access to all the financial data of organization and thereby improves the efficiency of the overall financial system.

‘OLBDMS’(On line Budget distribution Management System) is completely web based system. It will be conceptualized to address the short coming of earlier off line computerization pertaining to budget process and accounting functions. The main objective of ‘OLBDMS’ is to achieve computerization in financial transactions and efficient monitoring and facilitate a single window interface across various functions. The main principle of budgeting is that, one cannot incur expenditure more than funds allotted to it. In many organization all the checks on budget are manual , including budget availability checking at the account sections and Accounts or finance section etc. but by the introduction of ‘OLBDMS’ Finance or Account department will be having far more clear picture of total budget expenditure compared to allotted budget on day to day basis.

OBJECTIVES:

1. Improve financial transactions and budgetary control.
2. Estimate integrated data to ensure better financial control and information system.
3. Improve efficiency and reduce cost of operations.
4. Improve strategic and day to day decision making.
5. Quick availability of the data and effective control.
6. Allow better cash flow management and budget control.
7. Provide better interface to external stakeholders, Employees, Tax payers, contractors and suppliers.
8. Ensure adequate controls to minimize risk of fraud and malpractices.
9. Provide better interface with Banks.

WORKING PROCESS AND METHODOLOGY:

The ‘OLBDMS’ will be such a manner that , all relevant demographic , financial and service data and information will be entered , maintained and updated in this account through a secured system Of access control, supervision and maintenance. The ‘OLBDMS ‘uses sophisticated methodology for creating its data base.

DATA SOURCES:

Secondary Data: The researcher has used various sources like books, magazines, websites and literature available on internet and the previous work done on computerization of accounting.

Primary data: Through observation and discussion with related people.

OVERCOMING CHALLENGES:

There is no doubt that many challenges lie in the path of bringing a full fledged 'OLBDMS' fledged 'OLBDMS' in any type of organization. Indeed implementation of financial forms requires and understanding of institutional arrangements is carried out across departments and sections. All their practices need business process re –engineering which will be task up on top priority by the organization and budget manuals should be amended accordingly.

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E-Business and Technology Issues in present scenario.
(In the developing countries)

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Abstract

The global nature of e-business provides developing countries with a unique opportunity to compete in market places that were beyond their reach. This paper attempts to address the challenges faced by developing countries as mentioned above in the use of e-business by proposing a strategy aimed at reducing the setup and operational costs for businesses, increasing the potential for sustainability and creating an environment that will encourage the development of the Information and Communication Technology infrastructure.

In this paper it has been tried to explore the firm's readiness for developing emerging trends in e-business. The need to develop a strategy for e-business applications is an important facet of doing business especially where organizations can provide value-added services to the customer base. In this paper, we also identify key value-added e-business applications and focus on success factors that clearly support small enterprise goals. The growth of e-business furnishes the overall business environment and productivity-enhancing practices for a country. As firms start to develop more advanced e-business technology, collaboration readiness plays a critical role to determine the success. According to the results, each technology level has its own value enablers, and firms need to develop different adoption strategies to capture the value. Through this study we suggest reducing physical trade obstacles, increasing market access and trade efficiency and providing a competitive stimulus for local producers and entrepreneurs in developing countries. We conclude with recommendations for enabling IT success in the developing countries and focus on the need for a well-designed Web presence for the case organization.

Keywords: *e-business, value-added services, sustainability, collaboration, Information and Communication Technology.*

1. Introduction

Information and Communication Technology, ICT, can provide a small enterprise an opportunity to conduct business anywhere. ICT was seen as a method of marketing and contacting clients and potential clients. Use of the Internet allows small businesses to project virtual storefronts to the world. Heeks and Duncombe(2010) discuss how IT can be used in developing countries to build businesses. The basic concept of e-business is to help companies develop such capabilities as global networking, streamlining business processes, sharing information, quickness in responding to the market, and intelligent decision making. Our goal is to develop a roadmap for companies better developing the emerging e-business technologies, so they are able to design their own adoption paths and predict the value outcome.

This paper will attempt to present an overview of how ICT can be expected to support companies in developing or emerging economies. This is followed by a description of the subject company and an analysis of how ICT has supported the company's goals. The paper ends with conclusions on the impact of this case on perspective uses of ICT in emerging economies. It also looks at where ICT has been successful and where ICT limitations raised issues.

2. E-Business :an overview

E-business use can be defined as the extent to which e-business is being used by the businesses in a nation. It has been proposed that there is a need to quantify the benefits from the investments in e-business systems and building quality e-business systems will require solid evidence of value-add to customers. The added value for customers will result in additional profit for the organization, as they are able to maintain current customer relationships and develop new ones based on the attractive offerings a new e-business presence affords.

Developing an e-business role will allow an organization to provide the best possible deliverable to the customer, even if this means passing part of the deal to a competitor who specializes in another aspect of the e-business system. Through this study we found that ultimately all e business systems reduce buyers' search costs and increase the efficiency of ecommerce transactions, and therefore create numerous possibilities for the strategic uses of these systems. Operating within an e-business framework offers a more cost-effective model, with feasible elimination of several steps of the traditional sales process. Powell and Dent- Micallef (2009) identified an emerging trend from single-source sales channels to electronic markets, lowering coordination costs for producers and retailers and resulting in fewer distribution costs.

3. Research Methodology:

Secondary data is used as a tool for collecting data and the sources which serves as a secondary data are as follows:-

- Books
- Magazines
- Wikipedia

4. Data Analysis And Interpretation

It has been found that small organizations need to focus on providing their customers with a set of Web applications/services that best serve the customer. The e-business applications/ services found to have the greatest impact on the success of small organizations, along with percentage of value-added e-business are presented in Table 1.

Table 1. Value -added e-Business Applications/Services

<u>Applications:</u>	<u>Services:</u>
<ul style="list-style-type: none">· Electronic catalogs 71.4%· Workflow systems 71.4%· Online customer service 71.4%· Order management 57.1%· Electronic billing systems 42.9%· Online auctions 28.6%	<ul style="list-style-type: none">· e-Database integration 57.1%· Web monitoring 57.1%· Supply chain automation 42.9%· Online communities 42.9%· Sales force automation 42.9%· Electronic marketplaces 28.6%

In the Indian history, the e-business has been properly justified on the basis of following grounds:-

- Customer attraction
- Customer retention
- Customer satisfaction
- Incremental revenue growth
- Market cap positioning
- Lower cost of sales
- Cost control
- Increased market share
- Business process reformation
- Decreased cycle time

5. E-Business Issues

The web sites used by many business solutions are distinctive, sophisticated, interactive sites. They provide audio and image information as well as text information. They work best with high-speed connections and higher end personal computers. Technically the sites are very good. They appear easy to use and navigate although this is the authors' impression and not verified through any usability testing. These issues in context of the success factors discussed earlier include:

1) **ISSUE: Security & Privacy:**

Ecommerce fraud is on a rise and visitors are very skeptical about revealing their financial details online.

SOLUTION:

The security can be achieved by taking few steps which can help gain the trust of a visitor i.e. private data about the user are kept safe, well maintained and kept up-dated. E-commerce store should build a climate of assurance for every new visitor coming to your store.

2) **ISSUE: Processing Capabilities**

E-business has made an organization to run their business more efficient where the customers can get their products just in time. Through e-business like by using extranet, the suppliers are able to access to an organization's database on when they want to receive what they have ordered and that enable them to make the products available to the particular company just in time. But, there are still some of the customers who are unaware on how e-business transaction takes place.

SOLUTION:

The issue of being unaware of not knowing about how online transaction works can lead to a lot of issues as stated above. This problem is a threat to users who don't seem to understand that their money can be blacked out if hackers hacks their account. To prevent this problem, the E-Biz has to make sure that they have enhanced versions of security and good transaction system for the users to cash in their money. By making this transaction system secure, we can no longer be afraid of hackers.

3) **ISSUE: Outdated features**

Internet enables people to find new opportunities in running their business but at the same time, criminals have find their new ways to crime others and criminals nowadays tend to use cyberspace for crime. There are several factors that had been recognized to be the potential factor in the growth of crimes where one of those factors is outdated law and regulation.

SOLUTION:

Laws & Regulation are very important to prevent the users to miss use their priority and their freedom and to not do useless things such as hacking to others account and getting away with it. Frauds in E-Biz can be punished and jailed if all this laws & regulation are kept well and updated regularly. These laws must be strict and the people who are regulating the laws should be honest and punish all who misuse the system. Any misuse and misconduct of the system have to pay the penalty.

4) Miscellaneous issues

- Lack of reliable ecommerce solution integration
- Lack of true multi-channel support
- Expensive and disjointed systems
- Lack of on-demand scalability

6. Recommendations

1. Personnel with IT abilities are required for the betterment of the organizational goals to be more flexible in meeting business demand.
2. **Clarify ownership** (governance, roles & responsibilities) but also review governance and ownership for all customer facing processes. Make ownership transparent throughout the whole organization. Leverage the positive culture towards E-Business to do this.
3. **Specify** the desired internal E-Business competences, roles and location.
4. **E-business technology should be based on sound policy and principles.**

7. Conclusions

IT can help make small enterprises in developing countries successful. However, these enterprises face many technical and non-technical issues that impact the ability of these enterprises to take full advantage of IT. Hence it can be concluded that

Regulatory environments should support business development.

- Communication cost should be reduced to provide adequate and reliable telecommunications systems

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Knowledge Management for Competitive Excellence

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Introduction:

The Indian companies are facing challenge of matching the pace of development being experienced by the world today. The process of development today is altogether different than the earlier era. Today we are living in the era of knowledge based development. Knowledge management is applying the combination of product, process and person in such a manner that companies get quality product with efficiency and low cost.

Today the economic development is knowledge based. World is going through the process of Knowledge Economy. *As per the World Bank the knowledge economy is the economy- that creates, disseminates and uses knowledge to enhance its growth and development.* Knowledge Economy emphasizes on Research & Development, Innovation and application of Information and communication technology.

Some leading Indian companies are also doing well in the Global economy and they have also changed their overall functioning. They are giving importance to knowledge management and applying most modern technologies, creating R&D facilities and also they have changed their orientation towards employees as they consider them as an asset not liability, as they understand that knowledge is embodied in Human resources.

Knowledge Management:

Today the competitive edge for any company is the knowledge resource it has. And the applications of Knowledge Management have become very important and effective in present scenario. Application of knowledge in the all the process of production and business gives efficiency to the companies.

<http://www.kmworld.com>) Knowledge Management, (KM) is a concept and a term that arose approximately two decades ago, roughly in 1990. Quite simply one might say that it means organizing an organization's information and knowledge holistically, but that sounds a bit wooly, and surprisingly enough, even though it sounds overbroad, it is not the whole picture. Very early on in the KM movement, Davenport (1994) offered the still widely quoted definition: "Knowledge management is the process of capturing, distributing, and effectively using knowledge."

(Duhon, 1998): "Knowledge management is a discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving, and sharing all of an enterprise's information assets. These assets may include databases, documents, policies, procedures, and previously un-captured expertise and experience in individual workers."

Steps to be taken taken by companies for competitive excellence

a) Increase Research & Development Expenditure:

Companies need to increase their Research & Development expenditure and also they need to create environment for research and development. It has been found that companies those who are concentrating on R&D are successful in today's competitive world. Result of a study done by Booz & Company in its Global Innovation 1000 Study confirms the importance of R&D and expenditure on R&D.

<http://www.booz.com>) Total R&D investment among the world's top spenders on innovation surged upward in 2010 from its recession-induced decline in 2009, according to the 2011 Global Innovation 1000, the seventh annual study of corporate innovation spending, released today by global management consulting firm Booz & Company. The study revealed that the 1,000 public companies that spent the most on research and development in 2010 increased total R&D outlay by 9.3 percent to \$550 billion, rebounding from 2009's 3.5 percent decline — marking a return to the long-term growth trajectory for innovation spending.

Same study found that TOYOTA spent more on research and development (R&D) than any other company in the world in 2011, according to "Global Innovation 1,000". This [report](#) compiled by Booz & Company, a consultancy, looks at the companies with the 1,000 biggest R&D budgets.

Toyota increased its 2010 spending by 16.5%, and the car industry as a whole increased spending by \$13.2 billion, largely to meet fuel economy standards and improve electronics. Two health-care

companies, Roche and Pfizer, had topped the 2010 table, but dropped to third and fourth places after reducing spending in 2011.

B) Emphasis on Innovation:

Innovation is a key to success in today's competitive environment. Companies who are innovative has achieved high growth rate and also they are among the top companies of world today. Companies are encouraging Innovation and innovative ideas and they have created the environment where employees are coming up with innovative ideas. Such employees are also appreciated for their contributions to the company's growth. Following study highlights the importance of innovation in Indian companies.

A survey conducted by [businessstoday](http://www.businessstoday.intoday.in) expresses the importance of Innovation (www.businessstoday.intoday.in) Many of our results are encouraging. More than 90 per cent of CEOs surveyed said that innovation is "very important" to achieving their organisations' goals and is an explicit part of their corporate strategies. Bharti Airtel, for one, has established the Future Factory— a "center of innovation" that aims to develop innovative applications specifically targeted at individual customer segments. Wipro has established an "Advisory Board" and "Innovation Council" to invest in and manage innovation projects. Tata Motors has initiated a "New Product Introduction" process that defines business processes for new products—tackling everything from understanding customer requirements to commercialisation, and everything in between. The survey also revealed, however, that more than 73 per cent of CEOs are unsatisfied with the current level of innovation in their organisations. CEOs repeatedly said that their organisations had too many competing priorities, faced difficulty in cross-functional coordination, were overly focussed on short-term results, and faced resource constraints that make innovation difficult.

C) Creating ICT environment:

For achieving fruits of Knowledge Management the role of Information and Communication technology is crucial. Companies are spending huge amount on creating ICT environment and also they are making all their process ICT enabled. This has helped them to do the functions efficiently with precision. Knowledge has two parts one is information and data and another is application of it by excellent brains. By creating ICT environment companies are maintain all record and by hiring talented employees they are applying knowledge as an important factor in their production

process and overall business. At global level study confirms the importance of ICT in various companies.

(www.oracle.com) A white paper by Economist Intelligence Unit says that Small to mid-sized enterprises (SMEs) that make intelligent use of ICT (information and Communications technology) can gain a competitive edge within their industries. They are able to grow faster—and more profitably—than their rivals. Data integration provides all parts of the business with customized views of the same data, increasing flexibility and accountability. Applications that automate processes such as payroll, accounts Payable, customer relationship management (CRM) and inventory management boost efficiency. Through networks, SMEs can communicate from any location with wireless connectivity, access geospatial information, and keep in touch with customers and suppliers from around the world. But the benefits of technology cannot enable growth without an adequate ICT infrastructure in the country of operation. The better the infrastructure, the greater the impact of a company's technology investments on growth.

d) Importance to Technology Tie-Ups and Training in High End Technology

Today the pace of technology change is very fast and to remain in competition companies need to develop their employees matching to the technology development. Also there is a great need of developing employees with high end technologies. Companies need to give their employees training in latest technologies by sending them to top Institutions. Tie-ups with top companies are also one of the ways for this. Training in soft skills, leadership and communication is also important in present scenario. Today employees need to have good soft skills in addition to their technical skills. These all are important in knowledge Management. Following examples of some of the companies' express the importance of activities related to knowledge management.

www.business-standard.com) NVIDIA today announced that it is collaborating with the Indian Institute of Technology Delhi (IIT Delhi) to establish a research lab to help the country reach its goal of achieving exascale computing by 2017.

The new Exascale Research Lab (ERL), co-developed by NVIDIA and IIT Delhi, will help the nation achieve this goal by providing advanced ongoing research, testing, and technology development in a variety of areas, including processor architecture, circuits, memory architecture,

high-speed signaling, programming models, algorithms, and applications, said the company in a release. The lab will also apply its work to address next-generation scientific challenges in computer science, nanotechnology, material science, power engineering, and other domains.

(www.delhiscienceforum.net) RECENTLY the leading Indian pharmaceutical company Ranbaxy and the leading global pharmaceutical major, Glaxo Smithe Kline announced that they had come to a collaborative agreement on pharmaceutical R&D. This agreement is being hailed in industry circles as an example of the strides that pharmaceutical R&D in India has made in recent years and also that the deal signifies how the new patent regime that allows Product Patents will actually benefit Indian companies.

(www.telegraphindia.com)The 6,000 employees of Magma Fincorp, a non-banking finance company based in Calcutta, have clocked 20,000 man hours of training last year. This year the plan is to impart 30,000 man hours of training a year. "Training increases productivity, makes bosses better leaders and teaches juniors how to exceed their targets," said Brahmajyoti Mukherjee, the chief people's officer of Magma.

Conclusion:

Knowledge Management expresses the importance of application of knowledge in all the process of business. Indian companies need to apply knowledge management for competitive excellence. Some of the Indian companies are applying this in their business and also getting benefit. If our companies follow the above discussed steps then definitely they can achieve high growth and can be competitive in global market and can achieve major share in World market.

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NEED OF ERP ADAPTATION IN INDIAN SME'S

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ABSTRACT

In this highly competitive era, India is transforming into world's IT hub and all major players in the field are working constantly towards promoting and expanding their market. In this scenario Enterprise Resource Planning (ERP) is playing a major role in growth of small and medium size industries (SME's) in India apart from contributing largely into the big business enterprises. Nowadays, the need for managing procedures and resources in the developing industrial environment, it has become very important to have a tool which can help enterprises to coordinate several activities efficiently. Therefore, in order to earn the competitive advantage Indian SME's are looking for a software that can be capable of administering every aspect of their business integrally.

The implementation of ERP is actually a challenge for many organizations, and their chances for success are greater if they get to implement it properly. If the enterprise has a defined structure and the methods are well defined, they can get to progress from the selection phase to the operational one and reduce the risk, increasing the probability of success.

Enterprise Resource Planning is a method of effective planning of all the resources like money, manpower, materials and other things that are required to run the business entity. The enterprise wide data sharing in SMEs has many benefits like automation of the procedures, availability of high quality information for better decision making, faster response time and so on.

This paper focuses on the need of adopting ERP system by Indian SME's to optimize its functioning in efficient manner by highlighting the add-on benefits to the companies for using ERP systems platforms.

The paper is based on the in-depth study of publically available information collected from the published articles, journals, reports, websites, blogs and academic literatures in context with the ERP implementation and economy of India.

Introduction

ERP (Enterprise Resource Planning) is an outcome of Information Technology and is a way to integrate the data and processes of an organization into one single system, using sub-systems that include hardware, software and a unified database in order to achieve integration, to store the data for various functions found throughout the organization. Today ERP is used in almost any type of organization it doesn't matter whether it is large, small or what industry it falls in. The main aim of implementing ERP is to integrate data and processes from all areas of the organization and unify it, to provide ease of access and an efficient work flow. ERP Systems usually accomplish this through one single database that employs multiple software modules.

Nayak and Jain (2012) stated , Enterprise resource planning or ERP is a method of effective planning of all the resources like money, manpower, materials and other things that are required to run the enterprise. It comprises management of functional and related areas in SMEs like manufacturing, materials, sales and distribution, human resource, finance, strategy and operations, quality, logistics and maintenance.

ERP implementation is not just installation and configuration of the software but is process of defining the way an organization should work, it involves defining the process flows within different departments and across the departments, imposing the checks & controls at different points and implementing the authorisation levels in all departments, which requires certain important and stern decisions to be taken for successful execution.

Objectives

This paper focuses on the need of adopting ERP system by Indian SME's to optimize its functioning in efficient manner by highlight the add-on benefits to the companies for using ERP systems platforms.

Rationale

The purpose of the research is to identify the challenges and constraints faced by Indian SME's, and how by integrating the concept of ERP & its strategies they are overcome efficiently. Moreover to understand the benefits to SME's for using ERP integrated platform in today's competitive environment.

Research Methodology

In order to achieve the research objectives the blend of deductive and inductive research approach is selected, whereas qualitative research method is utilised. The research is based on only publically available information which has been taken into account. In order to fulfil proposed objectives data on various facts related to the concept of ERP and its benefits is been presented with the help of literature review. The data is collected using secondary method to fulfill different issues related to research topic from the published articles, journals, reports, websites, blogs and academic literatures.

Literature Review

SMEs sector in India had operated under a much-protected economic regime characterised by limited competition and a highly regulated business environment. This business atmosphere had resulted in limited focus on process efficiencies, centralized control structures, highly formalized business settings and lack of professional business practices (Ranganathan and Kannabiran,2004). However, following the economic liberalization and opening up of the economy to foreign Multi - National Companies (MNCs), Indian SMEs have been forced to adopt modern business practices and strategies, which in turn can provide SMEs a cutting edge over its competitors.

The factors like opening up of the economy business era in the post liberalization, ease in international trade barriers, globalization, privatization, disinvestments and deregulation have thrown several challenges to Small and Medium-Sized Enterprises (SMEs) in the fast developing economies like India. Economic downturns, compressed product development cycles, cut throat domestic and global competition, rapidly changing customer demands and volatile financial markets have all increased the pressure on SMEs to come up with effective and competitive

capabilities to survive and succeed. Enterprise Resource Planning is often considered as one of the solutions for their survival. (Rao, 2000)

Common databases and data models as well as consistent cross-functional information flow in ERP systems should assist various departments to coordinate their activities more. Firms that implement ERP systems would have built more integrated value chain processes. ERP solutions seek to integrate and streamline business processes and their associated information and work flows (Al-Mashari et al, 2003). These integrated internal processes are often integrated with external systems from trading partners to form an industry-wide supply chain. Information about supply and demand of products and services can be made shared with suppliers and customers timely, accurately, and consistently. Firms that implement ERP can select appropriate ERP features by configuring systems parameters differently to customize the systems to support core business functions to improve customer services (Kumar and Hillegersberg, 2000). ERP systems have become a major enabler to transform an enterprise into an integrated, process-oriented, information-driven and real-time organization.

According to Gattiker and Goodhue (2005) ERP vendors have developed and customized the ERP software for the use of all types of industries. This has created a great demand on the use of ERP among business entities to integrate and maximize their resources. On the basis of the literature, the growing demand for ERP applications among business firms to overcome the several challenges such as -

- Competitive pressures to become a low cost producer.
- To increase the revenue growth.
- To meet economic downturn.
- Ability to compete globally.
- Maximizing the optimum utilization of available resources
- Desire to re-engineer the business to respond to market challenges

According to Gattiker and Goodhue (2005), ERP implementation failure rate is from 40%, yet companies try to implement these systems because they are absolutely essential to responsive

planning and communication. The competitive pressure unleashed by the process of globalization is driving implementation of ERP projects in increasingly large numbers, so a methodological framework for dealing with complex problem of evaluating ERP projects is required.

According to Gordon (2006), a careful use of communication and change management procedures is required to handle the often business process reengineering impact of ERP systems which can alleviate some of the problems, but a more fundamental issue of concern is the cost feasibility of system integration, training and user licenses, system utilization, etc. need to be checked. A design interface with a process plan is an essential part of the system integration process in ERP.

According to Goswami and Sarangdevot (2010), the pressure of staying ahead in a competitive environment by reduction of costs and product development time is compelling SMEs to leverage technology and enterprise applications like Enterprise resource planning (ERP) application, as adapted by their large counterparts.

Research Analysis

Looking into the growing need of business enterprises to optimize its resources and meeting their upcoming problems & challenges for the better functioning in the present competitive environment, Enterprise Resource Planning tool is one of the most important and complete business software for any organization today.

While the penetration of IT in Indian SMEs is much below its potential. Though SMEs usually shy away from integrating new IT tools in their operations, they are however fast realizing the necessity of setting up intra and inter-office networks, reliable IT infrastructure and the value of Enterprise Resource Planning (ERP) and other software products. Indian SMEs are growing at a rapid pace and to fuel this bullish trend they need a software package to manage their growth. SMEs are slowly waking up to the fact that adoption of IT tools in their operations can make them more competitive. Though SMEs are risk averse, they are keen on adopting ERP systems for several reasons for their businesses. Some of them are:

- **Better Control of Business Enterprise :** Integration of ERP systems with business processes provides the business owners with a better control of their business and there by getting competitive advantage.
- **Increase Customer Satisfaction:** - Easily availability of upto date product information, inventory availability details through ERP system helps in raising customers satisfaction level a lot and it reduces operational hassle for the business.
- **Arrangment of Data:** Implementation of ERP systems helps institutes to systematically arrange and assimilate all systems of data and processes.
- **Increased internal productivity:** ERP integration allows businesses to have less Manual intervation as every part or entry is taken care with the help of system integration. ERP streamlines multiple business processes, helps in reducing human resource involvement in these processes and enhancing the internal productivity.
- **Reduced overall cost:** Adopting the platform of ERP system helps business to cut down its cost by effeciently managing its working capital and establishing the effective cost control through proper systems implementation.
- **Technological know-how:** The integration with ERP lets the businesses to be aware of latest technologies which inturn leads to possess the competative advantage and helps in their survival.
- **Reduces Process Time :** ERP platform gives opportunity to the business to response quickly & frequently to the orders of multiple customers by streamlining the efficient distribution process.
- **Pressure from larger counterparts:** Due to globalization, SMEs today operate in a wider arena. Majority of them have MNCs as their clients. These MNCs require SMEs to implement the same ERP system as them to allow for tighter integration in their supply chain, which permits them to design and plan the production and delivery so as to reduce the turnaround time.
- **Peer pressure:** Several SMEs are adopting ERP systems as their peers have done so.
- **E-commerce benefits:** This benefit will accrue from the close integration between large enterprises and SMEs.

- **Generating financial reports in ERP :** - Integration with ERP systems provides the merchant the ability to produce Balance Sheet, P/L Statement, Trial Balance, Cash Flow, etc. which gives the transparency in financial information by providing accuracies in accounting, data processing, billing and other modules of business enterprises.
- To gain competitive advantage and respond quickly to the dynamic market scenario.

Another important consideration to make is that the implementation of ERP takes time and generates deep changes in the way you do business. But the important thing to remember is that every enterprise can see the benefits of the ERP systems, although for the first period it may only seem like an investment. The benefits indeed are really bigger than the costs, and it is very valuable to invest in an ERP system. Therefore, the benefits to business of integrating ERP can be classified into following manner :

A. Tangible Benefits are those which can be noticed during the process of the functioning such as

- i. Efficient Support for production capacity
- ii. Accurate forecasting for the demand of the product
- iii. Facilitates in mass customization
- iv. Flexibility in improving manufacturing
- v. Increase in Inventory Turnover ratio
- vi. Lower maintenance of inventory level
- vii. Reduced cost
- viii. Improved and controlled product quality
- ix. Reduces order fulfillment time
- x. Assists in achieving operational excellence

B. Intangible Benefits

- i. Helps in better allocation of enterprise resources
- ii. Provides smooth flow of communication amongst the department
- iii. Brings transparency in enterprise planning activities

- iv. Assists in quick reponse to customer order and inquiries
- v. Helps in customer satisfaction and loyalty
- vi. Easy access to real time business intelligence
- vii. Enhanced and equipped decision support system for smooth functioning
- viii. Improves coordination amongst departments
- ix. Improves quality of services

Conclusion

SMEs are the backbone of Indian economy. SMEs are facing challenges and global competition today. Therefore it becomes imperative for them to look for means of responding to the dynamic markets. ERP systems have become the most common IT strategy for most large companies. SMEs too are moving towards ERP systems. They need to adopt a proactive approach towards ERP and consider it as a business solution rather than a mere IT solution.

The commitment of top management has been recognized as one of the most important elements in the successful implementation of ERP system. Since the primary responsibility of top management is to provide sufficient financial support and adequate resources for building a successful system. Any information system implementation is a complex task and hence complex ERP environments present several solutions to overcome challenges which are met by the SMEs.

The findings holds significance for any organization in the small and medium scale sector which wishes to leverage the benefits of integration of business processes by implementing an ERP system in their organization. The analysis presented in this paper clearly specifies the way in which the constraints and challenges commonly encountered by SMEs in managing the business house can be effectively dealt with the efficient use of integrated ERP system platform to gain competitive position over the conditions in which they are operating.

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