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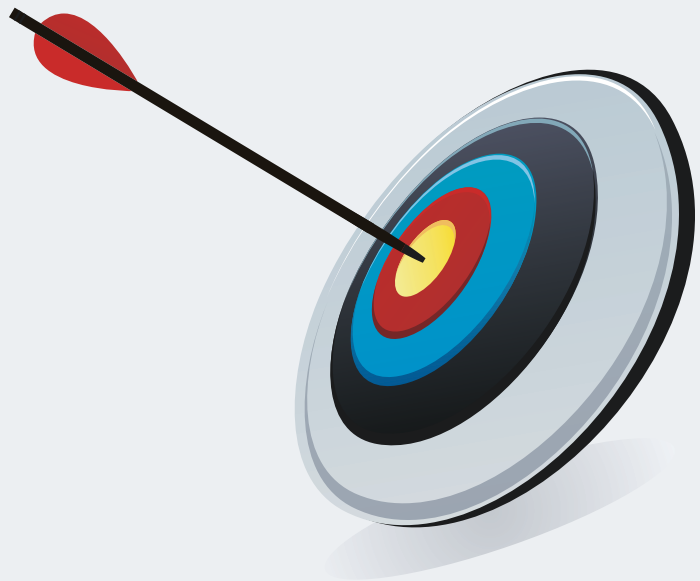
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We are grateful to the following Professors, who had gone through the articles, received for this issue of *Parikalpna* and had carefully reviewed the same:

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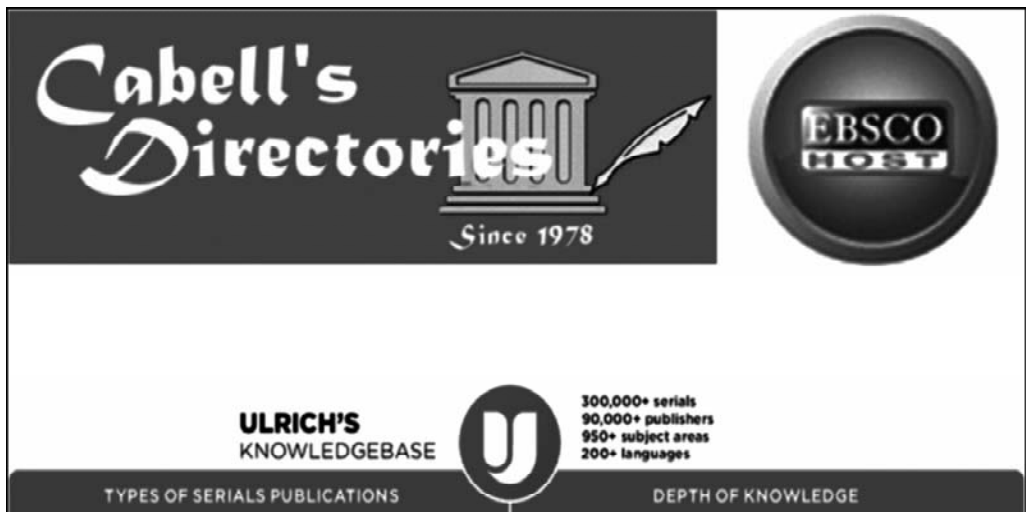
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# **Editorial**

Questions on quality of Management Research continue to receive critical comments. Just a couple of months back, this year, Prof. C Gopinath (Suffolk University, Boston) wrote on 'Research Blues', in leading journals (in April, 2013). Referring Lary Zicklin (Knowledge @ Wharton) and other analysts, Gopinath gave example of research works, where findings were questioned (or even reversed by subsequent studies). 'The difficulty of establishing cause and effect relationships between variables due to the many variables that can affect the situation, and the inability to keep all the other intervening variables constant, or trying to control them. Thus, conclusions are provided with various caveats about the weaknesses of the study and the limitations on generalisability'.

'Gate keepers such as journal editors and reviewers ask for a lot of details about the research methodology and analysis from those who submit a manuscript to get a sense of the reliability and validity of the data, analysis and the conclusions, but even they rarely have the time or the inclination to ask for the raw data and run the analysis themselves'.

'The educational institutions should not join the game of pursuing research just because it helps the reputation or ranking of the institution. The majority of institutions should realise that they may make a better contribution to society focused on education, which is not the same as research, and which involves paying attention to teaching and making education affordable to those who need it'. These observations by those analysts, including Gopinath (Businessline, April 28, 2013 & in <http://www.freewnewspos.com/news/article/c/204738/social/research-blues-in-social-sciences>), are of course valid and critical. But should we not leave/ provide research and researchers some independent space? Though chance of misuse (or less use) of some research is there, Universities are certainly expected to create research environment; may be a guided/ enabled environment. Research journal is thus a part of such platform or environment.

A very interesting (and humble) contribution of a journal (HBR, May 2013 issue) can be cited here, in the context of 'Research Blues'. The journal has the interesting column/ feature, entitled 'Defend your Research'. It probes, interviews and listens to the same researcher/ writer, who might have published some 'hard to believe/ accept' research findings. In the last issue, it has taken the interview of a researcher-professor, who tried to correlate the 'size of signature' of CEO (of an organisation) and his/ her 'success rate' and 'management style'. Any body can say this as stupid or non-sense correlation study. Professors had taken months and studied over 100 globally reputed organisations/ CEOs. They find: smaller the signature, better a CEO, more caring, trusting and successful!!!. Hard to believe. Easy to put it in Lary Zicklin's commented category. But, should we reject the work out-right or give a scope and listen to what the researcher has to say? When some body cries out '*ureka*', we should not jump hurried to call the chap a mad fellow.

The next issue of *Parikalpana* comes out as a special, theme-based issue, devoted to: Corporate Social Responsibility (CSR). Articles are already selected and edited, from among those, presented in our last National Management Convention (NMC).



# Influence of Demographic Factors on Organization Climate

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## ABSTRACT

*The most crucial challenge to industrial and business organizations today is how to develop innovative programmes, which can motivate human behaviour towards higher productivity and greater work efficiency. In the present situation organization climate (OC) is the most important factor for achieving the goals in different types of organizations. This paper examines the relationship of certain selected demographic variables with the organizational climate in a cement manufacturing organization. The organizational climate is examined with the help of 92 respondent employees categorized into managerial and non-managerial staff.*

## Introduction:

It has long been believed that the general climate of an organization has some bearing on efficiency. Empirical studies have attempted to analyze the organizational climate in a systematic and scientific manner. The 'what', 'why' and 'how' questions, related to organizational climate have concerned most personnel specialists and other management practitioners over the years. Terms such as environment and atmosphere are used as synonyms to organizational climate (OC). In the literature, organizational climate has been defined by different writers. While there are some differences, there seems to be a greater degree of commonality.

Let us consider the following illustrative definitions which say what it is.

Forehand and Gilmer (1964) defined OC as "A set of characteristics that (a) describe the organization and distinguish it from other organizations, (b) are relatively enduring over time and (c) influence the behavior of people in the organization". Tagiuri and Litwin (1968) defined OC as "Relatively enduring quality of the internal environment that is experienced by its members, influences their behavior, and can be described in terms of the values of a particular set of characteristics of the organization". Campbell et al. (1970) defined OC as "A set of attributes specific to a particular organization that may be induced from the way the organization deals with its members and its environment. For the individual member within the organization, OC takes the form of a set of attributes

and expectancies which describe the organization in terms of both static characteristics (such as degree of autonomy) and dynamic characteristics (such as behavior outcomes)". Payne (1971) defines OC as "A moral concept, reflecting the content and strength of the prevalent values, norms, attitude, behavior and feelings of the members of a social system, which can be operationally measured through the perception of system members or observational and other objective means".

### **Organizational Climate - Review**

Earlier studies have come up with the perception of how good the climate is, what factors are important and which factors are weak. Rao and Abraham (1986) studied 41 different organizations and found that the general climate appears to be at an average level. Prasanna Sai Venkateswaran (1997) questioned 132 (20%) executives on a random basis on 30 variables and found that climate was favorable for HRD.

Sinha (1973), found the public sector to be inferior in terms of the following dimensions of OC: Chances of promotion, efficiency, responsibility, social relationships, initiative and reward and working conditions. Roy (1974) found that public sector was perceived to be less efficient because of nepotism, arbitrariness in union-management system and interference by government and political forces.

Dwivedi (1979) studied climate in the best printing press in Asia and found that the employees enjoyed warm social relationships as well as intrinsic satisfaction stemming from a sense of task accomplishment.

Biswas (1993) in his study made a comparison of organizational climates between two banks. The results suggested that out of the twenty-six organizational climate items, eleven items showed statistical significance of difference between the two groups.

Different studies have examined influence of demographic and organization variables on climate perceptions. Sharma (1982) found that age, total work experience, experience as supervisor, monthly income and education are highly inter-correlated with nine climate dimensions. Agarwal and Bose (2004) found that demographic characteristics of members are differently influenced by the HR policies of the organizations and thereby procedural justice perceptions. Avinash Kumar Srivastav (2005) found that climate is differently perceived across functions within the same organization. He found that there is no difference in the perception of climate between lower and middle and between lower and higher age groups. Uthayasuriyan (1989) found significant differences among artisans, supervisors and executives in respect of 6 dimensions of OC. The study of Pooja Garg and Renu Rastogi (2006) revealed influences of age and gender on



organizational citizenship behaviors in public and private schools. The cadre - wise, age - wise and experience - wise analysis has also validated the finding.

Sharma (1982) found that total work experience and experience as supervisor, are highly inter correlated with nine climate dimensions. The organizational climate of SBI in Andhra Pradesh was examined by Chalam and Srinivas (2005). They found that experience has no influence.

Thus the present study has some comparable results with the earlier studies and shows that climate varies from organization to organization. Every organization may have some weak points and management has to be attentive to improve them.

Different studies have examined influence of demographic and organization variables on climate perceptions. The present study has made an attempt to find the influence of variables like age, education, income, experience and level of hierarchy on perceptions of respondents.

### **Objectives of the Study**

The study mainly focuses on the following objectives:

1. To know the type of organization climate found in the organization;
2. To identify the variations in perceptions on organizational climate among personal variables such as age, education, income and experience.

### **Hypotheses**

Since demographical variables have influence on perceptions of OC, it is proposed to test the following hypothesis.

H-1: The perceptions on the organizational climate differ among different demographics like age, income, experience and education

H-2: Education has significant positive influence on employee perceptions of the organization climate.

### **Methodology**

The study is descriptive in nature and makes use of survey method. Total population comprises employees of cement manufacturing organization located in a leading town, in Andhra Pradesh.

A Structured questionnaire is developed based on earlier studies (Baldev R. Sharma (1987), Shailendra Singh (1988) and Uthayasuriyan, 1989) to know the organization climate. The questionnaire consists of two categories: (i) questions on organizational climate and (ii) demographic factors of the respondents. Likert 5- point scale of agreement is employed to measure the degree of agreement with each of the statements.

An attempt is made to test the reliability of the instrument with a pilot study of 25 respondents in terms of (a) inter-item consistency of responses among the 19 dimensions and (b) whether the statements used to measure each dimension belong to that dimension rather than to any other

- From the inter-item correlations it is clear that there is adequate agreement among the responses to the set of statements under each of 19 dimensions designed to measure a given respondents climate total score; and

- From item -to- total correlations each statement truly belongs to the dimension of OC in which it has been included.

### **Sampling**

Stratified random sampling method is used for this study. In the first phase, the subjects were stratified into two groups: management and non-management. Management staff includes positions like Sr. Manager, Manager, Asst. Manager, Sr. Engineer/ Sr. Officer and Engineer/Officer whereas Non-Management staff include Jr. Officer, Supervisor, Assistant I & II and Technician. It is decided to include 50 % of the categories of employees based on random sampling technique.

A sample of 92 respondents (24 from management staff and 68 from non-management staff) was selected. Along with descriptive statistics like mean and standard deviation, Correlations, *t*-test for large samples, F-test and Kruskal Wallis one way ANOVA are employed for hypothesis testing.

### **Profile of the Respondents**

The sample has more number of males and more than 35 years of age group employees. Experience wise, many of them are with more than 10 years experienced. It is found that most of the non-management staff has lower incomes compared to the management staff whose incomes fall into middle and higher income categories.

### **Organizational climate:**

#### *Influence of demographics on OC*

The hypothesis tested here is:

H-1: The perceptions on the organizational climate differ among different demographics like age, income, experience and education

### **Perceptions Across Age**

Table 1 furnishes the results of *t*-test for each dimension across the two age groups viz., below 35 years and above 35 years. Statistically significant differences across age groups have not been found for 17 dimensions of OC. In case of two dimensions – ‘welfare & security’ and ‘recognition and appreciation’ -differences are significant. Therefore, it can be concluded that age does not influence the perceptions of the climate.

**Table -1**  
**Perceptions of Respondents on OC Dimensions -Across Age**  
**(N=92)**

S. No	OC Dimensions	Below 35 years (N=39)		Above 35 years (N=53)		z-value
		Mean	S.D	Mean	S.D	
1	Job Characteristics	4.07	0.61	3.97	0.63	0.71
2	Relations	3.90	0.67	3.93	0.54	0.28
3	Welfare and Security	4.13	0.43	3.77	0.82	2.73**
4	Training and Advancement	3.90	0.88	3.62	0.97	1.41
5	Grievance Handling	3.68	0.73	3.50	0.82	1.10
6	Autonomy and Pressure for Performance	3.78	0.92	3.74	0.82	0.25
7	Standardization	3.80	0.88	3.76	0.86	0.17
8	Discipline	3.51	0.82	3.35	0.93	0.84
9	Performance and Reward	3.83	0.79	3.53	0.87	1.72
10	Recognition and Appreciation	4.07	0.58	3.75	0.66	2.46*
11	Power and Centralization	3.70	0.79	3.57	0.62	0.86
12	Participative Management	3.54	1.11	3.32	0.89	1.01
13	People Orientation	3.68	0.98	3.51	0.96	0.83
14	Conflict Resolution	3.59	0.90	3.45	0.69	0.80
15	Managerial Structure and Policies	3.80	0.73	3.74	0.60	0.45
16	Knowledge Orientation	3.92	0.76	3.76	0.81	1.02
17	Innovation Orientation	3.88	0.71	3.77	0.58	0.81
18	Risk Taking	3.47	1.01	3.59	1.01	0.56
19	Social values	3.83	0.85	3.64	0.78	1.13
20	Over-all Climate	3.83	0.46	3.66	0.50	1.62

\*\* Significant at 0.01 level \* Significant at 0.05 level. Scale: 5- Strongly agree;  
1- Strongly disagree

### Perceptions Across Income

To find out if there are significant differences in the perceptions of OC across the three income levels viz., lower income (up to Rs. 10, 000), middle income (Rs. 10, 001 to Rs. 20, 000) and higher income (more than Rs.20, 000),

F-test is performed for each OC dimension. The climatic factor 'Participative management' showed significant difference (at 0.05 levels). In case of all other dimensions, differences are not significant. Table 2 shows the results of analysis.

**Table -2**  
Perceptions of Respondents on OC Dimensions -Across Income

(N=92)

Sl. No	OC Dimensions	Low (N=16)		Medium (N=33)		High (N=43)		F-values
		Mean	S.D	Mean	S.D	Mean	S.D	
1	Job Characteristics	3.79	0.83	4.02	0.54	4.09	0.57	1.28
2	Relations	3.67	0.85	3.91	0.44	4.02	0.56	1.98
3	Welfare and Security	3.99	0.69	4.01	0.51	3.83	0.82	0.64
4	Training and Advancement	3.50	1.01	3.98	0.67	3.64	1.06	1.82
5	Grievance Handling	3.59	0.81	3.56	0.77	3.58	0.80	0.01
6	Autonomy and Pressure for Performance	3.97	0.89	3.65	0.86	3.76	0.85	0.71
7	Standardization	3.94	0.75	3.73	0.89	3.76	0.89	0.33
8	Discipline	3.34	1.06	3.58	0.61	3.33	0.97	0.80
3	Performance and Reward	3.89	0.76	3.73	0.82	3.51	0.88	1.35
10	Recognition & Appreciation	4.00	0.68	4.01	0.48	3.74	0.72	1.90
11	Power and Centralization	3.65	0.75	3.66	0.78	3.58	0.61	0.13
12	Participative Management	3.08	1.29	3.76	0.76	3.27	0.95	3.43*
13	People Orientation	3.28	1.10	3.82	0.87	3.51	0.96	1.86
14	Conflict Resolution	3.78	0.85	3.47	0.88	3.44	0.66	1.15
15	Managerial Structure & Policies	3.70	0.88	3.78	0.51	3.77	0.67	0.09
16	Knowledge Orientation	3.88	0.67	3.89	0.76	3.76	0.86	0.31
17	Innovation Orientation	3.92	0.74	3.86	0.62	3.74	0.62	0.52
18	Risk Taking	3.25	1.23	3.64	0.77	3.58	1.07	0.83
19	Social values	3.48	1.14	3.90	0.55	3.67	0.81	1.56
20	Over-all Climate	3.69	0.58	3.81	0.34	3.69	0.54	0.67

\*Significant at 0.05 level. Scale: 5- Strongly agree; 1- Strongly disagree

### Perceptions across education

H-2: Education has significant positive influence on employee perceptions of the organization climate.

On the basis of educational level, respondents were divided into three viz., highly educated (post graduates), moderately educated (graduates) and low educated (intermediate and other) levels, in Table 3. F-values show that, there are

significant differences among the three categories of educational level in perceiving organizational climate, in case of 8 dimensions—Job characteristics, Welfare & security, Training & advancement, Standardization, Managerial structure & policies, Knowledge orientation, Risk taking and Social values. Therefore, it can be said that education has some influence on organizational climate dimensions.

**Table -3**  
Perceptions of Respondents on OC Dimensions- Across Education  
(N=92)

Sl. No	OC Dimensions	PG (N=20)		U G (N=46)		Intermediate and others (N=26)		F-values
		Mean	S.D	Mean	S.D	Mean	S.D	
1	Job Characteristics	3.93	0.69	4.24	0.36	3.68	0.76	7.79**
2	Relations	3.90	0.79	3.99	0.45	3.81	0.63	0.77
3	Welfare and Security	3.68	0.82	4.09	0.57	3.81	0.75	3.90*
4	Training & Advancement	3.28	1.23	3.86	0.75	3.88	0.89	3.11*
5	Grievance Handling	3.58	0.98	3.62	0.76	3.50	0.67	0.19
6	Autonomy and Pressure for Performance	3.53	0.78	3.89	0.79	3.69	1.00	1.34
7	Standardization	3.33	0.90	3.94	0.76	3.85	0.90	3.73*
8	Discipline	3.08	1.00	3.54	0.82	3.47	0.83	2.00
9	Performance and Reward	3.28	0.99	3.75	0.76	3.77	0.82	2.44
10	Recognition & Appreciation	3.67	0.71	3.90	0.62	4.03	0.60	1.76
11	Power and Centralization	3.47	0.66	3.67	0.76	3.66	0.61	0.58
12	Participative Management	3.11	0.87	3.57	0.94	3.36	1.13	1.36
13	People Orientation	3.48	0.98	3.72	0.95	3.42	0.98	0.90
14	Conflict Resolution	3.45	0.82	3.54	0.74	3.50	0.83	0.10
15	Managerial Structure and Policies	3.41	0.81	3.92	0.56	3.75	0.58	4.47*
16	Knowledge Orientation	3.43	1.10	3.96	0.67	3.90	0.59	3.42*
17	Innovation Orientation	3.53	0.76	3.92	0.60	3.85	0.56	2.63
18	Risk Taking	3.15	1.17	3.80	0.92	3.39	0.89	3.50*
19	Social values	3.31	0.94	3.92	0.68	3.68	0.83	4.08*
20	Over-all Climate	3.48	0.60	3.86	0.40	3.70	0.45	4.64**

\*\* Significant at 0.01 level.

\*Significant at 0.05 level.

### Perceptions across Experience

Table 4 examines the influence of experience on the perceptions of respondents. Based on length of service three groups are formed: low (up to 5 years), medium (6 years to 10 years) and

high (more than 10 years). It can be observed from the table that, significant difference is found in case of two dimensions– ‘Relations’ and ‘Risk taking’. This shows that work experience had no effect on OC as perceived by the respondents.

**Table -4**  
Perceptions of Respondents on OC Dimensions- Across Experience  
(N=92)

Sl. No	OC Dimensions	Low (N=19)		Medium (N=14)		High (N=59)		F-values
		Mean	S.D	Mean	S.D	Mean	S.D	
1	Job Characteristics	3.78	0.81	4.18	0.33	4.05	0.59	1.90
2	Relations	3.57	0.78	4.04	0.36	4.00	0.53	4.47**
3	Welfare and Security	3.99	0.60	3.94	0.54	3.90	0.77	0.13
4	Training & Advancement	3.56	0.91	3.93	0.76	3.75	0.99	0.61
5	Grievance Handling	3.61	0.79	3.68	0.64	3.54	0.82	0.18
6	Autonomy and Pressure for Performance	3.71	1.00	3.71	0.82	3.78	0.83	0.06
7	Standardization	3.66	0.86	3.82	0.94	3.81	0.85	0.22
8	Discipline	3.49	0.89	3.13	0.93	3.47	0.86	0.90
9	Performance and Reward	3.94	0.69	3.68	0.76	3.55	0.90	1.48
10	Recognition & Appreciation	4.17	0.48	3.86	0.56	3.80	0.69	2.52
11	Power and Centralization	3.71	0.69	3.53	0.89	3.62	0.65	0.25
12	Participative Management	3.07	1.28	3.50	0.94	3.50	0.87	1.41
13	People Orientation	3.50	0.99	3.68	1.01	3.59	0.96	0.13
14	Conflict Resolution	3.71	1.07	3.61	0.81	3.42	0.65	1.07
15	Managerial Structure and Policies	3.61	0.84	3.99	0.61	3.76	0.59	1.30
16	Knowledge Orientation	4.08	0.59	3.64	0.77	3.79	0.84	1.40
17	Innovation Orientation	3.91	0.77	3.98	0.50	3.75	0.62	0.98
18	Risk Taking	3.05	1.06	4.14	0.48	3.56	1.01	5.06**
19	Social values	3.68	1.05	3.66	0.71	3.75	0.75	0.08
20	Over-all Climate	3.71	0.49	3.79	0.34	3.73	0.52	0.11

\*\*Significant at 0.01 level. \*Significant at 0.05 level.

**Kruskal-Wallis one-way ANOVA**

Kruskal-Wallis one-way ANOVA statistical method is utilized to explore the relationships between personal variables and perceptions of respondents on climate. Table 5 shows the results.

The hypothesis 'the perceptions on the dimensions of organizational climate differ among different groups based on personal variables' is tested. Age, income

and experience have influence on only 3, 2 and 2 dimensions respectively out of 19 dimension studied. Therefore, it can be said that they have little influence on OC dimensions. It is observed that education has influence on 6 of the dimensions and on overall measure of climate. Hence, the influence of education is marginal. Therefore, it can be said that the hypothesis is not valid.

**Table -5**  
Relationship between OC Dimensions and Personal Variables

(N=92)

Sl. No	OC Dimensions	Age (K=5)	Income (K=4)	Education (K=4)	Experience (K=3)
1	Job Characteristics	14.59**	1.42	9.55*	1.85
2	Relations	4.32	3.16	4.43	10.66**
3	Welfare and Security	9.87	4.38	9.99*	0.16
4	Training and Advancement	5.87	10.52*	2.97	4.55
5	Grievance Handling	3.86	5.27	2.64	0.37
6	Autonomy and Pressure for Performance	0.90	6.52	8.45	0.20
7	Standardization	1.22	5.83	9.35*	1.61
8	Discipline	0.89	7.97	3.46	3.32
9	Performance and Reward	6.02	7.54	4.95	2.49
10	Recognition and Appreciation	7.00	4.82	4.24	5.96
11	Power and Centralization	4.80	3.38	3.76	0.83
12	Participative Management	6.44	9.43*	6.23	1.79
13	People Orientation	4.78	6.20	3.05	0.63
14	Conflict Resolution	11.12*	5.17	3.49	4.81
15	Managerial Structure and Policies	7.92	7.06	11.23*	1.60
16	Knowledge Orientation	11.95*	6.29	5.17	3.82
17	Innovation Orientation	4.89	6.88	10.27*	5.31
18	Risk Taking	2.52	4.56	7.45	8.54*
19	Social values	4.11	6.60	10.84*	0.64
20	Over-all Climate	6.10	8.34	13.79**	0.17

\*\* Significant at 0.01 level.      \* Significant at 0.05 level.

### Correlation Analysis

Table 6 shows the correlation coefficients portraying the relationship between perceptions on organizational climate and each of the personal variables- age, education, income and experience. In

most of the cases the correlations are not significant for any variable with the perceptions indicating that these personal variables do not have any influence on the perceptions. Therefore, the proposed hypothesis is rejected.

**Table -6**  
Correlation between OC and Personal Variables

(N=92)

Sl. No	OC Dimensions	Age	Income	Education	Experience
1	Job Characteristics	-0.04	0.16	-0.17	0.14
2	Relations	0.13	0.20	-0.07	0.26**
3	Welfare and Security	-0.20	-0.10	0.04	-0.06
4	Training & Advancement	-0.09	0.00	0.21*	0.06
5	Grievance Handling	-0.12	0.00	-0.04	-0.04
6	Autonomy and Pressure for Performance	-0.02	-0.06	0.05	0.04
7	Standardization	-0.01	-0.06	0.19	0.06
8	Discipline	-0.11	-0.05	0.14	0.02
9	Performance and Reward	-0.14	-0.17	0.19	-0.18
10	Recognition & Appreciation	-0.23*	-0.18	0.19	-0.22*
11	Power and Centralization	-0.10	-0.05	0.09	-0.04
12	Participative Management	-0.04	-0.01	0.07	0.16
13	People Orientation	-0.08	0.03	-0.03	0.02
14	Conflict Resolution	-0.19	-0.14	0.02	-0.15
15	Managerial Structure and Policies	0.00	0.03	0.16	0.05
16	Knowledge Orientation	-0.10	-0.07	0.20	-0.12
17	Innovation Orientation	-0.03	-0.11	0.16	-0.12
18	Risk Taking	0.08	0.09	0.06	0.14
19	Social values	-0.08	0.03	0.14	0.04
20	Over-all Climate	-0.12	-0.04	0.14	0.01

\*\* Significant at 0.01 level.

\* Significant at 0.05 level.



**Discussion**

Table 1-4 furnish the results of z-test on means for each dimension across the chosen demographic variables.

- ✓ In case of age, income and experience statistically significant differences are not found.
- ✓ Education–wise analysis indicates differences are significant in respect of 8 out of 19 items.
- ✓ However, the differences are in the degree of positive perceptions. Low educated category employees have slightly more favorable perceptions than their counterparts.
  - ♦ What is the knowledge orientation in the organization? Given the emergence of knowledge society, this question deserves attention. With the views of high educated respondents, they are close to agreement with the statements– The well educated and the experts follow ‘Standards’, ‘Managerial Policies & Structure’ and give more importance to ‘Social Values’ and ‘Innovation’ than their counter parts.
  - ♦ The high experienced respondents moderately accepted that there is ‘sound relationship maintenance

procedure’ and ‘the management are always ready to look into the risk taking of the employees’ than their counter parts.

**Conclusion**

From the study of organizational climate, following two conclusions emerge:

1. Employees have positively perceived the organizational climate.
2. Among the chosen variables- age, education, income and experience, only education has some influence on the perceptions. Since education and level of employees are related, the good news is non-managerial category of workers have slightly more favorable perceptions, than managerial group.

The climate that emerges within an organization becomes the major determinant of employee behavior. Since the climate perception influences the motivation levels, satisfaction, performance and productivity of employees, it is an important aspect which organizations cannot afford to ignore. It is therefore very important for organizations to focus on improving the climate prevalent in their organizations. In view of the above positive results, it is suggested that management has to continue to maintain and further improve its good practices.

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# Group Influence on Work Life Satisfaction: An Empirical Study on Workers from Leather Units of Kolkata

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## ABSTRACT

*The research paper attempts to explore the impact of certain group factors like task interdependence, task significance, task variety, collective efficacy, work group climate, group cohesiveness etc. as the significant predictors of individual's work-life satisfaction.*

*A purposive sampling technique has been adopted for the selection of 475 workers from four different leather units engaged in different types of activities in Kolkata. A structured questionnaire has been used amongst respondents and the collected data have been analysed with multiple regression analysis technique to assess the extent of variance in life satisfaction. The final results of the analysis are clearly indicative about the dimensions of group factors identified as significant predictors of life-satisfaction in the organizations studied through the research paper. The research findings may have multiple implications in terms of further research possibilities on job-design, group dynamics and well being of the employees , on future managerial decision of designing specific measures that can enhance potency and efficacy of the group , on variance of individual well being etc.*

**Key words:** *Group task, Group composition, Group cohesiveness, Group process, Group structure, work-life satisfaction.*

## Introduction:

Most people work in groups at their workplaces, be it a big multinational organization or an unorganized small unit. Even the scholars of organizational

behavior or industrial psychology have accepted the growing importance of groups of people working together in order to attain organizational objective. The

contemporary research on organizational design and performance management has predicted the highest ever importance of group and team influence on different dimensions of work-life of the majority of employees in the professional domain. Therefore, the exploration of critical factors of group influence on individual job-satisfaction in certain industries which ultimately are responsible for organizational effectiveness has become a necessary research task. The paper attempts to understand group factors such as group task, group process, group composition, group cohesiveness and group structure and its efficiency in explaining the variance in job-satisfaction within the work groups.

### **Rationale of the study:**

Indian leather industry is one of the oldest industrial sectors creating very large number of employment over the years. According to the report published by CLRI (Central Leather Research Institute, Chennai) the total number of workforce employed in this sector was about 2.5 million in India, only 16% of them are employed in the formal or organized sector. The sector has witnessed a typical tendency among the employees, specially the workers under casual and temporary employment contract of joining, working or leaving the employment units together. The reasons may be different as different surveys have revealed till date. The researchers of this paper have also explored some of the fundamental reasons behind this tendency by informally conversing with the surveyed workers.

This has been found that most of these types of workers are normally of same place of origin, like same village or neighbouring areas of Bihar and Eastern Uttar Pradesh. Moreover, many of them work under the same labour contractor, who have employed them with the common employers and also arrange common accommodation at the nearby places of work units. Factors like religious and linguistic commonality are also instrumental in influencing their behaviour also. However, genuine systematic study is lacking on this aspect in leather industry in detail, till date.

Theoretically, it has been proved that the nature of the task and the task environment determines the well being of an individual in a group. Therefore, it has become imperative to understand their importance their importance in predicting individual well being. Based on the research objectives of finding out whether the group factors will serve as predictors and explain the variance in individual well being, a research design has been adopted to bring-out the relationship between group level factors and life satisfaction.

### **Literature Review:**

The concept of group emerged as practical concern for job-satisfaction, employee retention etc. during late 1970s, when the theoretical research interest in groups actually started losing importance. According to Zander (1979), organizations were able to find effective solution to many of the performance related

problems of the workforce through the formation of work groups or through encouraging the formation of the formal or informal work-groups. According to *Hackman* (1987) the satisfaction of the needs of the individual group members is one of the indicators of group effectiveness. *Cohen & Baily* (1997) have conducted various researches on the group influence on job-satisfaction of individual employees at the work places. According to them the factors like the nature of group task, the composition of the group, group process, group cohesiveness and the group structure are responsible in effecting the mental state of employees as reflected in their job-satisfaction levels. *Glisson and Durick* (1998) had conducted a study on effects of multiple predictors on the job-satisfaction of 319 human service workers in 22 human service organizations. They have classified these multiple predictors into three categories like job-characteristics, organization characteristics and worker characteristics. The study concludes that the job-satisfaction is affected by a unique hierarchy of predictors. Results have also indicated that two job-characteristics, viz. skill variety and role ambiguity, are the best predictors of satisfaction with the job. *Campion, Medsker & Higgs* (1993) in their research paper have studied the relationship between job-design variables and employee satisfaction scores. They have concluded that participation, task variety and task significance are positively related to employee satisfaction. *Veg, Emans & Vliert* (1998) have found that task

interdependence generally satisfy the social needs of individual employees working in the team set-up. *Oliver et al* (1999) have conducted his pioneering research on the relationship between group cohesiveness and individual perception towards job. He has conducted his research on the armed forces personnel. Even the meta-analysis of the military literature by them has also revealed that group cohesion is more strongly related to soldier perceptions of job and military satisfaction than any other factors. *Luthans* (2002) have identified that the life satisfaction is the direct outcome of task related characteristics and positive organizational behaviour. *Frances, Misty, Thomas and Michael* (2009) have conducted a field study on 39 work-teams in six organizations, focusing on team members' perceptions of organizational support for life satisfaction as the major antecedents of team processes and potency. They have concluded that there is a positive relationship between organizational support and potency mediated by effective team processes. *Kalssen, Usher and Bong* (2010) have examined the significance of collective efficacy in predicting job-satisfaction among a group of teachers and found the collective motivation is an important source for individual life satisfaction. *Borgogni, Russo and Latham* (2011) have assessed the importance of collective efficiency in dealing with life satisfaction.

Based on the literature discussed above, the following hypothesis can be formulated:

- ♦ The group factors serve as significant predictors and explain the variance in life-satisfaction in different leather organizations.

### Research methodology:

A purposive sampling method was adopted for the selection of 475 employees from four different leather organizations engaged in tanning, fabricating and distributing/selling of finished products. The sampling method was chosen to include only those respondents who normally perform their work together as a group and not those who normally do their tasks independently.

The four firms comprise of only tanners (Dalmia Associates), only fabricators (Sulehman Brothers), tanners cum fabricators (Ching Hua Leather House) and distributor/seller (National Leather). The largest among all in terms of employee strength has been National Leather. However, maximum number of respondents have been chosen from CHLH as largest number of workers have been found in performing their task interdependently under groups.

Following table (Table-1) shows the break-up of number of respondents from each organization:

**Table-1**

<i>Organization</i>	<i>Type of Business</i>	<i>Total workforce</i>	<i>Surveyed workforce</i>
Dalmia Associates	Tannery	123	71
Ching Hua Leather House	Tanner cum Fabricator	233	205
Sulehman Brothers	Fabricator	121	97
National Leather	Distributor/seller	245	102

*Source : primary data*

### Measures and scales:

A five point Likert type response format was used for all the measures ranging from strongly agree to strongly disagree standard, with the items coded

such that a high score indicates a greater amount of the focal construct.

Following table (Table-2) shows the sources of measurements for group and job-satisfaction factors:

**Table-2**

<i>Group factors [Group task variables]</i>		
<i>Measurement scales</i>	<i>Scale items</i>	<i>Scales developed by</i>
Task autonomy scale	12 items	Hackman and Lawler (1971)
Job dimension scale	4 items	Hackman and Oldham (1975)
Job-diagnostic scale	6 items	Breaugh (1985)

Work autonomy scale	4 items	Morgeson and Humphery (2005)
Task variety scale	4 items	Hackman and Oldham (1975), Morgeson & Humphery (2005).
Task significance scale	2 items	Morgeson and Humphery (2005)
Feedback scale	6 items	Hackman and Oldham (1975), Morgeson and Humphery (2005), Vegt, Emans and Vilert (1998).
Task interdependence scale	5 items	Morgeson & Humphrey (2005), Kiggundu (1983).
<u>Group process variables:</u>		
Communication satisfaction scale	7 items	Crino and White ( 1981)
Cooperation scale	4 items	Hackman & Lawler (1971), Hackman & Oldham (1975)
Support measurement scale	5 items	Jehn (1995)
Work-group climate	6 items	Perry, Lemay , Rodway , Tracy and Galer (2005) .
Group cohesiveness	6 items	Balthazard, Waldman, Howell & Atwater (2002)
Group opposition	2 items	Cammann, Fichman, Jenkins and Klesh (1979)
<u>Group structure variables:</u>		
Group potency	5 items	Guzzo et al. (1993)
Collective efficacy	4 items	Schwarzer (2002).
<u>Satisfaction factors :</u>		
Life satisfaction	10 items	Macdonald, Intyre (1997)

The reliability (Cronbach's Alpha) of group factors and job-satisfaction questionnaire were examined. As far as group factors are concerned the Alpha coefficient value has been assessed as .97 and for individual life satisfaction has been estimated as .90, which indicates the instrument is having high reliability.

#### ***Data collection procedure:***

A pilot survey has been conducted at the initial stage among the limited number of workers of the same organizations. The objective of such pilot survey has been to establish the internal consistency of the measurement tools used in the process of collecting information on the relevant issues. Then a structured questionnaire was distributed among 600 workers of all

the four surveyed units. However, 491 filled in questionnaire were received by the end of the 90 days since the beginning of the survey. The percentage of response rate was about 81.33%, which could be considered as very high in any sense. A complete check conducted later on revealed 16 questionnaires incomplete and therefore were excluded from the analysis process.

#### ***Data analysis:***

SPSS version 18 for Windows statistical software programme (PASW statistics 18) has been used to conduct hierarchical step-wise multiple regression analysis .The analysis has been done to assess the extent of variance in individual well being such as life satisfaction. Step-

wise regression was used because no theoretically driven assumptions have been made regarding the order of entry of the predictors. However, before the analysis, the distribution of the variables has been examined and the results showed that the normality assumption has been met.

### **Findings:**

Following table (Table-3) shows the outcomes of multiple regression analysis, which has been tabulated for life-satisfaction.

Unit	Predictor variables	$\hat{a}$	t	p
Dalmia Associates (n = 71)	Work scheduling autonomy	.27	2.70	.009
	Decision making autonomy	.46	4.54	.000
	Adj.R <sup>2</sup> = .33 F=18.53 , p<0.01			
Ching Hua Leather House (n = 205)	Work scheduling autonomy	.15	2.21	.029
	Task interdependence	.16	1.99	.048
	Emotional support	.23	3.15	.002
	Work group climate	.18	2.05	.041
	Group potency	.35	3.94	.000
	Adj.R <sup>2</sup> = .29 F=17.73 , p<0.01			
Sulehman Brothers (n =97)	Group potency	.37	3.86	.000
	Adj.R <sup>2</sup> = .13 F=15.01 , p<0.01			
National leather (n =102)	Task autonomy	.32	3.67	.000
	Work group climate	.35	3.98	.000
	Adj.R <sup>2</sup> = .27 F=19.28 , p<0.01			

For the tannery (Dalmia Associates) unit, the group factors contribute significantly (F= 18.53 , p<0.01) and predict 33% of variance ( Adjusted R<sup>2</sup> value ) in life satisfaction . It can be observed that decision making autonomy ( t=4.54,p<0.001) and work scheduling autonomy ( t=2.70 , p<0.01) are found to be significant.

In tannery cum fabricating unit (Ching-Hua leather house), the group

factors contribute significantly (F=17.73,p<0.01) and predict 29% of variance in life satisfaction. In this case , group potency has emerged as the most important predictor with the most beta value as 0.35, emotional support is the second important predictor with beta value 0.23 followed by work group climate . Task interdependence and work scheduling autonomy have also been found to be significant in explaining the variance in life satisfaction.



In case of the fabricating unit (Sulehman Brothers), the group factors contribute significantly ( $F=15.01, p<0.01$ ) and predict 13% of variance in life satisfaction. However, it can be observed that, group potency ( $t=3.79, p<0.01$ ) has remained the only significant factor.

In respect of the selling unit (National leather), the group factors contribute significantly ( $F=19.28, P<0.01$ ) and predict 27% of variance in life expectation. It has been observed that work-group climate ( $t=3.98, p<0.001$ ) and task autonomy ( $t=3.67, p<0.001$ ) are found to be significant. The work group climate has emerged as most important predictor with the beta value 0.35 and the task autonomy has been found to be the second important predictor of life satisfaction with beta value 0.32.

Work scheduling autonomy dimension of group task, work group climate of group process and group potency dimension of group structure have been seen as predictors in two of the four leather units analyzed. In totality the independent variables of group factors emerged as predictors of dependent variable life satisfaction. Hence the hypothesis is accepted.

### ***Implications of the study:***

The findings of the study are of great significance for different reasons. *Firstly*, it may have serious impact on many serious research stems like job-design, group dynamics and well being of the employees. *Secondly*, the feedback received in the

process of the survey for developing the paper can be helpful for future managerial decision of designing specific measures that can enhance potency and efficacy of the group. *Thirdly*, the study has provided insights to the group factors those could significantly explain the variance of individual well being. This also offers practical implications those organizations should strive to find the right balance between job-demands and job-resources including job characteristics like autonomy, task variety and interdependence.

### **Limitations of the study:**

The study has the limitations as all the data have been collected through single source self reported measures. Therefore, common method variance may be a major problem. Responses of individual survey items may not be truly independent as there has been a chance influence of group membership. From this perspective, it can be said that more research is needed to examine the generalization of this study.

### **Conclusion:**

The study is a systematic effort to understand group factors such as group task, group process, group composition, group cohesiveness and group structure and its importance within the group groups. Based on such research efforts, the study has proved in perspective that the task and context of task of the group effect both the behavior of individual group members and response of group itself. Because, it is necessary to understand the relationship combination with other work

characteristics as well for deeper exploration of the group factors on the individual leading to sustainable organizational effectiveness.

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# Strategic Study on Factors Causing Labour Migration in Ernakulam District

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## ABSTRACT

*The present study is an attempt to understand the factors that cause labour migration. It purports to inquire into pull and push factors of migration of semi-skilled and unskilled migrant workers in Ernakulam district. Primary data collected from the field through a structured questionnaire has been used in this study. A number of variables causing migration have been identified by the researcher. The reliability of the variables is tested through reliability analysis applying Cronbach's alpha. Exploratory Factor Analysis is employed using SPSS 19 to reduce the variables, identified as the causes of migration, into handsome number of factors. Confirmatory Factor Analysis has also been applied to confirm the factors causing migration developed through Exploratory Factor Analysis using AMOS 18. Structural Equation Models have been developed for this purpose.*

**Key words:** Migration, Labour force, semi skilled and unskilled labour

## Introduction:

Ever since man has been on earth, different ethnic groups travelled to other regions in the world hoping to find a better basis for existence there. When people move, they do so over varying distances, for different periods of time and for different reasons. The reasons for migration vary greatly between localities, countries, regions and from migrant to migrant. Migration of people in search of

employment has occurred all through history and it is by no means a new phenomenon. Migration is undertaken by energetic and resourceful individuals who move, as part of their effort, to improve their lives and the lives of their families, to learn new skills, to gain new experiences, to find a job or to flee insecurity, disaster, or famine. The reasons for migration are a complex issue, which cannot be generalised easily. The present study is an

attempt to understand the factors that cause labour migration. It purports to inquire into pull and push factors of migration of semi-skilled and unskilled migrant workers in Ernakulam district. This study has been conducted on 300 migrants, to find the reasons for migration. Analysis of variables is made through rotated factor matrix. In order to apply factor analysis, the basic assumption to be fulfilled is the factorability of the correlation matrix. KMO measures of sampling adequacy and the Bartlett's test of sphericity determine the factorability of the correlation matrix. Confirmatory Factor Analysis has also been applied to confirm the factors causing migration developed through Exploratory Factor Analysis using AMOS 18. Structural Equation Models have been developed for this purpose.

### **Literature Review**

The review of literature helps the researcher in a better way to interpret and analyse the importance of results obtained from earlier research studies. In this sense, previous studies are reviewed in this part.

'The decision to migrate: A comparative study of rural migrants from the North and Northeast regions in Thailand'<sup>1</sup> is a study done by Chinnavaso and Kasemsun (1993). This study aims to i) determine the general characteristics of migrants and non-migrants, ii) identify the factors influencing their attitudes,

perceptions and expectations, and iii) suggest ways to achieve more effective government policy and strategy. The study areas chosen in this analysis are based on Village Development Data. These data identify the origin of rural migrants by provinces, districts and villages and those seasonal migrants who move out from their home down to get or seek a job after crop cultivations. The total sample size of 400 respondents are selected from 32 villages of 8 districts from the 4 provinces of the north and northeast regions in Thailand, which have the largest and second largest number of out migrants according to their proportion of total population. The results of this study compares migrants and non migrants in general characteristics perceptions, expectations, job information, duration, problems, welfare, government training program, mismatching in occupational training. The logit and probit analyses are the key approaches used in this study to classifying the factors influencing the decision making process. The results of these approaches show that the crucial factors that influence the probability of rural people to migrate are migration experience, urban wages, welfare provided by urban employers, saving, expectations of finding urban jobs, and age of migrants, marital status, land holding and skill of labour. The policy recommendations for reducing the migration concentrate on upgrading labour

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<sup>1</sup> The Decision To Migrate: A Comparative Study Of Rural Migrants From The North And Northeast Regions In Thailand, Chinnavaso, Kasemsun, University of Notre Dame, 1993. pp.379

skills, promoting small scale industry, improving efficiency and coordination between private and public sectors, stimulating the farmers to produce a variety of products and increasing the labour inspections and forcing firms to obey the laws and regulations.

Labour Migration and increasing return on investment in Hunan<sup>2</sup> (1994) is a study conducted by Li, Jisheng. For decades, rural-urban migration has been through the lens of the Todaro model. But contrary to Todaro's prediction, an increasing stream of city-bound migrants attend an expected urban income lower than expected rural income. An alternative theoretical framework initiated by Appelbaum and Katz provides a better means to reconcile this apparent empirical paradox. This study modifies Katz and Stark's model to explain why farmers in Hunan engage in out-migration in the face of lower expected urban earnings. Both of the pre-requisites for migration to occur even though it is an actuarially unfair choice are shown to be satisfied in Hunan: i) imperfect rural credit markets and ii) increasing rate of return on investment. The increasing return on investment in Hunan manifests itself in discrete jumps associated with the two distinct ways household savings are disposed- being deposited in the bank on the one hand and being used

to buy entry into rural nonfarm enterprises on the other. The study concludes that out migration is still attractive to farmers in Hunan because the urban employment, though limited, delivers remittances from which a large pool of savings can be generated to buy entry into rural nonfarm enterprises.

The theoretical inference is supported by the empirical examination which finds : i) rate of return on investment in rural industry is substantially higher than the interest rate for bank savings, ii) home income is not large enough to generate a pool of savings to start a business or to buy entry into rural industry job, iii) urban income is large enough to generate a pool of savings to start a business or to buy entry into a rural industry job, iv) remittances are channeled into developing rural industry and v) saving from agricultural earnings are usually deposited in the bank.

The study titled 'Significance of job satisfaction in determining the mobility behaviour of male and female workers'<sup>3</sup> done by Khanal, Suman Kumari (1993) identified that in the past, most studies of job search implicitly assumed that employed workers do not search for another job. But this has not been the case in many labour markets. During 1961 almost half of those workers who voluntarily changed jobs in US suffered no

<sup>2</sup> Labour Migration And Increasing Return On Investment In Hunan. Li, Jisheng, University of Hawaii, 1994. pp.150

<sup>3</sup> Significance Of Job Satisfaction In Determining The Mobility Behaviour Of Male And Female Workers. Khanal, Suman Kumari, University of California, Santa Barbara, 1993. pp.135

interim unemployment. This reveals widespread occurrence of on-the-job search and can only occur if some employed workers get new jobs before quitting.

In the study, two main questions are investigated. First, why people search on-the-job and which particular aspects of job satisfaction motivate them to search which employment? Second, what is the relation between job satisfaction responses in the 1982 survey and observed job mobility behaviour in the subsequent year? The dissertation also investigates differences between male and female workers regarding the effects of job satisfaction and indices of job mobility. In order to analyse the changes in job status between 1982 and 1983, multinomial logit models are estimated assuming that the employed workers in 1982 fall into three different job satisfaction in terms of the value of experience, job security and the paid vacation benefit influence the occurrence of on-job-searches as well as quit decisions significantly, in the expected directions. Further, among male, the income aspect of job satisfaction, significantly affects the probability of on-job-searches, but not the decisions to quit. Among females, job satisfaction in terms of pleasant surrounding and promotion opportunities and fringe benefits are statistically significant. Some differences between the two sexes regarding the mobility behaviour are worth noting. Among males, marriage raises the probability of conducting on-job-searches and increase subsequent job mobility.

Conversely, marriage reduces job mobility among females. Similarly, the interaction effects between education and the value of experience suggest that males are more concerned with investment in general human capital, whereas, females appear to be influenced by the formation of specific human capital.

Migration is an important phenomenon that has resulted in the development of the rural areas especially in developing economies. Yet migration remains largely neglected. It is a misery to find that most of them are done either on the urban side or in a segment which is dissimilar to backward regions. Review of previous study reveals practically nothing about rural migration is available in literature. This niche which is existing in migration is needed to be much attended. Thus, there is a need to carry out this research to fill the gap. This research will thereby contribute to government's efforts of understanding the migration process which in turn contributes to the development of the district. Thus, policy makers will benefit from this study as they formulate or evaluate labour market policies relating to migrants. This study will assist in the formulation of policies that will ensure the success of programs to be brought about by the government in protecting and developing the migrants.

### **Objectives of Study**

- To explore the various reasons for migration of labour in Ernakulam District

- To confirm the factors responsible for migration of labour in Ernakulam District
- To offer suggestions for the well-being of the migrant labourer

### Methodology

- The study purports to inquire into both the pull and push factors of migration of semi-skilled and unskilled migrant workers in Ernakulam district.
- Primary data collected from the field through a structured questionnaire designed by Sudharani and Hari Sundar has been used in this study.
- A number of variables causing migration have been identified by the researcher.
- This study has been made on 300 migrant workers, including 150 inward migrants and 150 outward migrants who have stayed at the migrated place for a period of more than 5 years, to find the reasons for migration.

### Tools for Analysis

- The reliability of the variables were tested through reliability analysis applying Cronbach's alpha. Thus the un-standardised tool is standardized through reliability analysis.

- Exploratory Factor Analysis is employed using SPSS 19 to reduce the variables, identified as the causes of migration, into handsome number of factors.
- Confirmatory Factor Analysis has also been applied to confirm the factors causing migration developed through Exploratory Factor Analysis using AMOS 18. Structural Equation Models have been developed for this purpose.

The variables which are identified by the researcher as the causes of migration have been shown in table 1. Since the number of variables identified to be causing migration is innumerable, Exploratory Factor Analysis is employed to reduce them into handsome number of factors. Since the number of variables are exhaustive, it is decided to include only the variables having internal consistency for further analysis. Hence, the reliability of the variables is tested through reliability analysis applying Cronbach's alpha. Cronbach's alpha is calculated as,

$$\alpha = \frac{Kr}{1 + (K-1)r}$$

Where, K = number of variables considered

r = Inter-items correlation

The calculated overall Cronbach's alpha in this case is 0.592. Item wise statistics of 27 items is presented in Table 1 below.



**Table 1**  
Results of Cronbach's Alpha for Factors of Migration

Items Included	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
To earn money	43.76	7.347	0.010	0.592
Poverty	43.35	7.172	-0.019	0.591
Asset accumulation	43.07	6.895	0.105	0.592
To pay off debts	43.01	5.696	0.037	0.592
Manage family	43.58	6.899	0.151	0.592
Relatives already in migrated place	43.22	6.923	0.074	0.592
Migrated through company	42.86	7.167	0.083	0.592
Right job suitable to the qualification	42.88	7.200	0.040	0.592
More leave facility	42.83	7.283	0.021	0.591
Family size	43.10	6.913	0.094	0.592
Family commitments	43.50	7.094	0.031	0.592
Marriage	42.92	7.084	0.083	0.592
Situations does not permit to be at native	42.83	7.321	-0.004	0.592
Craze to go to cities	42.95	7.148	0.037	0.592
Shortage of opportunities at native	43.36	6.948	0.068	0.591
Status symbol	42.92	7.094	0.076	0.592
Low pay at native	43.55	7.071	0.055	0.592
High demand for labour in other areas	43.45	6.777	0.152	0.592
Children's education	42.93	7.049	0.096	0.591
Prestige	42.90	7.207	0.027	0.592
Transfer in government posts	42.78	7.323	0.084	0.592
This type of job is available only there	42.84	7.279	0.019	0.592
Better opportunities after return	42.82	7.319	0.003	0.592
Poor career development opportunities at home	43.27	6.989	0.048	0.591
To settle with family	43.08	6.927	0.094	0.590
Crop failure	43.02	6.986	0.075	0.592
Friends already in migrated place	43.31	6.409	0.268	0.592

Source: Primary data

It is clear from table 1 that out of the 27 variables that have been identified as influencing migration, no variable can be deleted. Elimination of any particular variable does not increase the current

overall Cronbach's Alpha of 0.592. Hence, the final list of variables included for factor analysis comprises of standardized 27 variables which is 59.2 per cent reliable.

### Factors Causing Migration

Factor analysis helps to reduce the innumerable variables into limited number of latent factors having inter-correlation. Exploratory Factor Analysis has been used in this section to find out the factors causing

migration. The results are presented in table 2. Table 2 shows the results of KMO measures of sampling adequacy and the Bartlett's test of sphericity which determines the factorability of the correlation matrix of the migrants.

**Table 2**

Findings of the KMO and Bartlett's test of Migrants

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.636
Bartlett's Test of Sphericity	Approx. Chi-Square	1324.385
	df	351
	Sig.	0.000

Source: Primary data

Findings of the KMO and Bartlett's test shown in Table 2 shows that there is a higher KMO Measure (0.636) and a significant Bartlett's test result (0.000) and therefore the

factor analysis can be rightly employed. Hence factor analysis has been attempted and the result of Exploratory Factor Analysis has been presented in Table 3.

**Table 3**

Reasons for Migration of Labour in Ernakulam District

Extracted Factors	Variables	Factor Loading	Eigen value	% of variation
Recognition	Status symbol	0.727	3.178	11.772
	Prestige	0.704		
	Craze to go to cities	0.571		
Employment problems	High demand for labour	0.548	2.312	8.563
	Low pay	0.597		
	Shortage of opportunities	0.523		
Improvement in career	This type of job is available only there	0.633	1.877	6.953
	Better opportunities after return	0.581		
Family	Family commitments	0.632	1.672	6.191
	Manage family	0.587		
	Family size	0.609		
Family involvement	Children's education	0.596	1.390	5.148
	Settle with family	0.711		
Marriage	Marriage	0.569	1.290	4.777
Compulsion	Transfer	0.676	1.257	4.657
	Through company	0.550		
Facilities available	Suitable job	0.595	1.157	4.285
	More leave facility	0.715		
Financial problems	To pay off debts	0.830	1.070	3.964
Adverse situation	Situations does not permit to be at native	0.699	1.036	3.837
	Crop failure	0.506		

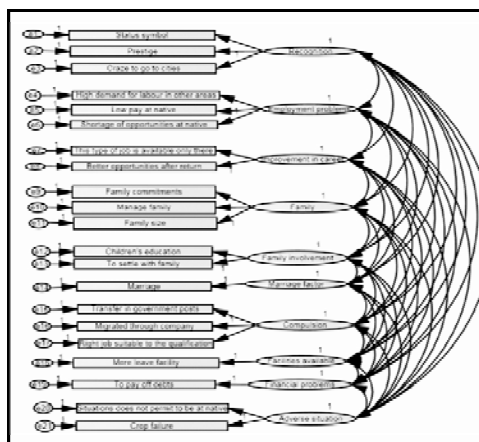
Source: Primary Data

Table 3 reveals that Recognition is the main factor which accounts for 11.772 per cent variation in the total variable set in which three variables which are positively loaded with an Eigen value of 3.178. The second factor (Employment problems) represents 8.563 per cent variation in the total variable set with an Eigen value of 2.312. There are three variables loaded in this factor. Improvement in career represents 6.953 per cent variation in the total variable set with two variables loaded in this factor. The fourth factor, F4 (Family), represents 6.191 per cent variation in the total variable set with an Eigen value of 1.672. There are three variables loaded in this factor. Family involvement in which two variables are loaded account for a variation of 5.148 per cent in the total variable set with an Eigen value of 1.390. Marriage accounts for a variation of 4.777 per cent variation in the total variable set. This factor includes only one variable which is loaded in this factor. Compulsion with two variables loaded is

the seventh factor which accounts for a variation of 5.519 per cent of the total variables loaded in this factor. The eighth factor (Facilities available) represents 4.285 per cent variation in the total variable set with an Eigen value of 1.157. This factor includes two variables loaded in this factor. Financial problems is the next factor which represents 3.964 per cent variation in the total variable set with only one variable loaded in this factor. The tenth factor (Adverse situation) accounts for a variation of 3.387 per cent in the total variable set with an Eigen value of 1.036. There are two variables loaded in this factor. Rotated factor analysis categorizes the variables determining migration in Ernakulam district into these ten broad groups.

A structural modeling technique has been used to test the results of Exploratory Factor Analysis of the migrants. The input path diagram of the model testing results of Exploratory Factor Analysis is shown in Figure 1.

Figure 1 : Structural Model Input Path Diagram for Migrants



It has been found from Figure 1 that Recognition, Employment problems, Improvement in career, Family, Family Involvement, Marriage, Compulsion, Facilities available, Financial Problems and Adverse Situations are the ten latent factors which are responsible for migration. The observed variables used to predict the latent variables in structural equation

modeling were obtained by processing the data through Exploratory Factor Analysis. Analysis of data through Exploratory Factor Analysis revealed certain modifications in the and therefore it was revised accordingly. After modifying the model, a satisfactory measurement model was found and it has been presented in figure 2

*Figure 2*  
Structural Model Output Diagram for Migrants

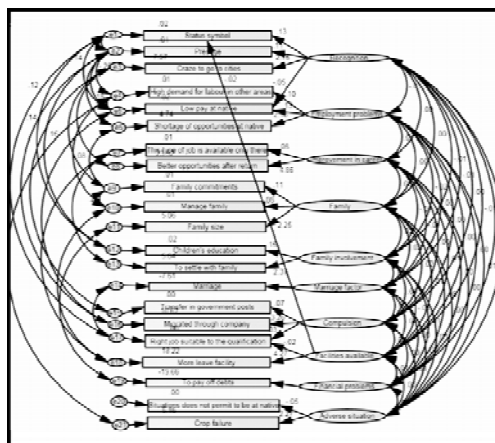


Figure 2 shows the standardized estimates with their respective significance levels. Figure 2 illustrates the significant structural relationships among the study variables. It can be seen that the recognition factor has a positive effect on craze to go to cities with a regression coefficient of 2.75, which causes migration. The variable low pay at native was also included in the recognition factor after making modifications. Moreover Employment problems factor has a positive effect on the shortage of

opportunities at native having a regression coefficient of 2.18 and which thereby causes migration. The path between Improvement in career and better opportunities after return is significant since the regression coefficient is 4.85. The regression coefficient of 2.25 shows that Family factor has a positive effect on the family size which further leads to migration. Family involvement factor has a strong effect on settling with family with a regression coefficient of 2.38 and Compulsion factor has a strong effect on

migrating through company resulting in migration. The regression coefficient of more leave facilities available (4.27) shows that Facilities available factor brings a strong effect on the leave facilities available which causes migration. The variables status symbol and right job suitable to the qualification were included in the Facilities available factor, after modification.

Seven fit indexes which are commonly used, such as chi-square/df, GFI, AGFI, NNFI, CFI, RMR and RMSEA, have been employed to test model fit. The commonly used measures of model fit are summarised in Table 4.

**Table 4**  
Summary statistics of Model Fit for Migrants

Fit Index	Model Fit Indices	Observed Value
Chi-square/degrees of freedom	< 2	0.962
Goodness of Fit Index (GFI)	$\geq 0.90$	0.961
Adjusted Goodness of Fit Index (AGFI)	$\geq 0.90$	0.929
Non-Normed Fit Index (NNFI)	$\geq 0.90$	1.026
Comparative Fit Index (CFI)	$\geq 0.90$	1.000
Root Mean-square Residual (RMR)	$\leq 0.05$	0.013
Root Mean Square Error of Approximation (RMSEA)	$\leq 0.08$	0.000

Source: Primary data

The RMSEA of the model is 0.000, which indicates the acceptable fit of the model. The Chi-square = 123.086 with df= 128 and p value = 0.606 suggests that the model cannot be rejected. For the confirmatory factor analysis model, the values were 0.961 for GFI (Goodness of Fit Index) and 0.929 for AGFI (Adjusted Goodness of Fit Index). The other test results shown in Table 4 also shows that the model fits very well and as a result, the factors shown have a strong effect on the migration of the migrants.

## Conclusion

The researcher has conducted this present study to find the factors impelling migration and the level of influence of different factors among different types of migration has been verified with the support of appropriate statistical tools. Structural Equation Models have been developed in the present study. Through the use of Structural Equation modeling the researcher has assessed the complex models that evaluate the direct and indirect impact of several variables on one or more outcome variables. Push and pull factors

causing migration has been discussed in this paper. Causes of migrations have modified over hundreds of years. Some cases are constant while some of them do not carry the same importance as years ago. So, it can be said that the impulses for migration is never constant.

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# Market Probability and Business Strategy Design In Indian Retail Sector: An Empirical Study

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## ABSTRACT

*The present study aims at analysis of market probability for setting up a new supermarket in a specified area. The scope of the research includes undertaking a market research with the help of a survey and then analyzing the prospects. Research Methodology for the same is based on an exploratory survey for both customers and retailers. Analysis reveals that there is no significant relation between the number of years of residence and the place of purchasing grocery items. There is tremendous potential for the super marketers to lure the customers to buy products from their superstores. The research findings show that 51 percent people have attributed quality to be the most important criteria for selecting a store. This clearly indicates that the quality of products should be taken utmost care. Even if the distance is a bit more, people don't mind buying products from stores where good quality is assured. One of the main reasons given by the respondents for not visiting a supermarket again is that credit is not offered. The ideal site location and the average amount of customer traffic expected can be easily calculated with the help of Huff's gravity model. CPFR (Collaboration, Planning, Forecasting and Replenishment) is the model which should be followed. The positioning of the supermarket should be in such a way that the people are convinced that the products bought from the supermarkets would give a complete VFM (Value for Money). Excellent customer service has to be the major factor while opening up the supermarket.*

**Keywords:** *Quality, Huff's gravity model, CPFR, VFM, Customer loyalty programmes*

## Introduction:

Over the last few years marketers having studied the Indian organized retail sector have concluded that India currently is in the second phase of the retail evolution cycle. Indian consumers today have become more demanding with their rise in standard of living and changing lifestyles.

The major factors that have fuelled this growth are the increase in disposable income of the people, improved lifestyles, increased international exposure and high awareness among the customers. These macro level factors alone cannot be held responsible for this spectacular market growth. Simply having the money to

buy does not necessarily translate into an actual purchase. The Indian consumers have used the retail boom to their advantage. They now have many more options than before and exert their power of knowledge very well. The retail market in India has started looking up after facing slowdown with the financial crisis across the world markets. The inflation or the economic slowdown adversely affected the retail industry. With the suddenly disturbed economic status, consumers gradually lost interest on buying. The effect of recession on the demand of various categories of goods is not the same. The recession has not affected retailers dealing in essential commodities and the food sector. The most affected sectors are the home appliances, footwear and textile.

The current economic environment is bad for most retailers, but it has particularly hit the mid-level and upper-middle level retail giants that have to still maintain inventory while many of their customers go discount shopping at clearance stores or at smaller chains. Recession, however, has not affected all product categories equally. A few luxury goods like real estates, textiles, automobiles are strongly affected while most of the necessity goods have not experienced such a slump. The approach for coping with an economic slump depends on a product's category which varies according to a product's brand category. An increase in market share during recession is very difficult since every rupee matters, during this

time to consumers and this leads them to use greater discretion while making purchasing decisions. They refrain from trying new brands and tend to stick with brands they trust. As a result, businesses often find it difficult to business can gain success if they position their brands keeping in mind their product brand category and the expectations of their consumers.

The size of Indian retail industry is about the USD 450 billion and ranks for 5 top retail markets of the world. India has population of 1.2 billion & is amongst the fastest growing retail market in the world. Retailing is a process of selling goods and services to the final consumers for their personal, or their family's consumption. Hence, it is very essential for the retailers to acquire as much as information and understanding about the consumers. Retail is India's largest industry. It accounts for over 15 per cent of the India's GDP and around eight per cent of the employment. The growth of modern retailing has led to the emergence of varied formats such as Departmental stores, Supermarkets etc. Retailing can broadly be classified into organized and unorganized retail. Unorganized retailing refers to the traditional form of retailing with the retail outlets situated near the residential areas. While organized retailing refers to the modern form of retailing with trading activities undertaken by licensed retailers generally located in commercial establishments/ high-street areas. Organized retailing is spreading and



making its presence felt in different parts of the country. With the entry of very large corporate houses like Reliance Fresh, Vishal, AV Birla Group, Bharti Walmart Joint Venture and the existing Big Bazaar and RPG Spencer' in large scale expansions across the country, the spread of the organized retail has reached the entire population. It is predicted by the industry estimates that the retail sector in India is expected to touch US\$637 billion by 2015 with the organized segment expected to account for 22 per cent, up from the present four per cent. In addition, organized retail sector has also grabbed the attention of foreign companies, showing their interest to enter India. Modern retail outlets have provided consumers with new shopping exposure and constantly evolving choice for shopping with embracing on wide range of portfolio. On the basis of literature reviewed on consumers in retailing, it was identified that knowing ever changing consumers is very significant for the retailers. Hence this research could be beneficial to researchers, retailers, management consultants, business people, academicians, trainers, and shoppers.

### **Literature Review**

India's retailing industry is essentially small shops & kirana stores. Till 2010, large departmental stores and supermarkets accounted for about 4 percent of the retail market, and these were present only in large Cities & towns. Till November, 2011 central government denied foreign direct investment (FDI) in multi-brand retail, forbidding foreign companies & retails

chains from any ownership in supermarkets, departmental stores or any retail stores. Even single-brand retail was limited to 51% ownership and other government regulations & licensing policy. This announcement may help retail reforms for both multi-brand stores and single-brand stores as per central government proposed policy. Under protest from the opposition parties, Indian government placed the retail bill on hold till it reaches a consensus with other parties. These market reforms may pave the way for retail competition with multi-brand retailers such as Tesco, Walmart, Carrefour, as well as from single brand majors such as Apple & Nike.

Recently, in January 2012, Indian Government approved reforms for single-brand retail stores welcoming retail chains of the world to carry business in the Indian retail market with 100% ownership, but government has imposed the requirement that the single brand retailer is supposed to source 30 percent of its goods from India. Indian government has still retail reforms put for multi-brand stores on hold. IKEA announced in January 2012 that it has hold its plan to open stores in India because of the mandatory 30 percent sourcing requirement from small & medium scale Indian manufactures & industries. Is believed that the 30 percent requirement is likely to delay if not prevent most single brand majors from Europe, UK, USA and Japan from opening & operating stores and creating associated jobs in India.

## Data and Methodology

The objective of the study is to undergo market probability of setting up a new supermarket in a specified area. The methodology of the research includes undertaking a market research with the help of a survey and then analyzing the prospects. The research includes designing of a questionnaire, interviews of respondents and the in-depth analysis of the data.

- ♦ An exploratory survey for both customers and retailers.
- ♦ Primary data is collected by structured questionnaire.
- ♦ Stratified random sampling used for customers.
- ♦ Judgmental sampling used for retailers.

One of the most important decisions retailers have to make is the choice of a store's location (Craig et al., 1984). For selecting the right location, return on investment is the most important decision criterion (Krause-Traudes et al., 2008). Therefore, retailers need to evaluate what the potential sales of a new store will be. In this study, we focus on the Huff gravity model, which is widely used in retailing practice (Hernandez, 2000) because of (1) its ease of use (Park et al., 2006; Lv et al., 2008) and (2) the accuracy of its predictions (Drezner and Dressner, 2002), even though the two-variable specification is too parsimonious for policy purposes (Gautschi, 1981). Several empirical studies (Huff and Blue, 1966) support the

usefulness of the Huff model in predicting the market share of shopping centers (Craig et al., 1984). It is based on the premise that the probability that a given customer will shop in a particular store becomes larger as the size of store grows and distance or travel time from customer shrinks. As a gravity model, the Huff Model depends heavily on the calculation of distance. This tool can use two conceptualizations of distance - traditional Euclidean (straight-line) distance as well as travel time along a street network. To account for differences in the attractiveness of a store relative to other stores, a measure of store utility such as sales volume, number of products in inventory, square footage of sales floor, store parcel size, or gross leasable area is used in conjunction with the distance measure. Potential store locations can also be input into the model to determine new sales potential as well as the probabilities of consumers patronizing the new store instead of other stores.

The Huff Model can be used:

- To delineate probability-based markets for store locations in the study area
- To model the economic impact of adding new competitive store locations
- To forecast areas of high and low sales potential, which can guide new store location placement or refined marketing or advertising initiatives.

In this model, the probability that customer  $i$  shops at location  $j$  depends upon two factors: the size of the store and the time it takes to travel to the store (Levy and Weitz, 2007)—the larger the

store, the greater the probability of shopping, while the greater the travel time or distance, the lower the probability. The mathematical formula is as follows (Huff, 1964):

$$P_{ij} = \frac{S_j \div T_{ij}^b}{\sum_{j=1}^n S_j \div T_{ij}^b}$$

Where

$P_{ij}$  = Probability of a customer at a given point of origin  $i$  traveling to a particular shopping center  $j$

$S_j$  = Size of shopping center  $j$

$T_{ij}$  = Travel time or distance from customer's starting point to shopping center

$b$  = An exponent to  $T_{ij}$  that reflects the effect of travel time on different kinds of shopping trips

$$POH = \frac{10,000/15^2}{10,000/15^2 + 5,000/5^2} = .182$$

$$.889 \times \$3 \text{ million} + .182 \times \$3 \text{ million} = \$4,910,000$$

### Empirical Analysis

For the purpose of computing statistical accuracy researchers applied Chi-square Test, ANOVA and Graphical

Analysis. From the calculated outcomes meaningful interpretations were drawn for the organized retail sector.

#### Number of years of residence \* Groceries purchased from places

Cross tabulation: Count

		Groceries purchased from places				Total
		Nearby kirana store	Whole sale market	Supermarket	Other	
No. of years of residence	<1 year	1	1	1		3
	1 to 5	3	7	3		13
	> 5 years	36	29	16	3	84
Total		40	37	20	3	100

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.872 <sup>a</sup>	6	.931
Likelihood Ratio	2.184	6	.902
Linear-by-Linear Association	.607	1	.436
N of Valid Cases	100		

a. 7 cells (58.3%) have expected count less than 5. The minimum expected count is .06.

- The chi-square test reveal a significance coefficient of .931. This shows that there is a very low level of association between the two variables. The association is as low as 6 percent.
- There is no significant relation between the number of years of residence and the place of purchasing grocery items. The people living in particular area have a scattered buying pattern.
- The prospects of success of the superstore will depend on delivering quality and pulling all the customers who have been buying from the other places.

Further Hypothesis is developed to check whether the customers who visit supermarket make a bulk purchase.

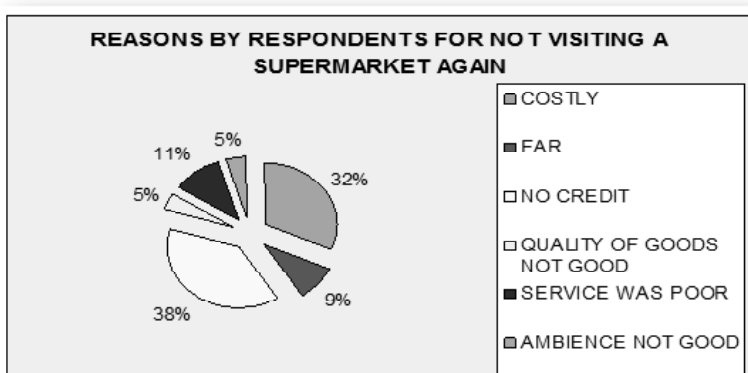
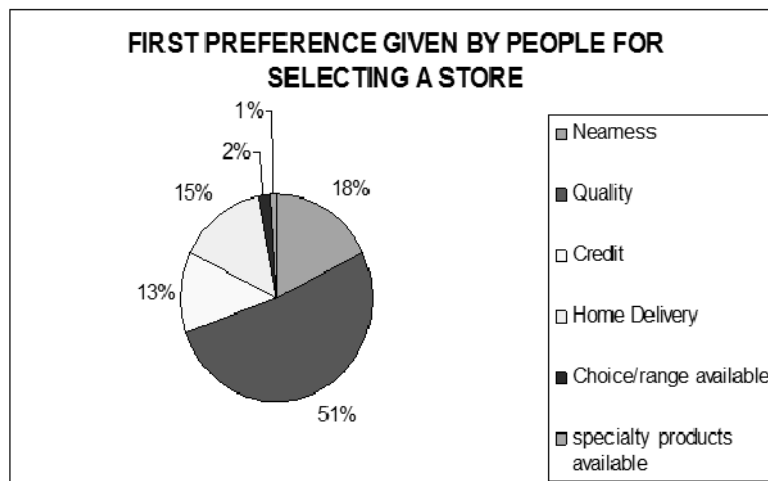
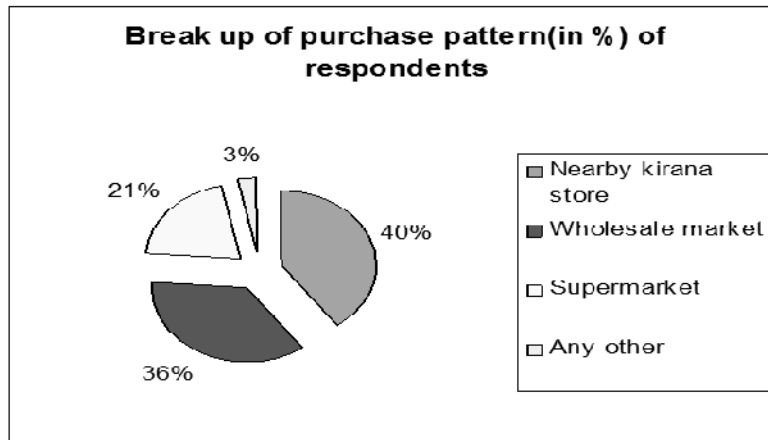
Ho: The people who visit supermarket don't have a heavy budget for purchasing monthly grocery.

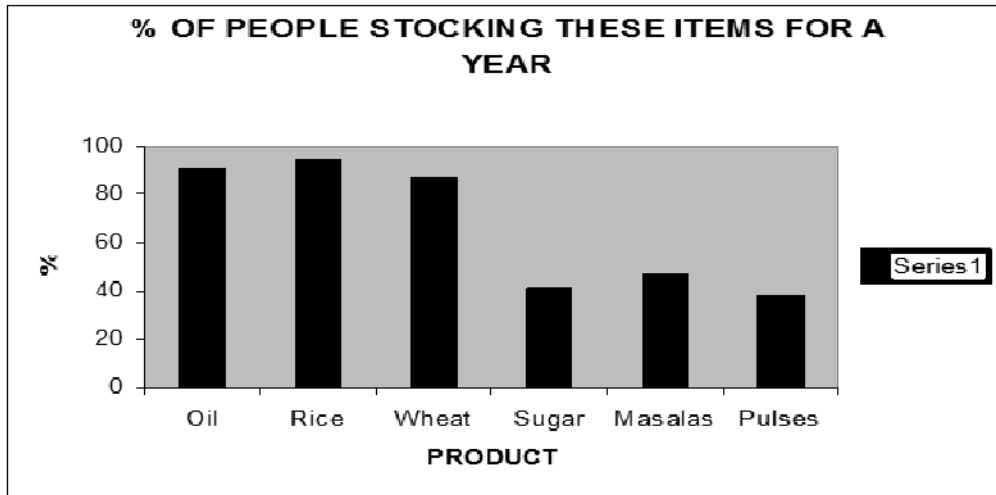
### ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.000E-02	3	5.000E-03	.035	.977
Within Groups	14.110	96	.135		
Total	14.110	99			

- The F-test analysis clearly indicates that the value of significance is 0.037 which is less than 0.05. Hence, we can reject the null hypothesis.
- Most of the people have a monthly budget for household products ranging from Rs.550 to Rs. 2500. It is quite easy to convince such customers to buy the products from supermarkets since they are indulging in quite bulky purchase.

## Graphical analysis





### Recommendations

- The kirana stores are the leaders all the way with about 40 percent of the people opting to buy their goods from these stores.
- A whopping 36 percent of the people are buyers from the wholesale market.
- Supermarkets are quite lagging at just 21 percent.
- There is a tremendous potential for the super marketers to lure the customers to buy products from their superstores.
- The number of people who have attributed quality to be the most important criteria for selecting a store are very high (51 percent).
- This clearly means that the quality of products should be taken special care of.
- Home delivery can also be considered as an option.
- One of the main reasons given by the respondents for not visiting a supermarket again is that credit is not offered. Supermarkets could do a rethink on these lines.
- The promotional activities should make it clear to the target audience that the products sold at Supermarkets are not at all costly, infact they are at a nominal price with good quality.
- Very clearly the graphs show that oil, rice and wheat are the products which are stocked by the customers for a year. These stocks should be replenished with alacrity and a minimum emergency stock should be maintained throughout the year.

- There is a vast potential of customers. Only 21 percent of the respondents buy their products from supermarkets, hence the efforts can be redirected to convert the kirana store product buyers to supermarket customers.
  - Even if the distance is a bit more, people don't mind buying products from stores where good quality is assured.
  - The ideal site location and the average amount of customer traffic expected can be easily calculated with the help of Huff's gravity model.
  - CPFR (Collaboration, Planning, Forecasting and Replenishment) is the model which should be followed.
  - Oil, wheat and rice are stocked by majority of the people. These products should always be in optimum quantity in the store
  - The average amount spent by respondents for monthly household products is quite healthy. This clearly indicates that the income level is good.
  - The positioning of the supermarket should be in such a way that the people are convinced that the products bought from the supermarkets would give a complete VFM (Value for Money).
  - Quality of products should be taken utmost care of. This is the most important factor which the customer keeps in mind while buying a product.
  - Customer loyalty programmes can be implemented once the supermarket is started.
  - Excellent customer service has to be the major factor while opening up the supermarket.
- ### Conclusion
- In India, while organised retail has yet not been provided the status of an industry, it is facing a large number of formats emerging in the market at a very fast speed. Indian organised retail is moving with a fast growth rate that no other sector has witnessed. Lot of opportunities are present as 94% of the Indian retail is still in unorganized sector. However, Indian retail sector can learn a lesson from the mistakes committed by their global retail chains and may result in the tremendous growth of Indian organised retail sector. At present making the big commercial buildings with top class retailers is not the key to future success. Retail chains with a bouquet of value propositions like time value for money, value for quality, value for experience, value for time is boosting Indian retail sector in becoming a shining star of world retail map.
- Retailers need to think about small shoppers not just about a format as Understanding the shoppers' dynamics

also holds the key to retail business. Retailers must understand what customer is looking for and how they can deliver that desired value proposition to the customer. However, generally retailers should look for what they are offering and how customers can fit into retailer's schemes & offerings. In the long run such strategies may not be feasible. It is the value offering to customers which makes Tesco so Popular and profitable in their business. Similarly Pantaloon Retail runs several formats and for value retailing such as Big Bazaar is receiving good response from the consumers. Retailing in India is on separate path as compared to the western countries & even from Asian retail stores. Studies reveal that upgraded & modernised Kirana stores are growing at the same rate or even faster than organized retailers. Finally, it is not the business model that provides business sustainability rather it is one of the media to deliver the value to the ultimate consumer. Indian consumers mainly consist of small families. Shopping, eating & entertainment out are looked as value propositions by family i.e. customers of retail stores. Since these decisions are generally taken as a group, therefore a retailer has to address family requirements more rigorously with ultimate aim to satisfy their needs. Indian consumers are more sensitive to service, status, value for money & quality. Customer in general ready to pay reasonable value provided their needs are matched with their requirement. In short, Jo Dikhta Hai Wo Hi Bikta Hai. In few cases, Kirana /

grocery store owners find no competition with retail markets as they understand requirement of customers. So ultimately it can be conclude that it is very difficult for a retailer to understand the changing desire & demand of the customers.

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# A Study on the Perception and Price Preference of Rice Mandi Owners in Chennai

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## ABSTRACT

*This study is undertaken to understand whether brand exercise is possible in rice. The study is mainly focused on the price preference and switching behaviour of rice purchasers because the brand exercise is possible only when there is no perfect competition and price differentiation possible. The study is conducted among 150 rice Mandi owners in Chennai. The study results show that the preference for particular variety of rice is due to quality and switching also takes place only due to quality and the consumers are preferred to buy in 20-25 kg bags rather than loose quantities. This indicates that the branding is possible in rice also.*

**Key words:** Perception of rice Mandi owners, Price preference, Branding of rice varieties

## Introduction:

The people involved in retail industry are considered as big businesses houses around the world. This industry has picked up momentum in India very recently. Many entrepreneurs are trying to brand house hold items. One such item is rice. The branding is advantageous only when the competition is perfect and price differentiation is possible. To understand the preference of consumers and possible price elasticity this study is undertaken. This study is undertaken among Mandi

owners because they are the people dealing with different types purchasers of rice varieties. The study is conducted in Chennai because the branding exercise is possible only where there is fashion consciousness.

## Review of Literature

Cavero, Sandra (1999) has analyzed link between loyalty and consumer price elasticity using Spanish laundry detergent data. Consumers were segmented according to degree of loyalty, and the

price elasticity of loyal and non-loyal consumers were estimated. Leader brands had more loyal consumers and the degree of loyalty is higher. Non-loyal consumers may be more innovative therefore new products and brands can acquire them more easily. Lowengart, Oded, Gavious, Arie, Fibich, Gadi (2005) have analyzed price elasticity of demand in the presence of reference price. The relatively high inflexibility in the short term results in low-price elasticity in the short term. East, Robert, Hamilton, Will, Kalafatis, Stavros (1997) have expressed their views as Store-level research; field experiments and regression estimation were used to examine the price elasticity of 500 brands of consumer products. Store-level research is useful for trying out new products. Field experiments involve visiting homes to sell items at different prices, but this method is time consuming and expensive. Regression estimation involves collating sales and price information to decide which prices result in higher sales. Stanton, John L, Herbst, Kenneth C (2005) they have shared their views as adopting effective branding strategies and obtaining the trust of busy consumers is vital to the growth of the agricultural commodity industry. The dilemma faced by Ocean Spray regarding whether to remain a branded commodity or degenerate into a non-branded commodity is discussed. Barclays Bank (1997) has expressed its view about commodity prices have stayed strong and rose 2 percent in the fourth quarter, with much of the rise

driven by oil prices. It is uncertain whether the oil price will stay in the new trading range of \$20-25 a barrel, or whether it will be temporary. World oil demand increased by around 1.9 million barrels a day in 1996 although the rate of expansion of supply was lower than expected, with delays to several projects restricting growth in North Sea output. Demand is expected to grow strongly in 1997. Non-oil commodity prices dropped by 8 percent in the last quarter, with foodstuff prices down sharply, although a slight improvement in world stocks is expected in the current 1996/97 season. Economist Newspaper Ltd. (1999) has expressed their views as commodity prices have dropped, partly due to a drop in demand from East Asia, while producers such as Russia and Brazil have increased the supply of some commodities. Capacity increases from investment decisions when prices were higher have also tended to depress prices. Technological advances and the development of new economic activities have also tended to depress commodity prices over the long term. Petroleum prices have risen due to planned supply cuts, but commodity prices are not likely to rise for some time.

### **Objectives of Study**

1. To know about the preference of Mandi owners about the different varieties of rice
2. To identify the preferred price range of consumers and retailers for different varieties of rice

3. To understand the buying behavior of consumers from the Mandi owners perspective

### Research Methodology

The aim of this study is to determine the Mandi owner's perception about the branded rice in Chennai city. This study also aims to test the preference of Mandi owners about the different varieties of rice. Hence the research design applied for this study is descriptive in nature. The data is collected from the mandi owner's in Chennai city. The primary data is collected by using questionnaire. The questions in the questionnaire were designed pertaining

to the problem and objectives of the study. The questionnaire contains different types of questions like multiple choice questions on experience in the rice business, perception about the consumer behavior. The rice mandi's available in Chennai city are taken as the sampling unit. The sample size for this study is taken as 150. The sampling technique used in this study is Random Sampling.

### Profile of the Respondents

A profile of the respondents describes the characteristics of respondents in age, gender, monthly income and marital status.

Table 1: Age and years of experience of the Mandi Owners

Age	Frequency	Percent	Years in Business	Frequency	Percent
below 30	15	10.0	For 1 year	31	20.7
30-35	29	19.3	1-5 yrs	59	39.3
35-40	49	32.7	5-10 yrs	46	30.7
40-45	47	31.3	10-15 yrs	14	9.3
>45	10	6.7	Total	150	100.0
Total	150	100.0			

From the table 1 it is clear that 33 percent of the Rice Mandi owners are in the age group of 35 to 40, 31 percent of the Rice Mandi owners are in the age group of 40 to 45, 19 percent of the Rice Mandi owners are in the age group of 30 to 35. From the analysis, it can be interpreted that most of the Rice Mandi owners are in the middle-age category. From the table 1 it is also clear that 39.3 percent of the Mandi owners have been in the Rice business for 1 to 5 years, 30.7 percent of the Mandi owners have been in the Rice business for

5 to 10 years, 20.7 percent of the Mandi owners have been in the Rice business for 1 year. From the analysis, it can be inferred that most of the Mandi owners have been in the Rice business for 1 to 5 years.

### Preference Towards Different Varieties of Rice

The preference towards the different varieties of Ponni Rice tells about the different varieties of Ponni Rice available in the market, reason behind marketing one particular rice variety.

Table 2 : Preference towards different varieties of rice and Reasons

	Frequency	Percent		Frequency	Percent
Deluxe Ponni	19	12.7	Quality	70	46.7
Papatla Ponni	34	22.7	Taste	71	47.3
IR 20	32	21.3	Others	9	6.0
IR 36	30	20.0	Total	150	100.0
Raw Rice	22	14.7			
Silky Ponni	13	8.7			
Total	150	100.0			

From the table 2 it is clear that among the different rice marketed Papatla Ponni account for 22.7 percent, 21.3 percent of IR20, 20 percent of IR36, 14.7 percent of Raw Rice and 12.7 percent of Deluxe Ponni are being marketed. So Papatla Ponni rice variety is the rice variety which is marketed mostly by the rice Mandi people. From the table 2 it is also clear that 47.3 percent consider Taste as the reason behind marketing one particular rice variety, 46.7 percent consider quality as the reason behind marketing one particular rice variety and only 6 percent consider others as the reason behind marketing one particular rice variety. So Papatla Ponni is being

marketed the most because of its quality.

#### Relationship between Experience and Different types of Ponni Rice Marketed and Reason for Marketing

To find out the relationship between Experience in the Rice Business and Different types of Ponni Rice Marketed chi-square analysis is used. The Null hypothesis (H0) for this test is that there is no significant association between experience in the rice business and different types of Ponni rice marketed. The alternate hypothesis is that there is significant association between experience in the rice business and different types of Ponni rice marketed.

Table 3: Experience in the Rice Business and Variety Ponni Rice marketed

	Value	Dof	Sig. (2-sided)
Experience in the Rice Business and Types of Ponni Rice Marketed	23.713	15	0.070
Types of Ponni Rice marketed and Reason for marketing a particular Rice variety	9.497	10	0.486
Experience in the Rice Business and Reason for marketing a particular rice variety	3.259	6	0.776

It is clear from the table 3 that the significance level 0.070 is greater than 0.05, so there is no significant association between the duration of the respondents in the rice business and different types of rice marketed in Ponni Rice. Relationship between Different types of Ponni Rice Marketed and Reason for marketing one particular Rice variety is also finding out by using chi-square test. From the table 3 it can be inferred that there is no significant association between different

types of Ponni rice marketed and reason for marketing one particular rice variety. From the table 3 it is interpreted that there is no significant relationship between Experience in the Rice business and Reason for marketing one particular Rice variety.

### Rating of Rice Varieties

Rating of rice varieties means the rating given by Mandi owners for different varieties of rice marketed by them.

Table 4: Preferred Ponni Rice and Rating

	Frequency	Percent	Variable	Mean	Rank
Ponni Rice	35	23.3	Rating of Andhra Ponni Rice	2.57	I
Raw rice	46	30.7	Rating of Karnataka Ponni Rice	2.69	II
Karnataka Ponni	41	27.3	Rating of Raw Rice	2.88	III
Andhra Ponni	28	18.7	Rating of Ponni Rice	2.94	IV
Total	150	100.0			

Table 4 shows that 30.7 percent of the Mandi owners market Raw Rice, 27.3 percent of Karnataka Ponni Rice, 23.3 percent of Ponni Rice and 18.7 percent of Andhra Ponni Rice. Hence Karnataka

Ponni Rice type is being marketed mostly by the Mandi owners. From the table 4 it is inferred that on an average the Mandi owners feel that Andhra Ponni is the one which is doing good in the market.

Table 5: Rating of Ponni Rice

Rating of Ponni Rice	Frequency	Percent	Rating of Raw Rice	Frequency	Percent
Very Good	21	14.0	Very Good	18	12.0
Good	39	26.0	Good	38	25.3
Neutral	36	24.0	Neutral	51	34.0
Poor	36	24.0	Poor	30	20.0
Very Poor	18	12.0	Very Poor	13	8.7
Total	150	100.0	Total	150	100.0

Around 26 percent of the Mandi owners have a Good perception about the Ponni Rice, 24 percent of the Mandi

owners have a Neutral opinion about the Ponni Rice, 24 percent of the Mandi owners have a Poor opinion about Ponni

Rice and 14 percent of the Mandi owners have a very Good perception about Ponni rice. Hence it can be interpreted that the rating of Ponni Rice is good. From the table 5 it is clear that 34 percent of the Mandi owners have a Neutral Perception

about Raw Rice, 25.3 percent of the Mandi owners have a Good opinion about the Raw Rice, and 20 percent of the Mandi owners have a Poor opinion about the Raw Rice. Hence the rating of Raw Rice is Neutral.

Table 6: Rating of Karnataka Ponni and Andhra Ponni

Karnataka Ponni	Frequency	Percent	Andhra Ponni	Frequency	Percent
Very Good	31	20.7	Very Good	30	20.0
Good	44	29.3	Good	46	30.7
Neutral	33	22.0	Neutral	41	27.3
Poor	25	16.7	Poor	25	16.7
Very Poor	17	11.3	Very Poor	8	5.3
Total	150	100.0	Total	150	100.0

Table 6 indicates that, 29.3 percent of the Mandi owners have a Good opinion about Karnataka Ponni Rice, 22 percent of the Mandi owners have a Neutral opinion about Karnataka Ponni Rice, 20.7 percent of the Mandi owners have a Very Good view about Karnataka Ponni Rice, 16.7 percent of the Mandi owners have a poor opinion about Karnataka Ponni rice and 11.3 percent of the Mandi owners have a Very Poor opinion about Karnataka Ponni Rice. It can be interpreted that the Mandi owners

have a Good view about Karnataka Ponni Rice.

Table 6 shows that 30.7 percent of the Mandi owners have a Good opinion about Andhra Ponni Rice, 27.3 percent of the Mandi owners have a Neutral opinion about Andhra Ponni Rice, 20 percent of the Mandi owners have a Very Good opinion about the Andhra Ponni Rice. So it can be interpreted that 30.7 percent of the Mandi owners have a good view about Andhra Ponni Rice.

Table 7: Relationship between the ratings of different varieties of Rice in the market

		Rating of Ponni Rice	Rating of Raw Rice	Rating of Karnataka Ponni	Rating of Andhra Ponni
Rating of Ponni Rice	Correlation Sig. (2-tailed)	1			
Rating of Raw Rice	Correlation Sig. (2-tailed)	.172 <sup>*</sup> .036	1		
Rating of Karnataka Ponni	Correlation Sig. (2-tailed)	.043 .604	-.026 .751	1	
Rating of Andhra Ponni	Correlation Sig. (2-tailed)	.005 .950	.157 .055	.080 .327	1
	N	150	150	150	150

From the table 7 it is inferred that the significant value for the relationship between the Rating of Ponni Rice and Rating of Raw Rice is less than 0.05 so there is some relation between Rating of Ponni Rice and Raw Rice. There is no relationship between the other varieties of rice, which indicates that the consumer

taste is not similar for different varieties of rice.

#### Preferred Price Range

The Preferred Price Range is about the Price range of the various Rice varieties in Ponni Rice which is being preferred by the Rice Mandi owners.

Table 8: Price Range of Ponni Rice and Karnataka Ponni

Price Range of Ponni Rice	Frequency	Percent	Price Range of Karnataka Ponni rice	Frequency	Percent
Below 20rs	78	52.0	< 20rs	13	8.7
20-25 rs	63	42.0	20-25 rs	89	59.3
> 25rs	9	6.0	> 25 rs	48	32.0
Total	150	100.0	Total	150	100.0

Table 8 shows that 52 percent of the Mandi owners sell the Ponni Rice at the rate of 20 rupees and below, 42 percent of the Mandi owners sell the Ponni Rice at the rate of 20 to 25 rupees and 6 percent of the Mandi owners sell the Ponni Rice at the rate of 25 rupees and above. Hence it can be inferred that more than half of the Mandi owners sell the Ponni Rice at the Price Range of 20 rupees and below. Table 8 also shows

that 59.3 percent of the Mandi owners sell the Karnataka Ponni Rice at the price range of 20 to 25 rupees, 32 percent of the Mandi owners sell the Karnataka Ponni Rice at the price range of 25 rupees and above and 8.7 percent of the Mandi owners sell the Karnataka Ponni Rice at the price range of 20 rupees and below. Most of the Mandi owners sell the Karnataka Ponni Rice at the rate of 20 to 25 rupees.

Table 9: Price Range of Raw Rice and Andhra Ponni

	Raw Rice		Andhra Ponni	
	Frequency	Percent	Frequency	Percent
< 20rs	8	5.3	9	6.0
20-25 rs	87	58.0	60	40.0
> 25 rs	55	36.7	81	54.0
Total	150	100.0	150	100.0

Table 9 indicates that 58 percent of the Mandi owners sell the Raw Rice at the range of 20 to 25 rupees, 36.7

percent of the Mandi owners sell the Raw Rice at the range of 25 rupees and above and 5.3 percent of the Mandi



owners sell the Raw Rice at the range of 20 rupees and below. Therefore it can be concluded that Mandi owners sell the Raw Rice at the price range of 20 to 25 rupees. Table 9 also show that around 54 percent of the Mandi owners sell the Andhra Ponni Rice at the price range of 25 rupees and above, 40 percent of the Mandi owners sell the Andhra Ponni Rice at the price range of 20 to 25 rupees. So, most of the Mandi owners

sell the Andhra Ponni rice at the price of 25 rupees and above.

## PURCHASE BEHAVIOUR OF CONSUMER

The Purchase behaviour deals with the consumer's frequency of buying rice, quantity of purchase, the person who purchases and also the relationship between the quantity of purchase and the quality of the rice variety.

Table 10: Quantity and Frequency of purchase

Qty	Frequency	Percent	Frequency	Frequency	Percent
< 20kg	41	27.3	Monthly Once	51	34.0
20-25kg	55	36.7	Once in 2 Weeks	55	36.7
25-30kg	37	24.7	Once in 2 Months	44	29.3
> 30kg	17	11.3	Total	150	100.0
Total	150	100.0			

Table 10 indicates that 36.7 percent of the Consumers are buying 20 to 25 kg of Rice whenever they purchase from the Mandi owners, 27.3 percent of the Consumers buy less than 20 kg of Rice from the Mandi owners and 24.7 percent of the Consumers buy 25 to 30 kg of Rice. Hence it can be interpreted that most of the Consumers are buying 20 to 25 kg of Rice from the Mandi owners. Table 10

also shows that 36.7 percent of the Consumers get Rice from the Mandi owners once in 2 Weeks, 34 percent of the Consumers get Rice from the Mandi owners once in a month and 29.3 percent of the Consumers get Rice from the Mandi owners once in 2 Months. Hence it is clear that Consumers prefer to buy Rice from the Mandi owners once in 2 Weeks.

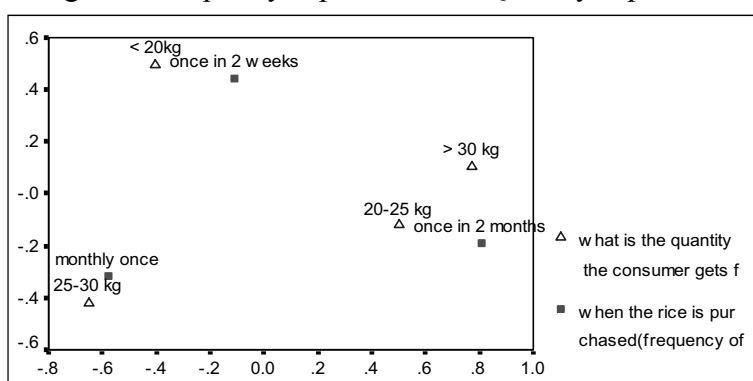
Table 11: Frequency of purchase and Quantity of purchase

	Value	Dof	Sig. (2-sided)
Frequency of purchase and Quantity of purchase	16.359	6	.012
Quantity of purchase and person purchasing	20.549	12	.057
Person purchasing the Rice and basis of switching	18.080	12	.113

The chi-square analysis for the association between frequency of purchase and quantity of purchase shows that significant value is 0.12, which means that there is significant association between the frequency of buying and quantity of purchase. From the table 11 it is clear that there is no significant association between

the Quantity of purchase and person who Purchases the Rice. From the table 11 it is clear that there is no significant relationship between person who purchases the rice and the basis of switching of varieties of rice purchase. It means that the Mandi owners feel switching between the varieties happens in all kind of consumers.

Figure 1: Frequency of purchase and Quantity of purchase



There is a clear association noted in the correspondence analysis. The diagram shows that the consumer buy less than 20 kg of rice once in two weeks, 25 to 30 kg

of rice once in a month, more than 30 kg of rice once in two months. Therefore it is clear that when the consumer purchase very frequently they buy less quantity of rice.

Table 12: Buyers of the Rice

	Frequency	Percent
House Owner	31	20.7
Retail Shop	35	23.3
Petty Shop	33	22.0
Hotels	26	17.3
Catering Service	25	16.7
Total	150	100.0

Table 12 shows that 23.3 percent of the purchasers from mandi owners are Retail Shop Owners, 22 percent are Petty Shop Owners and 20.7 percent are individuals and, 17.3

percent by the Hotel Owners and 16.7 percent by the Caterers. Retail Shop Owners are the one who purchases the Rice frequently from the Rice Mandi owners.

**Table 13: Basis and Frequency of switching of the Rice varieties**

Basis	Frequency	Percent	Frequency of switching	Frequency	Percent
Cost	44	29.3	Once in a Month	37	24.7
Quality	72	48.0	Once in 3 Months	46	30.7
Taste	30	20.0	Once in 6 Months	45	30.0
Others	4	2.7	Once in a Year	22	14.7
Total	150	100.0	Total	150	100.0

Table 13 shows that 48 percent of the switching between the varieties happens due to Quality, 29.3 percent of the switching between the varieties happens due to Cost and 20.7 percent of the switching between the varieties happens due to taste. Hence it can be inferred that the switching between the varieties happens mainly due to Quality. The table 13 also shows that 30.7 percent of the switching

between the varieties happens once in 3 Months, 30 percent of the switching between the varieties happens once in 6 Months, 24.7 percent of the switching between the varieties happens once in a Month, 14.7 percent of the switching between the varieties happens once in a Year. So, switching between the Rice varieties happen on an average of once in three months.

**Table 14: Effect of Inflation in Purchase Behaviour**

	Frequency	Percent
Very Strongly	37	24.7
Strongly	34	22.7
Medium	34	22.7
Weak	30	20.0
Very Weak	15	10.0
Total	150	100.0

Table 14 shows that 24.7 percent of the Rice Mandi owners feel that there is a very strong effect of Inflation in Purchase Behaviour, 22.7 percent of Mandi owners feel that there is a strong effect of inflation on purchase behaviour and 20 percent of the Mandi owners feel that the effect of inflation in purchase behaviour is weak.

#### RETAILER'S PREFERRED PRICE

The Perception of Mandi owners about the Retailer's preferred Price deals preferred price of Retailers for the Ponni Rice varieties and also the relationship between the Price range varieties and person who purchases rice varieties.

Table 15: Retailers preferred Price for Ponni Rice and Raw Ponni Rice

Price Range	Ponni Rice		Raw Ponni Rice	
	Frequency	Percent	Frequency	Percent
< 20rs	62	41.3	55	36.7
20-25rs	83	55.3	89	59.3
> 25rs	5	3.3	6	4.0
Total	150	100.0	150	100.0

From the table 15 it is inferred that 55.3 percent of the retailers buy the Ponni Rice from the Rice Mandi owners at the rate of 20 to 25 rupees and 41.3 percent of the retailers buy the Ponni Rice from the Rice Mandi owners at the rate of 20 rupees and below. Hence it can be interpreted that most of the retailers are purchasing the Rice from the Rice Mandi owners at the rate of 20 to 25 rupees. Table 15 indicates that, 59.3 percent of the

Retailers buy the Raw Rice from the Rice Mandi owners at the Rate of 20 to 25 rupees, 36.7 percent of the Retailers buy the Raw Rice from the Rice Mandi owners at the Rate of 20 rupees and below and 4 percent of the Retailers buy the Raw Rice from the Rice Mandi owners at the Rate of 25 rupees and above. Hence it can be interpreted that most retailers buy the Raw Rice from the Rice Mandi owners at the rate of 20 to 25 rupees.

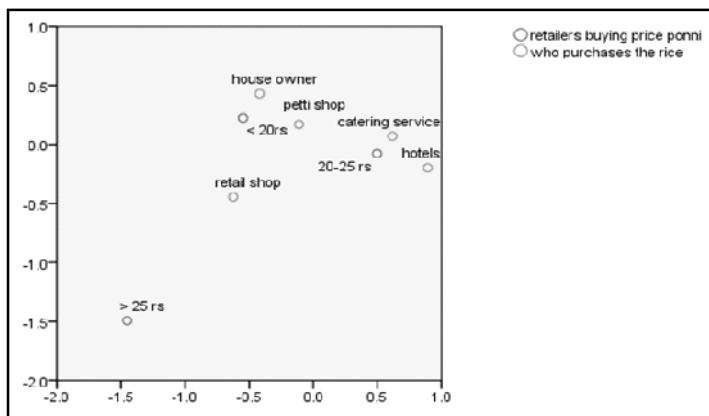
Table 16: Preferred Price range and who Purchases the rice

	Value	Dof	Sig. (2-sided)
Preferred Price Ponni Rice and Person Purchases the Rice	17.981 <sup>a</sup>	8	.021
Preferred Price Range of Raw Rice and Person Purchases the Rice	4.917 <sup>a</sup>	8	.766

It is clear from the table 16 that there is relationship between preferred price range of Ponni Rice and Who Purchases the Rice. From the table 16 it can be

interpreted that there is no significant relationship between the preferred price range of Raw Rice and who Purchases the Rice.

Figure 2: Preferred Price range and who Purchases the rice



From the figure 2 it can be inferred that House owners and Petti shop owners get the rice from the Mandi owners at the Price of less than 20 rupees, Hotels and Catering Service

gets the Rice from the Mandi owners at the rate of 20 to 25 rupees, Retail shop owners gets the rice from the Mandi owners at the rate of below 20 rupees.

Table 17: Retailers preferred Price for Karnataka and Andhra Ponni

	Karnataka Ponni Rice		Andhra Ponni Rice	
	Frequency	Percent	Frequency	Percent
< 20rs	18	12.0	14	9.3
20-25rs	63	42.0	63	42.0
> 25rs	69	46.0	73	48.7
Total	150	100.0	150	100.0

Around 46 percent of the retailers buy the Karnataka Ponni Rice from the respondents at the rate of 25 rupees and above, 42 percent of the retailers buy the Karnataka Ponni Rice from the Mandi owners at the rate of 20 to 25 rupees and 12 percent of the Retailers buy the Karnataka Ponni Rice at the rate of 20 rupees and below. So, the most preferred price range of Karnataka Ponni is 25 rupees

and above. With respect Andhra Ponni 48.7 percent of the retailers buy from the respondents at the rate of 25 rupees and above, 42 percent of the Retailers buy from the Mandi owners at the rate of 20 to 25 rupees and 9.3 percent of the retailers buy at the rate of 20 rupees and below. This means that retailers buy the Andhra Ponni Rice at the rate of 25 rupees and above.

Table 18: Preferred Price Range and Person Purchases

	Value	Dof	Sig. (2-sided)
Preferred Price Range of Karnataka Ponni Rice and Person Purchases the Rice	4.510 <sup>a</sup>	8	.808
Preferred Price range of Andhra Ponni Rice and Person purchases the Rice	9.010 <sup>a</sup>	8	.341

From the table 18 it can be interpreted that there is no considerable difference between the Preferred Price range of Karnataka Ponni Rice, Andhra Ponni Rice and Who Purchases the Rice.

Table 19: Price range of Ponni Rice and Retailers preferred price of Ponni Rice

	Value	Dof	Sig. (2-sided)
Price range of Ponni Rice and Retailers preferred price of Ponni Rice	2.845	4	.584
Price range of Raw Rice and Retailers preferred price of Raw Rice	10.943	4	.027
Price range of Andhra Ponni Rice and Retailers preferred price of Andhra Ponni Rice	6.654	4	.155

From the table 19 it is clear that there is no significant relationship between price at which it is purchased and preferred price range of Ponni rice. From the table it is inferred that there is significant relationship between price at which purchased and preferred price of Raw Ponni rice.

### Conclusion

Papatla Ponni rice is the most popular rice variety marketed by the Rice Mandi owners. The main reason behind preferring particular rice variety is quality. Among the Ponni rice Karnataka Ponni Rice type is being marketed mostly by the Mandi owners. Mandi owners have a positive

perception about Andhra Ponni rice. Mandi owners sell the Raw Rice at the price range of 20 to 25 rupees. Consumers get rice from the Mandi owners once in 2 weeks. Consumers purchase mostly 20 to 25 kg of rice from the Mandi owners. There is significant association between the frequency of purchase and quantity of purchase. Retail shop owners are the one who purchase rice frequently from the Rice mandi. Switching between the varieties happens due to Quality. Switching between the Rice varieties happen on an average of once in three months. Rice Mandi owners feel that Inflation has effect on purchase behaviour of consumers.

Retailers purchase rice from the Rice Mandi owners at the Rate of 20 to 25 rupees and Petti shop owners purchase rice from the Mandi owners at the Price of less than 20 rupees.

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## Web Resources:

- [www.ssrn.com](http://www.ssrn.com)
- [www.proquest.com](http://www.proquest.com)
- [www.managementparadise.com](http://www.managementparadise.com)
- [www.faqs.org](http://www.faqs.org)



## ‘Labour versus Industry’- Justice in Progression

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### ABSTRACT

*The story of industrial revolution in India has been also the fact sheet of labour versus industry and the consequent relationship. The prevalent inequalities of the colonial era continued in different shade with biased labour legislation drafted by British Empire to reign over the poor and illiterate labour force. Soon India realized the law that need be interpreted with the social justice vigor propounded in the constitution. It took little time before the litigations to reach to the apex court seeking a categorical legal philosophy in matters relating to industrial disputes. A liberal industrial jurisprudence got evolved with pro-labour welfare tilt. A series of case law reflected the element of social justice and in the process it was found that the industry started to suffer a set back. Globalization brought in a new thrust to a regime of internationally competitive industrial process. Quality, global best practices, state of art technology, skill, performance and production became the buzz word of the time. Economic losses in terms of labour resources are calculated as colossal. Giving priority to economic policy of the nation, the judiciary changed the stance and adjudicated over a mass of litigation abreast to global changes. This paper attempts to depict the march of case law to reflect the contrast of the time, policy and decision making process.*

### Introduction:

Indian industrial jurisprudence has been evolving through a difficult terrain. Soon after the independence, India tried to bail out to the phase of industrialization with colonial law as administered by British-India. All most all the labour legislations are of pre-independence era and the labour welfare administration continued with the same fervor of British Rulers. As far as the work-force is concerned, it appeared as if the ‘hands of government’ merely changed, Indian

avatar of new Masters<sup>1</sup> (the owners of Industries) took over the mantle, as the plight of the workers remained unchanged. The trade union’s activism, the employer-employee (master-servant) parasitic relation, the illiteracy, the poverty and the consequent vulnerability of labors continued<sup>2</sup>. The trade-unions had to struggle with rigor as the masters of the Industry and the labour force both were part of the same republic - ‘we the people of India’ and this time there is no foreign power the fight out.



India is constitutionally committed to the people with guaranteed fundamental rights, while the directive principles of state policy steer the way for development and governance. Welfare agenda dominated the political climate. India declared onerously as a socialist nation. While the political struggle for rationalizing 'a labour welfare oriented industry' and legislators attempted to devise 'labour centered industrial jurisprudence', the trade unions with their affiliation to various national political parties continued their stir to gain the stake in decision making process with in the industry. The cleavage between the workers for increasing succors and stake while the owners of industry with colonial legacy marked the eon of industrial dispute. Litigations reached to the Supreme Court. The Indian judiciary while adjudicating the industrial disputes read in the nuances of social-justice which has been enshrined in the constitution. The apex court in India spelled out in a corpus of case law signaling that Industrial jurisprudence in India has to be essentially 'labour welfare' in orientation. The concern has been that the workers are still in a state of illiteracy, poverty, and are susceptible to economic and social inequalities. The statutes are interpreted putting heavy onus on the owners and managers of industry and while allowing a liberal treatment to labour class. "The source and strength of the industrial branch of Third World Jurisprudence is social justice proclaimed in the Preamble of the Constitution" – thou ruled the courts.

Globalization has turned the table. It suddenly appeared that the labour legislations in India are not conducive enough to gain the fruits of market economy. "Globalization threw open competition in all sectors including those which were under the monopoly of the Government. The Government companies and the Public Sector were run more or less to protect employment rather than generate profits. These companies were never run on professional business lines. The wage structure of employees in the Public Sector was not related to the economics of the industrial establishment, but based on political considerations. With the increase in competition from the private sector within the country and the multinationals across the borders, the Public Sector empire started crumbling. The Government Companies had to be shut down beginning with the textile sector where a large number of textile mills owned and controlled by the National Textile Corporation came to be closed as they could not withstand global competition." The judiciary also started to feel that the direction of the wind has changed. That the very liberal interpretation given to the provisions of labour laws has neither helped the cause of industrial peace nor the cause of productivity. The judiciary made a U-turn.

This paper reflects the progression of justice – specifically the divergence, in a range of decisions delivered by the courts while resurrecting the labour jurisprudence in India after adapting to globalization.

Indian judiciary in 1970s and '80s pursued the legal philosophy where the focus is that 'the workers are human substance who need be dealt with the humane touch'. The reasoning appended has been that the labour in India is largely poor and illiterate and is exposed to evils of exploitation. The whole stream of labour welfare and industrial relation thronged as a separate discipline to augment the labour centric industrial development. The Supreme Court of India shared the ideology. Judiciary including Labour Tribunals collectively pronounced plethora of rulings softening their stand in favor of workers. Dictums of ILO and the rights of workers gained priority. The position after globalization has been tilted towards 'disciplined and systematized labour force' and 'pre-set line of industrial development without hindrance'. It was yelled that the pace of development cannot be let to slow down for 'it is a competition global and the chain of economy that gets disturbed'. The Supreme Court also responded. It was held that – “this Court has gone a long way from its earlier view points. The recent trend in the decisions of this Court seek to strike a balance between the earlier approach of the industrial relations wherein only the interest of the workmen was sought to be protected with the avowed object of fast industrial growth of the country. In several decisions of this court, it has been noticed that how discipline at the workplaces/industrial undertaking received a set-back. In view of the change in economic policy of the country, it may

not now be proper to allow the employees to break the discipline with immunity. Our country is governed by rule of law. All actions, therefore, must be taken in accordance with law. Law declared by this Court in terms of Article 141 of the Constitution of India, categorically demonstrates that the Tribunal would not normally interfere with the quantum of punishment imposed by the employers unless an appropriate case is made out there for. The Tribunal being inferior to that of this Court was bound to follow the decisions of this Court, which are applicable to the fact of the present case in question. The Tribunal can neither ignore the ratio laid down by this Court nor refuse to follow the same.” The Supreme Court observed in a flowing language that - “The truth may, with brevity, be indicated once again. where a worker or group of workers, labour to produce goods or services and these goods or services are for the business of another, that other is, infact, the employer. He has economic control over the workers' subsistence, skill and continued employment. If he, for any reason, chokes of, the worker is, virtually laid-off. The presence of intermediate contractors with whom alone the workers have immediate or direct relationship, ex-contractors, is of no consequence when, on lifting the veil or looking at the prospectus of factors governing employment, we discern the naked truth, though draped in different perfect paper arrangement, that the real employer is the management, not the immediate contract.

Myriad devices, half-hidden in fold after fold of legal form depending on the degree of concealment needed, the type of industry, the local conditions and the like, may be resorted to when labour legislation casts welfare obligations on the real employer, based on Articles 38, 39, 42, 43 and 43-A of the Constitution. The courts must be astute to avoid the mischief and achieve the purpose of the law and not be misled by the maya of legal appearances."

The above quotes spells the legal principle that the apex court is consciously reversing its own line of reasoning with a view to strike a new balance between the protection of labour and the need for maintaining discipline. There have been cases in the past where in case of misappropriation, the labour courts have taken a lenient view where the amount misappropriated is very small or negligible. The errant worker got bailed free. The industrial establishments absorbed the strains of loss and violations. The range of issues where the workers received favour from the courts included – theft and pilferages, absenteeism, indiscipline, abusive and intimidation, frequent strikes, compensations and things like that. But the time has changed. There is a need for instilling the discipline and uncompromised skills into workers so as to catch up the competition global. The variance in supplementing legal policy is made obvious by contrasting the former and the current ratio-deciding in the march of case law.

**THEFT/ PILFERAGE:** Theft is misconduct under the Industrial Employment Standing Orders Act, and is also an offence under the IPC 1860. Earlier the quantum involved in the theft or fraud used to be the deciding factor in case of theft, fraud or dishonesty. The courts in earlier days used to take lenient view depending upon the amount involved in the theft and the nature of theft. A reference can be made to *P. Orr & Sons Pvt. Ltd., and others v. Presiding Officer Labour Court*, the court held that the amount involved in the theft is not of a high value and as such dismissal was a disproportionate punishment.

In *Divisional Controller KSRTC (NWKRTC) v. M.T. Mane*, a conductor was found to be in possession of unaccounted money of Rs.93.00 over and above the amount equivalent to the tickets issued by him. Under the regulation applicable, he should not have carried more than Rs.5.00 as his personal money while on duty. Finding him guilty of being in possession of excess money, the disciplinary authority dismissed the conductor from service. The labour court which heard the dispute raised by the conductor came to the conclusion that no presumption could be drawn that the excess amount possessed by the conductor was received by non-issuance of the tickets to passengers and further held that the corporation ought to have examined the passengers from whom such amount was collected without issuing tickets or by issuing tickets of lesser denomination. The

labour court, on the ground that this was not done, came to the conclusion that the order of dismissal was uncalled for and highly disproportionate compared with the smallness of amount involved. The labour court reinstated the conductor with full back-wages, continuity of service and other consequential benefits.

A learned single judge of the High Court agreed with the labour court, except that he reduced the back-wages to 75%. A division bench observed that there was no merit in the appeal filed by the corporation. Fortunately, the Supreme Court reversed the orders passed by the labour court, single judge and the division bench. The Supreme Court held that the courts below misdirected themselves in insisting on the evidence of the ticket less passengers. On the quantum of punishment, the court held as under:

“Para 12: Coming to the question of quantum of punishment, one should bear in mind the fact that it is not the amount of money misappropriated that becomes a primary factor for awarding punishment. On the contrary, it is the loss of confidence which is the primary factor to be taken into consideration. In our opinion, when a person is found guilty of misappropriating the corporation's funds, there is nothing wrong in the corporation losing confidence or faith in such a person and awarding a punishment of dismissal.”

The change in thinking of the apex court is very clear from a reading of the above passage. It is very relevant to note

that the Supreme Court has clearly stated, referring to its earlier judgments, that there is no need to examine the passengers. In fact, if passengers have to be examined to prove non-issue of tickets, there would be no evidence available to punish even a single conductor. How could one expect passengers who have not taken ticket to come and say that they are ticket less passengers or to say they paid money but did not receive tickets.

In *UPSRT Corporation v. Mahendranath Tiwari & Another*, the Supreme Court was considering the case of a conductor, who was found guilty of driving the bus as also of not issuing ticket to one lone passenger and of being in his possession of nine used tickets. After having been found guilty of these, the conductor was removed from service. The labour court, before whom the conductor raised the dispute with regard to his removal, came to the conclusion that no action could be taken against the conductor as the driver of the bus had not been proceeded with. The labour court directed that the conductor should be reinstated in service with continuity of service, back-wages, etc., except that it directed stoppage of his annual increment. On a Writ Petition filed by the corporation, the High Court rejected the writ petition stating that no action had been taken against the driver and that embezzlement of a paltry sum of Rs.1.50 was the misconduct alleged. The High Court felt that highly disproportionate punishment was given to the conductor. In appeal, the

Supreme Court held as under with regard to the quantum of punishment:

“It is a misconception to consider that the amount involved in offence of this nature has a material bearing, while considering whether there has been misconduct on the part of the employee. It may be relevant in a criminal prosecution when considering the quantum of punishment to be imposed. A person like the conductor of a bus, who has the obligation to make proper collection of the charges from the passengers on issuing tickets to them, is found to have the passengers in the bus, even if it be one, to whom he had not issued a ticket, it clearly amounts to a clear violation of the duty imposed on him. It is really a breach of the duty cast on the conductor who is acting on behalf of the employer. Whether it be one passenger or 10 passengers, it would make no difference in principle in the absence of any explanation in that behalf. It was simply the case of a conductor who had violated the regulations or in terms of his employment and had betrayed his employer, which in any event, is a grave misconduct justifying dismissal.”

In *Balmadies Estates v. Management of Balmadies Estates* (2008) the Supreme Court took the view that the amount involved in the theft is not the criteria but integrity of the employee is more important. Termination of workmen for theft of employer's property should not be set aside. In *A. Venkat Ram v Depot Manager, Charminar Depot, APSRTC* (2004), the A.P. High court has

observed as follows: “Unless cases of misappropriation and loss of confidence by the employees are dealt with iron-hand, it may not send right signals to the employee”. In the case of *Depot Manager, APSRTC v. Raghuda Siva Shankar Prasad* (2007) the Supreme Court also taken the same opinion by observing that for quantum of money misappropriated but the loss of confidence is the primary fact.

### **Use of Abusive Language:**

The use of vulgar and abusive language at work place is firstly a nuisance and also an offence under the Indian Penal Code. Before globalization, whenever the cases relating to usage of vulgar or abusive language alleged in the Court of law, the courts have taken a liberal view took exception and reasoned that the workers basically came from the families or with poor educational background and they have been brought up in a society where usage of such language was a way of life. Therefore considering the social status of the respondents, the courts have granted relief in favour of the workers even though their misconduct was duly established. Reference can be made to the case of *Ramakant Mishra v. State of UP* reported in 1982 Lab ic page no.1790 SC. However, now the Supreme Court in the year 2005 LLR page 360 in the case of *Mahindra and Mahindra Ltd., v. N.V. Naravade* held that usage of abusive and filthy language against superior officer held that did not call for lesser punishment than dismissal.

### **Intimidation and Assault:**

The Supreme Court, in *Engineering Laghu Udyog Employees Union v. Labour Court and Industrial Tribunal*, (2004) has taken the view that dismissal of a workman by dispensing with the requirement of holding an enquiry will be justified when the workmen behave violently. In this case, a workwoman alleged that the Manager had conspired with one Amar Singh to get her kidnapped by offering Rs.10,000/-. When the manager asked her as to why she had made such false allegation, the workwoman became violent, took off her chappals, and tried to beat the Manager. Her dismissal was not preceded by enquiry. The court considered all the judgments on the subject dealing with 'Doctrine of Relation Back' as profounded by the Supreme Court in *P.H. Kalyani v. M/s. Air France, Calcutta*, (1954) In this case, the Doctrine of Relation Back was applied even where no enquiry was held. "We may, however, observe that although in certain contingencies an employer may in a case of grave nature of misconduct dismiss a workman without holding an enquiry, but ordinarily such an enquiry will not be dispensed with. In the event, it is found ultimately by the Labour Court/ Industrial tribunal that the employer had taken recourse to unfair labour practice or the order of termination has been passed malafide or by way of victimisation, it would be open to the tribunal to pay compensation even in a case where ultimately charges are proved, despite holding that the order of termination is

valid for the reason that the principles of natural justice have not been complied with." It is clear from the above that an employer may, in certain contingencies and in case of grave nature of misconduct, dismiss a workman without holding an enquiry.

In *Bharat Cooking Coal Ltd., etc., v. Bihar Colliery Comgar Union* (2005) the Supreme Court had to declare that assaulting a superior at work place is a major misconduct. The criminal law of the land and the relevant statutes never left the gap for such offensive activities. But the stand taken by the earlier courts considering the sociology of the workers that such assaulting of the superior is not a major misconduct as the victim did not die or suffer any grave injuries. Workers need to conduct themselves diligently or face the consequence in louder terms of misconduct.

### **Sleeping and/or absenteeism at works:**

In 2005, the Supreme Court in the case of *Bharat Forge Company v. Uttam Manohar* again had to decide that sleeping while on duty is a major misconduct and warranted stringent punishment of dismissal. While earlier the courts were of the opinion that the workmen generally work for long hours and as such sleeping for a while on duty cannot be considered as a major misconduct warranting to the extent of dismissal unless it is an habitual act.

*Syed Yakoob v. K.S. Radhakrishnan and others* (1964) was a case of worker

absenteeism for a period of 5 years. The Supreme Court while considering termination of a workman on the ground of such absenteeism did not deem it a misconduct warranting dismissal. The Court observed that it as a disproportionate action and hence set-aside the termination while granting reinstatement with full back-wages.

The above liberal attitude for the worker has been done away and signaled for stringent disciplinary regime. In *Chairman & MD VSP and others v. Gokaraju Sri Prabhakar* (I2008) the Supreme Court held that 'despite of opportunities granted to the respondent to report for duty, he failed to report duty. The absence justifies dismissal from service. The High court cannot set aside a well reasoned order only on sympathy or sentiments – Once it is found that all the procedural requirements have been complied, the courts would not ordinarily interfere with the quantum of punishment imposed upon a delinquent employee'.

### **Strikes:**

In a landmark judgment delivered by the Supreme Court in the case of *Rangarajan T.K. v. Government of Tamil Nadu & Others*, the Supreme Court considered elaborately the question as to whether the Government employees have any right to strike work. The Supreme Court held that it had repeatedly come to the conclusion that employees have no fundamental right to resort to strike. The Court referred to its judgment in *Radhey*

*Shayam Sharma v. Postmaster General Central Circle, Nagpur* wherein the Supreme Court had taken the view that a perusal of Article 19 (1)(a) shows that there is no fundamental right to strike. At Paras-19 and 20 of the Judgment, the Court categorically stated that there is no statutory provision empowering the employees to go on strike. At paragraphs 21 and 22 of the Judgment, the Court held that the employees have no moral or equitable justification to go on strike.

Judiciary in India has always contributed to the peaceful advancement of the society. The Judiciary keeps vigilant and remains awake to the happenings of the world. The judges do take note of the new developments including the changing dynamics of open market economy and these are reflected in the pronouncements made by the apex court in a new corpus of case law. In *Balco privatization case*, the Supreme Court did say that the changing economic policy of the government cannot be interfered with. With the changing times and newer priorities with regard to labour and industry litigations, the case law in retrospect and prospect of globalization agenda reflect the judicial empathy to the commitment to nation building. The parliament in India has also been actively involved in synchronizing the labour legislations to the changing environment of development. Codification of labour law is a new requirement, attempts are being made different levels of labour- industry advisory institutions. The sharp departure

from all the policy framework and pro-labour model of statutes, and the justice process surmount as critical to the expectations of the litigating workforce. The liberal philosophy with regard to labour inadvertences has caused great economic loss both in quality and quantity of production and the time has come that such anomalies need be zeroed down in the competitive global market. The shift in judicial decisions though may appear to be of 'pro-industry' and harsh to erstwhile 'labour welfare regime' but in actuality the move is for correcting the wrong tilt i.e., adjusting to poor quality and accepting the challenges of global competition. Indian workforce has a great potential to contribute to the positive wealth of the globe and lead the world. The workforce need be educated to the needs of the globalised life and style. The balance of justice has always been harmonious to the time and tide of developments. The constitution of India amply provides for the necessary fulcrum and leverage for circumventing the tides of change.

### Notes & References:

1. Hussain Bai v. Alath Factory Tezvilali Union, wherein the Supreme Court observed as under: - "Who is employee, in Labour Law? That is the short, die-hard question raised here but covered by this Court's earlier decisions. Like the High Court, we give short shrift to the contentions that the petitioner had entered into agreements with intermediate contractors who had hired the respondent-union's workers and so no direct employer-employee vinculum juris existed between the petitioner and the workmen.
2. Labour are workers, or group of workers who are employed in a company or industry to do physical work or a particular kind of work who accept challenging role to meet her personal needs and become economically independent for becoming capable of contributing values in both family and social life. The importance of labour in economic activities is a universal phenomenon. Since independence both legislation and public opinion have done a lot to better the condition of the Workers but unfortunately it was not responded appreciably despite liberal interpretations with pro-labour were made.
3. Articles 14, 19, 21 and 32 of Part – III of the Constitution
4. Articles 38, 39, 42, 43 and 43-A of the Part IV of the Constitution
5. Judiciary always plays a very important role in growth and development of constitutional law. Besides the function of interpretation and application of the law, it attempted to educate and bring an awareness to give dignity the labour deserved.
6. This Court in *Ganesh Beedi's case (1974) 1 LLJ 367 (AIR 1974 SC*



1832) has on British and American rulings held that mere contracts are not decisive and the complex of considerations relevant to the relationship is different. Indian Justice, beyond Atlantic liberalism, has a rule of life. And life, in conditions of poverty aplenty, is livelihood, and livelihood is work with wages. Raw Societal realities, not fine-spun legal niceties, not-competitive market economics but complex protective principles, shape the law when the weaker, working class sector needs succors for livelihood through labour. The conceptual confusion between the classical law of contracts and the special branch of law sensitive to exploitative situations accounts for the submission that the High Court is in error in its holding against the petitioners”.

7. *Secretary, Haryana State Electricity Board Vs. Suresh and others* 1999 LLR 433 (SC) 1999 1 CLR 959 “The truth may, with brevity, be indicated once again. where a worker or group of workers, labour to produce goods or services and these goods or services are for the business of another, that other is, infact, the employer. He has economic control over the workers’ subsistence, skill and continued employment. If he, for any reason, chokes of, the worker is, virtually laid-off. The presence of intermediate contractors with whom alone the workers have immediate or direct

relationship, ex-contractors, is of no consequence when, on lifting the veil or looking at the prospectus of factors governing employment, we discern the naked truth, though draped in different perfect paper arrangement, that the real employer is the management, not the immediate contract. Myried devices, half-hidden in fold after fold of legal form depending on the degree of concealment needed, the type of industry, the local conditions and the like, may be resorted to when labour legislation casts welfare obligations on the real employer, based on Articles 38, 39, 42, 43 and 43-A of the Constitution. The courts must be astute to avoid the mischief and achieve the purpose of the law and not be misled by the maya of legal appearances.”

8. A six Judge Bench of the Supreme Court in *State of U.P. v. Jaibir Singh* decided that reconsideration of the judgement in BWSSB case is necessary. Justice Dharmadhikari, who delivered the judgment on behalf of the Bench, stated thus at para - 40 of the Judgment. - There can be no doubt that the law laid down in Bangalore Water Supply & Sewerage Board case requires reconsideration in the light of the economic liberalization and the various changes taking place in the society. The court also has been feeling that the very liberal interpretation given to the provisions

- of labour laws has not helped the cause of industrial peace nor the cause of productivity. This is clear from a reading of the passage of the judgment delivered by Justice Sujatha V. Manohar in the case of *Coir Board, Ernakulam v. Another*.
9. S. N. Murthy, 'Labour Laws-Recent Trends' (2012) - [murthysn@airtelmail.in](mailto:murthysn@airtelmail.in)
  10. *Hombegowda Educational Trust & Another v. State of Karnataka & Others*,
  11. *P.Orr & Sons Pvt. Ltd., and others v. Presiding Officer Labour Court 1974 I LLJ p 517*
  12. *Balmadies Estates v. Management of Balmadies Estates* 2008 SC LLR 231  
*A. Venkat Ram v. Depot Manager, Charminar Depot, APSRTC* 2004 LLR 186,
  13. *Depot Manager, APSRTC v. Raghuda Siva Shankar Prasad* 2007 LLR 113
  14. *Ramakant Mishra v. State of UP* 1982 LLR.1790 SC
  15. *Engineering Laghu Udyog Employees Union v. Labour Court and Industrial Tribunal*, 2004 LLR 331
  16. *P.H.Kalyani v. M/s.Air France, Calcutta*, 1954 (2) SCR 104
  17. *Bharat Cooking Coal Ltd., etc., v. Bihar Colliery Comgar Union* 2005 LLR 373 SC
  18. See also *Usha Breco Mazdoor Sangh v. The Management of Usha Breco Ltd and another* 2008 LLR.619 SC
  19. *Bharat Forge Company v. Uttam Manohar* 2005 reported in 2005 LLR 210
  20. *Nirmal Sen Gupta v. National Carbon Company Ltd.* 1960
  21. *Syed Yakoob v. K. S. Radhakrishnan and others* AIR 1964 SC 477
  22. *Chairman & MD VSP and others v. Gokaraju Sri Prabhakar* 2008 LLR 715 SC
  23. *BALCO Employees' Union v. Union of India & Others* - "Any economic reform, including disinvestments in PSEs, is intended to shake the system for public good. The intention of disinvestments is to make PSEs more efficient and competitive and perform better. The concept of the public sector and what should be the role of the public sector in the development of the country, are matters of policy closely linked to economic reforms. While it is true that any policy of the Government should be in public interest, it is not shown how prior consultation with employees of a PSE before investments is a facet of such public interest".

# Recall - Recognition Complementarities : Assessing the Role of Traditional Media as a Catalyst in Modern Advertising

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## ABSTRACT

*Recognition and recall are also important component of effective advertising. The impact of different media over recall and recognition are also different. The debate is centered around which group of media has edge over the others in terms of advertising effectiveness while accepting the notion about their effectiveness in this regard. But it ignores the mutual interdependency and nature of interdependency between the two category of media i.e. electronic and traditional media. In the present study we have taken the same issue for systematic investigation to find out the mutual interdependency and its characteristics in a particular region of India having its own unique socio-economic and cultural features.*

*In this sense, our basic question is whether the traditional media has primary or secondary role, or supplementary and catalyst role in advertising effectiveness. It appears that TV media has crucial role in initiating and creating interest in ads but strategic role of sustaining and promoting interests in ads is due to the other media exposure viz., print ,outdoor, in-store display etc. In this sense outdoor and other media including in-store display has catalyst role for TV media created ad interests and recall at the point of purchase.*

**Key Words-** Advertising Recall, Advertising Recognition, Exposure , Traditional media, Electronic media

## Introduction:

The real world of stimulus (the ad) - response (the action of the target) is complicated to measure because human reaction isn't always predictable and because people are rarely exposed to a

stimulus in a vacuum. Well-designed media research can, however, identify whether an ad has the elements that should make it effective in the marketplace as well as determine what and how it communicates” (McBride,

2007). Both recognition and recall are techniques that dredge memory for traces of awareness of an advertisement or brand, but recognition is direct technique while recall approaches the memory indirectly. In other words, recognition is the term for trying to access a memory of something by prompting with that concept: so a prompt using the actual advertisement, trying to access any memory of having seen it before, is searching for recognition. Recall is the term used when one prompts with a brand name while looking for feedback on the memory of the advertisement: or consciously prompts with the unbranded advertisement while looking for the feedback on the brand that is being advertised. In 1932 Daniel Starch started to measure the recognition of print advertisements. Starch was followed by Gallup and Robinson, who adopted Starch initial recognition measure to a recall measure for television advertising (Biel, 1993). The media may play two roles in consumer information processes (Solomon 1986): 1) market simplification (by covering some products and not others, the media may reduce the number of alternatives considered by consumers) and (2) market guidance (by evaluating products, the media may influence the alternatives selected by consumers). Consumers face a vast number of advertising messages each day, from many different media. Some advertisements are able to attract full attention because of their relevance or

interest. Others are processed with varying degrees of incomplete attention, whatever the medium. These can still be very worthwhile to the advertiser, in adding to the complex of images, emotions and knowledge in a consumer's mind, which influences purchasing decisions. Television imposes little or no barrier to paying attention, because it doesn't require much work. The entertainment of the commercial often enables it to avoid the potential hurdle of mentally switching off if the product is of no relevance. Then viewer is accepting that 'This is fun to watch' rather than 'This means something to me'. Thus viewers may happily attend to an advertisement in an irrelevant product category if the commercial is entertaining enough, thorough connections can be made with the reader's existing experience, attitudes and plans. The knowledge and impressions derived from the ad can be interpreted and translated through the filter of the reader's own requirements, and this anchors them in the mind. The will to read an ad is easiest to secure if the product is already of inherent interest, but all ads can draw attention through the strength of the creative work, even if the product is initially low-interest (Consterdine, 1996). The novelty of ads and the unexpectedness of the information given its context often lead to increased attention because the ad is perceived as innovative and interesting (Goodstein 1993). An ad that contrasts with its environment, for example, in terms of style stimulates attention (Juntunen, 1995).

**Conceptual framework and literature review:**

Anderson and Bower (1972) suggest memory may be viewed as a set of interconnected nodes. The node stimulation will enhance memory because of a spreading activation from the cue. The level of recall and recognition can be influenced by the strength of association between the node influences (Leigh, Zinkhan & Swaminathan, 2006). Recall measurement require verbal proof of advertising exposure. The traditional criticism against recall vis-à-vis emotion that feeling advertisements, advertisement with high emotional content that are expected to evoke emotions, will penalized by recall compared to think advertisements is based on this requirement of verbal proof (Mehta, Purvis, 2006). Krugman (1977) hypothesized that because of recall was a verbal / left brain activity and television advertising was largely a right- brained function, recall for television advertising would be penalized by the recall measure. Thorson and Friestad (1989) addressed the issue of recall and emotional advertising; they concluded that the greater the emotional intensity in a television commercial, the more likely recall was to be higher. Thorson (1991) noted also that the intensity of consumers' emotional responses influenced attention, advertising and brand liking and learning. Ambler and Burne (1999) also found that the affect (emotions) enhances long term memory of the television commercial and

the advertising with higher affective components have better recall following a single presentation. G&R analysis (1970) recommends that commercials that are better audio visually synched achieve better recall levels, in fact, highly emotional commercials perform even better when sight/ sound synch is above average. And suggest that television commercial with highly emotional execution were, in fact, not penalized compared to rational commercial when the emotional executions have adequate audio / visual synchronization.

Along with components like graphic dominance and headline length, products themselves can have an impact on advertisement recognition. Products can affect audiences based on the brand's perception. Marketing communication and product experiences play significant roles in influencing consumer preferences and behaviors (Narayanan, Manchanda & Chintagunta, 2005). According to Leigh (1994), "The headline has long been considered to be the most important part of a print advertisement. Its primary function is to get across key selling points to desired prospects in a manner that attracts attention and stimulates them to give serious consideration to the product. A number of different headline factors are believed to sway print advertisement recognition. In the past, headline factors that have been studied include the number of words, the number of lines and type size, the psycholinguistic characteristics and the use of rhetorical resonance. Shorter

headlines were found to have higher recognition (Leigh, 1994). Another component in the print ad is the graphic element. The goal of the graphic is to facilitate quick and easy comprehension of the printed words. There are many ways graphics can be used. Graphics can also demonstrate the benefit of owning or using the product. Larger graphics normally have higher ad recognition. According to Conover (1995), quite often art can be used much more effectively than words to demonstrate features of a product and how it is made and works. According to Holbrook and Lehmann (1980), print advertisements generate healthy levels of recognition through proper designing of graphic, headline and message design.

In television recognition level is lower than print because television viewer can't extend exposure to a commercial beyond the number of seconds allotted to it. The timing of exposure is chosen not by the viewer (where different viewers would prefer to choose different lengths of exposure according to their respective needs and interests, just as with print ads) but by the advertiser and agency. The viewer cannot instantly replay the commercial to understand it better by resolving some unclear aspect of it, or to use it as an aid to working out its implications.

With magazines, by contrast, the reader is in full control of his or her exposure. Exposure can be extended as long as the reader wishes. An ad can be studied in as much depth as desired

Magazines allow readers to extend the mental work they choose to do when looking at an ad. It can be re-read to resolve any unclear aspects, or to work out the implications to one's own circumstances of what the advertiser is saying. The consequence of putting in this extra (compared with a typical TV commercial) work is that the messages are likely to be more deeply ingrained into the reader's mind.

Advertising recall is one criterion to measure a print ad's effectiveness. A principle advantage of the recall method is its objectivity (Wells, 2000). Advertising recall can be measured by calculating the people who recognize the advertising effort at a later point in time (Stapel, 1998).

According to Wells (2000), Recall scores reflect the advertisement's ability to register the sponsor's name and to deliver a meaningful message to the consumer. In addition to these two important characteristics, recall scores are more objective and therefore more trustworthy than recognition scores." Recall and recognition have similarities from a conceptual and an empirical standpoint. Both recall and recognition can be attributed to a class of methods developed to assess the level of awareness of stimuli presented at an earlier point in time (Leigh, Zinkhan & Swaminathan, 2006).

In the same way each media are also correlated to each other. Pip

Hainsworth, marketing director at contractor Clear Channel Outdoor, says: 'There has been a lot spoken about TV being the most effective medium, but when we dig deeper and look at everything on a level playing field, outdoor is a central part of the media mix. It enhances TV, press and direct marketing.' She accepts that press appears to perform best for retailers, but believes that with newspaper circulations in decline, advertisers are being forced to look to alternative media for campaigns.(lexis Nexis 2009). Given the mass appeal of television and its laid back nature (Van Dan Broack, 2005) it is suitable advertising vehicle for all types of product categories. the simultaneous exposure to the television program and the banner, the context of banner advertising is likely to have greater impact on the advertised brand than conventional advertisement. Taking as a base for comparison the people who saw the TV commercial twice, the people who saw the magazine ad followed by the TV commercial got more out of the commercial. They paid greater attention to the soundtrack, the visual elements and the brand name. They also had more thoughts evaluating the brand, and more thoughts evaluating other aspects of the commercial. In addition there was greater brand name recall, and greater recall and recognition of brand claims. Evidently print had made television work harder. A similar picture emerged when television preceded magazines. On who

saw the magazine advertisement twice, the people who saw the TV commercial followed by the magazine ad got more out of the magazine ad. They had more thoughts evaluating the advertising and more evaluative thoughts of other kinds. They also had greater recall of the brand name and of the brand's claims. Advertising delivered in two different forms, with their different ways of communicating, is evidently more stimulating than receiving advertising in one medium only. Gordon Hamilton opined that traditional advertising has been used very effectively to inform people and promote virtually every type of business and products and attract attention of people going about their daily routine. He also opined that traditional advertising is not dead; the result is that not everyone has access to the internet or ever tv and radio on daily basis. This means that there are still a great many people in this world who are most likely to be reached through one of traditional form of advertising.

Advertising was the single most important feature in making a brand famous, as an influence, it outstripped in importance other influences like brand performance, global presence or even longevity. Television advertising is the advertising that drives fame, Claire Beale wrote television is still the most powerful hearts and mind ad medium, and concluded that television advertising as an advertising medium is far from dead.

**Statement of the problem:**

Going through the literature review we found that recall and recognition have same important to create positive mental picture to the consumers' mind and recall and recognition are complementary to each other. Recognition and recall are also important component of effective advertising. the impact of different media over recall and recognition are also different. The debate is centered around which group of media has edge over the others in terms of advertising effectiveness while accepting the notion about their effectiveness in this regard. But it ignores the mutual interdependency and nature of interdependency between the two category of media i.e. electronic and traditional media. In the present study we have taken the same issue for systematic investigation to find out the mutual interdependency and its characteristics in a particular region of India having its own unique socio-economic and cultural features. In this sense, our basic question is whether the traditional media has primary or secondary role, or supplementary and catalyst role in advertising effectiveness.

**Methodology:**

The study is based on the primary data collected through canvassing of the structured questionnaire on the respondents from Cachar district of Assam, India.

Regarding the data collection our basic units of data are individuals.

Individuals have first been chosen deliberately as respondents from urban and rural segments and gender wise to assess their exposure level over different media, awareness level and the interest level towards advertising. Data were first collected using convenient sampling method and the same set of collected data was used for selecting final set of data using random sampling method for the present study.

Data were tabulated in a two matrix form using two dimensions: exposure level under the categories of high, medium and low socio-economic status of respondents region wise and gender wise; and under high and low level categories of awareness, recall and recognition. The data analysis was done by using comparison between different categories of data.

**Summary statistics:**

In the present study we have collected 320 data. Out of these 291 data we have collected randomly. After then we have calculated the exposure level, interest level and awareness level of the respondents and derived as high, medium and low. the respondents who are exposed over different media considered as high, persons who are high exposed some of the media but not all the media considered as medium and the person who are less exposed over all the media are considered as low, in the same way we have counted awareness and interest level in terms of recall and recognition. The respondents of different exposure levels are presented in table no-1.



Table -1

	Exposure level				Exposure level		
	High	Medium	Low		High	Medium	Low
Male	119	54	14	Rural	75	38	8
Female	54	39	11	Urban	98	55	17

Table -2

The Relationship between Exposure and Other Components of Advertising:  
(with the help of scheduled questions)

Exposure level (%)	Awareness		Recall		Recognition	
	[Judging awareness]		[Judging interest level]		[Judging interest level]	
	High (%)	Low (%)	High (%)	Low (%)	High (%)	Low (%)
Male– high expo (64)	95	5	34	66	36	63
Medium expo(29)	90	10	37	63	46	54
Low expo (7)	85	15	14	86	21	79
Female- high expo (52)	85	15	26	74	31	69
Medium expo (37)	77	23	38	62	43	57
Low expo (11)	73	27	36	64	10	90
Rural–high expo (62)	91	9	41	59	32	68
Medium expo(31)	87	13	45	55	45	55
Low expo (7)	62	38	25	75	10	90
Urban high expo (58)	93	7	24	76	37	63
Medium expo (32)	83	17	33	67	45	55
Low expo (10)	82	18	24	76	29	71

## Results and discussion:

Above table represents the different level of exposure like high, medium and low and their relationship with different components of exposure like awareness, interest level expressed by recall and recognition value. We have considered this relationship on the basis of gender and rural urban categorization. In the gender category, the percentage of male exposure level is high at 64%. Within the high exposure level, 95% of the respondents were found highly aware of advertisements

and their contents. However, when we compare the interest level we see that percentage of recognition is more than recall. In middle and lower exposure level of the same group, the percentages of high awareness levels were estimated at 87% and 62% respectively. Concerning the recall and the recognition we found same result that the percentage of recognition level is high than recall. So from the above results we can draw a general conclusion that recognition level is high than recall in high exposure groups. The most likely

reasons could be the respondents' high exposure to the motion and static advertisement media together and this is verifiable with the data relating to respondents exposure to the different media. It is obvious in the sense that people when asked to recall features on an ad without any visual support have performed lower at that point but when they are supported by visual ad copies, their recognition level was found high. This is supported by theoretical research findings also that suggest that visual cues penetrate to the long term memory and retrieve more accurate matching than the auditory or conceptual cues which has potential richness to the short term memory mostly. In medium and low exposure groups though respondents are moderately and low exposed over different media within this specific exposure level they can put more concentration toward ad that is why their recognition level is high but due to less availability and exposure to the different media, especially the print media and billboards, their recall level is found low.

In female we found that the percentage of different exposure levels are 52%, 37% and 11% respectively and out of these exposures the percentage of awareness are 85%, 77%, 73% respectively. The interest level expressed by recall and recognition, we have seen that the percentage of recognition is high within high and middle exposure groups. But recall is higher than recognition in low exposure group. It indicates that the high exposure level in female due to high spare

time and availability of different media they are fully exposed in ad so they can easily recall the ad but with help of visual cues (ad copies) they recognized more than recall. But in the middle exposure group their exposure level is moderate. It may be due to the limited availability of print and outdoor media. But within this limited availability they do concentrate more on it. Therefore, their recognition is high than recall. In case of low exposure group in females we found their recall level as high in comparison to recognition at the same time their recall and recognition levels are lower than other two groups. This result can be explained with the help of the fact that their exposure level is low in terms of multi-channels TV media, outdoor media and print media and these results into the lower exposure value. This also explains the lower value of recognition in comparison to recall. On the other hand due to low exposure level in outdoor media and almost nil in print media and reasonable exposure level in TV, their recall is comparatively higher than recognition.

When we see the response of the rural consumers we found three different levels of exposure i.e. 62%, 31% and 7% and out of the exposures of the respondents the percentage of awareness were 91%, 87%, 62% respectively. The interest levels expressed by recall and recognition, we have seen that the percentage of recall is high within high and low exposure groups. But recall and recognition level is same in the middle exposure group. It indicates that the high

exposure level in rural respondents due to limited number of media for use to the large number of respondents their exposure is in one sense more concentrated as well. Therefore, they can easily recall the ad but on the other hand less availability of outdoor and print media they cannot recognize the ad easily most of the time. But in the middle exposure group their exposure level is moderate. It may be due to the limited availability of print and outdoor media in rural area. Nevertheless, within this limited availability they do concentrate more on it and though moderate exposure they can recognize and recall the ad in same way. In case of low exposure group in rural area we found their recall level as high in comparison to recognition. This result can be explained with the help of the fact that their exposure level is low in terms of multi-channels TV media, outdoor media and print media also and these results into the lower exposure value. This also explains the lower value of recognition in comparison to recall. On the other hand due to low exposure to outdoor media and almost nil in print media whereas reasonable exposure to TV their recall is comparatively higher than recognition.

The percentage of urban exposure level is high at 58%. Within this exposure level, 93% of the respondents were found highly aware of advertisements and their contents. However, when we compare the interest level we see that percentage of recognition is more than recall. In middle and lower exposure level of the same group, the percentages of high awareness

levels were estimated at 83% and 82% respectively. Concerning the recall and the recognition we found same result that the percentage of recognition level is high than recall. So from the above results we can draw a general conclusion that recognition level is higher than recall in high exposure groups. The most likely reasons could be the respondents' high exposure to the electronic (motion or dynamic in nature) and traditional (static in nature) advertisement media together and this is verifiable with the data relating to respondents exposure to the different media. It is obvious in the sense that people when asked to recall features on an ad without any visual support have performed lower at that front but when they are supported by visual ad copies, their recognition level were found high. This is supported by theoretical research findings also that suggest that visual cues penetrates to the long term memory and retrieve more accurate matching than the auditory or conceptual cues which has better rich to the short term memory in most of the cases (Atkinson and Shiffrin, 1968; Waugh and Norman, 1965; Healy and Mc Namara, 1996). In medium and low exposure groups though respondents are at moderate or low exposure level over different media within this specific exposure regime they can put more concentration towards ads and that is why their recognition levels were high but due to less availability and exposure to the different media, especially the print media and billboards, their recall levels were found low.

Table-3

## Recall- Recognition Variance and Ad Exposure Levels

Exposure level	Recall	Difference within recall (column)	Recognition	Difference within recognition	Recognition – recall (net impact)
High male	34	0	36		
Medium	37	+3	46	46-36=10	10-3=7
Low	14	-23	21	21-46= -25	-25-(-23)= -2
Female					
High	26	0	31		
Medium	38	38-36=12	43	43-31=12	12-12=0
Low	36	36-38= -2	10	10-43= -33	-33-(-2)= -31
Rural					
High	41	0	32		
Medium	45	45-41=4	45	45-32=13	13-4=9
Low	25	25-45= -20	10	10-45= -35	-35-(-20)= -15
Urban					
High	24		37		
Medium	33	33-24=9	45	45-37=8	8-9=-1
Low	25	25-33= -- 8	29	29-45= -16	-16-(-9)= -7

Source: survey data

Table-4

## Percentage of Low Exposure Level over Different Media

No of exposure respondents)	Percentage of respondents within different media groups					
	Print media	Television media	Market exposure (by own or with others)	Market exposure (same store or different store)	Product exposure level	First time exposure
44 out of 291	100 % low	56% high and 44% low	100% low exposure	100% low exposure	95% low and 5% high exposure	90% low and 10% high exposure

Source: survey data

Table -5

## Recall- Recognition Variance over Low Exposure Level

Exposure level Low	Television exposure (high)	Recall		Recognition	
		5	<5	5	<5
28(63%)	28 (63%)	9 (32%)	19 (68%)	3(11%)	25(89%)

**Conclusion:**

Analysis of data, tabulated above, show that exposure to different media has positive correlation with recall and recognition which is also found statistically significant. With decreasing exposure level recall and recognition both decreases as well but fall is larger in recognition than recall. It was also found that recall power is lower than recognition in different categories of respondents across the board. It is natural and supported by standard advertising theories as recall is based on memory unaided by other means while recognition was tested using ad copies. Ad copies help respondents' taking cue to their long term memory (LTM) to retrieve and match ad copies with the existing memories about the ads based on their level of exposure to different media. This is also supported by theory that our memory is most probably use images and pictures to a store it to the long term memory (LTM) as well as take help to bring it back to the short term memory (STM).

It is interesting to see here that despite maintaining moderate or high TV exposure (multi channels) in different categories of respondents in different levels

of exposure the fall is highly correlated with falling recall and recognition. Though, recall was falling at a slower rate than recognition but both have shown substantial fall in the lower exposure category (overall). It shows that falling exposure level to other than TV media has material impact both on recall and recognition capacity despite the moderate or comfortable TVs exposure level. Therefore, high exposure levels in TV media not very helpful in compensating fall in other media exposure. It appears that TV media has crucial role in initiating and creating interest in ads but strategic role of sustaining and promoting interests in ads is due to the other media exposure viz., print ,outdoor, in-store display etc. In this sense outdoor and other media, including in-store display, has catalyst role for TV media created ad interests and recall at the point of purchase. Thus, in one sense, electronic media advertising effectiveness gets support from static and outdoor media in this regard. Static media gets support introducing the ads to the respondents through the exposure of the respondents to this media. Results are supported with the help of Table -5, given along with other two tables (3 & 4), presented above.

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# Role of Internal Communications in Championing Corporate Social Responsibility and Employee Volunteering Initiatives

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## ABSTRACT

*Internal communications is important to the success of corporate social responsibility and employee volunteering initiatives within an organization. Organizations that align their initiatives with business priorities and invest in a structured program increase their chances of success. Internal communications can help change the skepticism associated with corporate social responsibility. This paper looks at corporate social responsibility trends and recommends approaches that organizations and corporate social responsibility leads can leverage to elevate thinking and get the maximum impact for their effort.*

**Keywords:** corporate social responsibility, employee volunteering, internal communication, India

## Introduction:

Companies wishing to make an impact with their corporate social responsibility (CSR) initiatives need to align their staff by sharing their philosophy, demonstrating commitment and reinforcing consistent messages. To increase participation in their CSR programs organizations need to increase and improve their internal communications with staff.

The impact of an organization's CSR initiatives on employee engagement has been growing. Organizations that are directly involved with noteworthy environmental and social causes have better engaged staff. (Hewitt, 2010). Likewise companies with robust

sustainability programs improved the staff morale by over 55% than those who didn't. (Society for Human Resources Management, 2011). Getting staff involved in CSR made business processes more efficient, improved the public image and improved staff loyalty. Business value also improved for those organizations which invested in social responsibility programs with operating margins showing a surge (Towers Watson, 2010) and earnings per share growing exponentially (Gallup, year unknown).

An organization's appeal also improved among the nex-Gen with most selecting employers by reviewing their CSR philosophy and demonstrating intent



to leave if the organization didn't meet their commitments (Price Waterhouse Coopers, 2008). Employee volunteerism is seen as an opportunity to build leadership skills (Forbes, 2011). Interestingly, volunteers aren't expecting reward or recognition for their effort. (Fidelity, 2009). This result is encouraging and provides direction to how internal communications can consider messages that emphasize this need.

### Literature Review

Arriving at a common definition of corporate social responsibility can be futile. Dahlsrud (2006) identified 37 definitions and on analysis identified 5 dimensions – environmental, social, economic, stakeholder and voluntariness. He concludes that all definitions are congruent and what matters is how CSR is business aligned and socially constructed in a specific context.

Volunteering, a sub-set of corporate social responsibility is when an employee gives time and effort free for furthering social responsibility and action taken by an organization. Volunteering is known to have a positive impact on the health of employees. In a study done among volunteers in the United States 92 percent of respondents believed that they experienced a better sense of purpose in life after volunteering and 68 percent of those who volunteered reported that volunteering has made them feel physically healthier. (United Health Care, 2010). The organization must encourage, support and invest in employee involvement in the

communities they serve to make volunteering successful. A Forbes' study – 'The New Paradigm: Volunteerism' points to volunteerism is now a common theme across organizations who believe that it will increase in the coming years as well as be an integral part of the organization's leadership development strategy. (Forbes, 2011). However, there is widespread cynicism about the role of organizations conducting social responsibility activities and how volunteers today behave. Close to nine in 10 respondents to a study conducted in the US that charities are business focused and lack coherent management while a sizable percentage think that volunteers are more motivated by what they get out of the experience and less about what they can contribute. (Fidelity®, 2009).

In another study by the Oxford University's Saïd Business School on corporate social responsibility in India about 77 % of companies reported corporate or employee volunteering although none had formal procedures in place. Dedicated departments in most organizations are looking into much more than just funding or getting involved in one-time projects. Also only 31 percent of businesses engage their employees on the company's CSR objectives and initiatives. In India only 17% of the companies surveyed in India had a written CSR policy while more than 80 percent of the surveyed companies engage in CSR programs (Lee, year unknown).

The role of communications is highlighted by the fact that a large number of companies are using the United Nations Global Compact principles to report progress and performance. However, only 21 percent of the surveyed companies a senior person dedicated for this role. (KPMG, 2011). Skepticism about corporate social responsibility communication is an issue that needs to be mitigated to improve impact of an organization's effort. When the messages are tuned to emphasizing the impact of the social issue involved and channels used are less controlled and more credible then the communication has a better impact. Shuili, Bhattacharya and Sen (2010).

### **Impact of Legislation and Regulatory Efforts**

Proposed legislature to get companies to mandatorily invest in corporate social responsibility effort in India has received attention. The 2012 Indian Union budget had made references to incorporating elements of corporate social responsibility in the Companies Bill. It prescribes that every company having a net worth of INR 500 crore or more, or a turnover of INR 1,000 crore or more, or a net profit of INR 5 crore or more during any financial year shall set up a CSR committee, which would guide and monitor the company's CSR agenda and expenditure. Companies meeting this criterion are also expected to spend at least 2% of their average net profits made during the three previous financial years towards CSR activities.

Furthermore, there is a need to disclose the CSR policy including reasons for not meeting the required expenditure was called for. Organizations are called to invest in the PM's National Relief Fund and certain other funds of the central and state governments. It defines that organizations focus on themes that impact the nation – such as eradicating hunger, promoting education or health, ensuring environmental sustainability. (Wikipedia). Also at the regulatory level, the Institute of Chartered Accountants of India (ICAI) has contributed the ICAI – Accounting Research Foundation (ICAI-ARF) for recommending a suitable framework for sustainability reporting for Indian companies. (KPMG, 2011).

In 2007, the India Prime Minister referred to a Ten Point Social Charter which calls out responsibilities of organizations and the sensitivities to consider while growing profits. The common themes in his Charter are workforce inclusiveness, investing in the community, thinking of the future, using innovation to stay relevant, social responsibility and being ethical. (Financial Express, 2007). These are consistent to the 5 dimensions that (Dahlsrud, 2006) surfaced. The country's Ministry of Corporate Affairs shared 9 broad national voluntary guidelines for businesses to align their effort for better impact, enhance their competitiveness, increase ability to be an attractive employer and be relevant for their stakeholders and society. The themes covering social, economic and

environmental ownership are: ethics, transparency, accountability; safe and sustainable goods and services; well-being of employees; responsiveness to all stakeholders; promoting human rights; protecting the environment; responsible policy advocacy; supporting inclusive development and providing value to customer. (Government of India, 2011).

All these mean that organizations can't merely look at profits and engage in programs that meet their own goals but need to include stakeholders' expectations as well. Therefore, it expects that organizations revisit their approach to corporate social responsibility programs and understand better ways to they align to social and governmental expectations on policies that shape future investments.

### **Elevating the Role of Corporate Social Responsibility and Employee Volunteering**

IBM's study of over 250 business leaders showcases that many organizations view CSR as a platform for growth and differentiation. The study shows that over two-thirds (68 percent) of the business leaders surveyed are focusing on CSR activities to create new revenue and over half (54 percent) believe that their companies' CSR activities are already giving them an advantage over their top competitors. (IBM, 2008).

The study recommends that organizations must move up the value graph by integrating their CSR effort with their core business strategy and maximize returns.

At the bottom of the curve is basic need to adhere to the laws of the land. As the organization matures their CSR practice by aligning their activities with business objectives they move to the strategic philanthropy level. The next level is the 'values based regulation' that integrates the code of conduct to guide how the organization does business. Further up is the 'efficiency' level that measures cost savings and the most mature level is access to new markets or innovation drives revenue. There is limited effort taken by organizations to rally their workforce and align their strategy on these lines; an opportunity missed.

Only 16% of the top 100 organizations researched have a corporate responsibility strategy in place and only 31% of these companies report their performance. (KPMG, 2011).

McKinsey's report - 'Shaping the Future: Solving Social Problems through Business Strategy' recommends practical ways for organizations to identify where to invest their energies the emphasis is on focusing on picking areas that give the firm a competitive edge in the process. Other tips include gathering information on evolving trends in legislation, scanning media reports and interviewing internal and external stakeholders. This is to be followed by scoping the issues, identifying which ones to tackle and investing effort to create a win-win situation for all stakeholders. (McKinsey, 2010).

In a study seven in ten say they would rather support fewer causes with a deeper relationship than a broad range of causes with less engagement. By focusing on less companies want to be experts in lesser areas instead of diluting effort. IBM's analysis identifies three dynamics that companies are to understand and act upon while engaging with CSR – namely:

- a) adding value by impacting business;
- b) transforming information via transparency and
- c) growing relationships through engagement.

The Oxford University's Saïd Business School study indicates that culture and context is crucial for the success of any CSR intervention. In India, for instance, culture demands that social responsibility is to be done subtly and not overtly. Companies therefore need to balance between highlighting what they do in tandem with conducting their effort discreetly. (Lee, year unknown).

It is advisable to promote employee involvement by first gauging their awareness of the organization's CSR – volunteer programs and evaluating their current perceptions. Also by identifying the levels of commitment of employees - the believers, skeptics, uninformed, and disconnected the organization can craft suitable strategies to improve participation levels. (Towers Perrin).

### **Internal Communication Interventions to Encourage Employee Volunteering in CSR**

To effectively connect staff with the CSR priorities the studies point to several strategies that can enable organizations achieve their goals.

#### **Manage your content and channels for the best outcome.**

To overcome message skepticism it is important for organizations to focus on the importance of the social issue and communicate a lack of vested self-interest by choosing issues that are not logically related to the company's businesses. Also to firmly establish the connection between the organization's goals and the CSR interventions communication must address the following: CSR commitment - amount of input, durability of association and consistency of input, CSR impact – focus on output (societal impact), CSR motives – emphasize convergence of social and business interests and CSR fit – logical association between social issue and company's business. (Du, Bhattacharya and Sen, 2010).

#### **Invest in charities where your staff can volunteer.**

It always helps to think about your staff's time and effort and then map charities to the need of the hour. Forbes' study discusses that companies anticipate that volunteer hours will increase over the next year, highlighting the crucial part manpower plays in CSR. In fact, 72% say

that they primarily make donations to causes that will allow their employees to volunteer. (Forbes, 2011).

**Choose your internal communications vehicles wisely.**

Be selective about the vehicles of internal communications based on cost effectiveness, timeliness, and reach and impact. Intranet communication preferred due to access, speed, ease and cost effectiveness. Feature leaders broadly in communication since messages are recognized when given by senior executives. (Towers Perrin)

**Understand what staff, especially Generation Next, want.**

With the number of young staff choosing organizations based on the firm's CSR effort and willing to volunteer time and effort for social causes it becomes imperative to connect their needs with the demands of charities. In India, Generation Next are keen to volunteer since it helps "build character", "looks nice on the CV", "gets appreciation from friends and family" and is a "great exposure". (Times of India, 2011). This is relevant for internal communicators as it helps them craft their messages to suit what audiences expect.

**Make volunteering easy.**

It helps to have simple formats and templates for internal teams to manage their own local office programming. The templates can cover topics such as 'how to evaluate the potential and impact of an initiative', 'how to conduct a

volunteering event' and 'checklist for volunteers'. The checklists can include event preparedness, volunteer briefing, communication plans and reporting, organizational commitment to volunteering and message development. Have a core steering committee that oversees the company's overall CSR strategy and allows autonomy for local offices to manage volunteering and giving.

**Discover your own strategy for engaging staff.**

There is no 'one size fits all' strategy. Rallying staff on a CSR strategy is an opportunity that few companies can ignore since employees score higher than customers on CSR commitment. Some organizations challenge employees to think big and collaborate on projects that impact society and some incentivize participation. Each organization needs to find their own successful method. (IBM, 2008).

**Conclusion**

Internal communications can play an important role in elevating the importance of corporate social responsibility and employee volunteering within organizations. Involve employees early in the strategy and identify opportunities that map to your organization's business goals. Scan the environment and get engaged with charities which have synergies. Focus on continuous communications and provide simple tools and templates for local offices to manage their own reporting. Further studies are needed to explore

empirically the relationship between internal communications, corporate social responsibility and employee volunteering effort.

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**Case Study :**

## **Successful Corporate Social Responsibility Management: A Case Study of LIAG**

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Mr. Arvind Sen<sup>1</sup>, ED-CSR of LIAG<sup>2</sup> is at the top of the world. He has just been promoted (he was a General Manager - Corporate Affairs prior to this promotion, which is effective 1st April, 2013) to the position of Executive Director, with full responsibility to lead the CSR arm of LIAG. At 52, he is the youngest Executive Director in the company, where he joined as an Officer Trainee 29 years back. His team members have also been handsomely rewarded for the remarkable achievements. The position brings new challenges owing to an expected change in the legislation in India. India is expected to have a new companies act with substantial focus on corporate social responsibilities. The three-year tenure in CSR at LIAG has given him the right mental model to lead a new initiative. There have been talks in the corridors of LIAG about the CSR entity, being adjudged as the most effective, and innovative entity of the company in 2012-13.

### **LIAG**

LIAG was incorporated in 1983 as an oil and gas company in the Indian public sector. Starting in natural gas business, it has grown organically by building large scale sales and supply network in India. It has developed a group of renewable businesses aimed at reducing carbon footprints, overcoming the growth trap, and thereby maintaining a sustainable growth. It has successfully managed its horizontal business scope expansion, with wholly owned subsidiaries in USA, China, Egypt, Singapore and Myanmar. It has an outstanding track record with over 2.5% lead over the industry average CAGR related to turnover and profit after tax. Its overarching vision is to become the leading integrated oil and gas major in India with significant presence both in the upstream and downstream by 2020.

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<sup>1</sup> The name has been changed.

<sup>2</sup> The name of the company has been changed to ensure confidentiality.



## **Corporate Social Responsibility (CSR) in LIAG**

In fulfillment of its role as a socially responsible corporate entity, it has been focused on growing turnover and profit duly aligned to promoting sustainable growth for the society and communities. Its vision has been aligned to superior value creation in the society and communities. Management of the CSR initiatives is driven by the focus on the three Ps, viz., purpose, process and people. Brief profile of the three Ps and the conceptual framework is given in Exhibit 1.

### **CSR IN LIAG: THE PURPOSE**

Based on nature of activities in the CSR set up, which have been very different to the mainstream hydrocarbon operations in LIAG, a need was felt to make a fundamental change in the doctrine related to strategy. This was more pronounced as the company's leadership found it difficult to provide strategic direction to the CSR set-up with the conventional balanced scorecard based strategy map. The objective was to build a rich and engaging purpose for the CSR entity rather than having a CSR strategy. In the process, it has been able to create a sub-organization with which the members are able to identify, share a sense of pride and are willing to commit.

### **LIAG-CSR: Purpose - Installing Institutional Ambition:**

While migrating to a doctrine of rich and engaging purpose for the CSR set up,

the top management has been able to embed a clearly articulated, well-defined ambition in the thinking of each member while giving each of them the freedom to interpret the entity's broad objectives creatively. Rather than focusing on the strategic and financial end goals, Arvind went about capturing employees' interests and attention. The clear articulation thereof has lead to an institutional ambition. With a view to give measure and meaning to the institutional ambition, the employees in teams were engaged in developing, improving and rejuvenating the ambition. As a result, they have been able o benchmark for achievement.

**Winning Employee's Intentness and Interests:** Arvind didn't want to talk in the language of strategic tasks and scorecard measures and targets, which have been the outcome of the strategic planning process. Instead, he made people the focus of operations, with easy access to information and services needed for success anytime and anywhere. The CSR entity ended up becoming best at bringing people together. It helped the team members to manage interdependencies more effectively with network linkages and uninterrupted access to information and services.

**Get the Organization Committed:** The simple ambition statement was seen to be broad. It tapped into pool of expertise and competencies, widely diffused throughout the CSR set-up. Arvind invited all the heads of the work centers to participate in two-three days

meeting to discuss and refine the overall objectives and directions at the CSR set-up. Senior members from the executing/networked organizations such as NGOs also participated in the deliberations. By softening the strategic focus, they have been able to generate new possibilities in the term of high impact community initiatives, from within the organization.

**Create Thrust:** The elevation of Arvind to the position of Executive Director, demonstrated the seriousness of LIAG's top management intentions to strengthen the new initiatives in the CSR set up. In the last two previous years remarkable modifications and changes in the decisions rules and rights for capital expenditure as well as revenue expenditure has also helped to shape and maintain commitments to the goals the CSR set up has developed. The associated changes have provided members across the CSR set up, the much needed motivation to make appreciable advancement.

### **LIAG-CSR: Purpose - Infuse Organizational Values:**

Traditionally the focus on LIAG's strategy has been what we must shoot for. That is emphasizing on the financial targets of profitability, growth and productivity. At the CSR set-up there is shift in the focus from shoot to stand. That is, focus on what the CSR entity stands for. LIAG has been able to attract and retain talent and efficient NGO in the CSR set-up, owing to the bold assertion about what it stands for. These employees and key people from NGOs,

have demonstrated their identification with the values and commitment to LIAG that embodies the values. One such value has been "community wellbeing". This has attracted a group of efficient and progressive NGOs who identify with LIAG's commitment to the cause of communities. They believed that large organizations in public sector like LIAG can be ambassadors of social change. This has created a passion that has helped to bond people with LIAG. Another value has been "accountability and meritocracy". This has attracted attention of young professionals who today are one of the most productive work-force as measured by units of engagement per person. For this overall analysis, three remarkable aspects have emerged. First, they built new principles encompassing LIAG's culture. Second, they maintained high level of individual engagement in the associated activities for a prolonged period. And third, they translated broad principled objectives into tangible and measurable goals.

**Reckon on Core Values:** Arvind successfully eliminated the country-club like culture, sustained through paternalism, with a view to overcome the obvious weaknesses and build on the strengths. For the purpose, he recognized the importance of commitment to integrity and respect for individuals; sharpened their focus; and added other values that were important to the CSR set up. He was gradually seen to be articulating community leadership and performance accountability. The overlaying of new values on the old, helped

in articulation of a key component of the strategic direction, i.e. core ideology capturing core values and core purpose.

**Propagate the Message:** Arvind visited all major project sites at least once in three months, where he talked to, listened to the people and felt the atmosphere. During the associated interactions, he echoed LIAG's new culture and narrated anecdotes that reflected impact. For example how performance accountability has helped to execute the livelihood initiatives in cluster of ten villages. He ensured that the engagement plans in the thrust areas were consistent with values. For example, LIAG exited from two community road projects.

**Evaluate Progress:** Arvind set measures to access quantity, quality, timeliness and cost of engagement. However, he was fond of terms like best-in-class engagements and often invited community leaders to access the engagements. In the process, Arvind has been able to avoid value erosion. The measurement of value statements is reflected in what he wanted the CSR set-up to be; he continuously worked towards being the best-in-class, bench-marking engagement outputs accordingly. For example, in the literacy enhancement/empowerment engagements, Arvind received offer from the State's Chief Development Officer, Agra to extend best practices to two government projects. Similar requests were received from two UN agencies.

### **LIAG-CSR: Purpose - Giving Significance to Employee's work:**

It has been a challenge for Arvind to make the CSR set-up, the primary means of personal fulfillment for all the employees. To achieve this he has brought big, hairy and audacious goals down to the level of associates. For example, in the environment protection domain each of the associates irrespective of the thrust areas have enrolled in a programme under which each associate has taken responsibility to maintain at least ten solar lighting units either directly or through community volunteers. Broadly, Arvind with the support of the top management focused on three sets of activities to achieve this new kind of relationship with the people. First, he recognized employee's contributions and treated them like assets to be developed and not as costs to be controlled. Second, he committed to maximize opportunities for personal growth in the horizontal direction. And third, he ensured that everyone understood how roles fit into the purpose and how to align personal contribution for achievement of goals.

**Recognize Individual Achievement:** There is an interesting practice of celebrating success at the monthly review meetings. These meetings take place at engagement locations in rotations where beneficiaries share their delight, which becomes beginning of celebrities. This has had a viral impact on the engagement processes in general and the engagements

involving communities directly in particular. Most successful associates take up jobs of coaching and mentoring young associates and key resources in the NGOs associated with CSR implementation. A strong basis for mutual commitment has been established out of such initiatives, which have been based on genuine respect for individual employees.

**Commit to Cultivating Employees:** The broader philosophy of learning and development has been to transform the associates and other employees into best-in-class professionals in the development sector. Some of the past employees have left LIAG to start their own NGOs and a few others have joined UN organizations leading development projects. The talk in the professional community - "after you are trained in LIAG-CSR, you could work anywhere, or you could work for yourself". On an average, two days every month are devoted to learning and development aimed at building the domain as well as the behavioral dimensions of development professionals. The institutionalization of coaching and mentoring has strengthened the transformation process - from ordinary employees to admired development sector professionals. In the process LIAG has been successful in developing the capability for personal growth.

**Nurture Individual Initiative:** The basis of success of any development initiative at LIAG has been individual efforts and personal contribution. In each

CSR thrust area, there are champions whose contributions to successful high impact community based development initiatives have been remarkable. The contributions of these champions to team performance have also been remarkable. The social-entrepreneurial spirit is very high in the set-up which is reflected in the increase in the number of high impact projects generated in-house. Employees are permitted flexi-time to the extent of one day per week to work on new ideas or support a fellow associate on an innovative approach to execute a set of initiatives. No questions are asked for this one working day in a week. A culture has evolved in the CSR set-up that rejects autocracy and fostered personal contribution in different ways.

First, to enable people to do their tasks effectively, associated information was seen to be shared openly, where everyone knew what anyone knows. Second, the twin task of learning and teaching were found to be deep-rooted as key accountability for all members and the work environment supported cooperation. Third, key decisions were seen to be taken in open, with a great degree of transparency; the processes thereby have embraced the people with competencies. Thus members at large have felt that they are connected with the goals and their efforts are aligned to the goals.

The purpose is aligned with the ten major market forces that are driving the need for organizations to address CSR in

a credible manner.<sup>3</sup> The ten forces are divided between mega-issues, viz., climate change, pollution/ health, globalization back-lash, the energy crunch and erosion of trust and stakeholders, viz., green consumers, activist shareholders, civil Society/ NGOs, governments and regulators, and financial sector who are demanding change, and have been motivating companies to change their behavior and use CSR as a strategic instrument.

These forces have created increased challenges and opportunities, the actual effect of which has been captured in a survey of more than 1,600 companies world-wide, which has further documented the top ten motivators driving corporations to engage in CSR for competitive reasons.<sup>4</sup> The ten motivators are as follows:

1. Economic considerations
2. Ethical considerations
3. Innovation and learning
4. Employee motivation
5. Risk Management & Reduction
6. Increased shareholder value
7. Reputation or brand
8. Market position or share
9. Strengthened supplier relationships
10. Cost savings

The purpose for the CSR set up at LIAG is articulated and described as follows:

- To recognize the interests of stakeholders, ensuring conduct of business in sustainable manner with reference to the environment and socio-economic aspects.
- To enhance quality of life and economic wellbeing the communities around the operational areas through innovative developmental programmes.
- To build a socially responsive image of LAIG through CSR activities.

In the process, LIAG was seen to be associated with embedding corporate ambition, instilling organizational values, giving meaning to employees' work and giving an image of social institution from an economic entity.

For the purpose of focusing its CSR efforts in a continued and effective manner, the following seven thrust areas have been identified:

1. Environment Conservation
2. Community Infrastructure Development
3. Potable water/ Sanitation
4. Healthcare
5. Livelihood advancement
6. Literacy Enhancement
7. Skill Development

<sup>3</sup> Bob Willard book : The next sustainability wave.

<sup>4</sup> KPMG's International Survey of Corporate (Social) Responsibility Report : my 2005

## CSR IN LIAG: THE PROCESSES

The basic philosophy behind the purpose dimension of CSR management was to move beyond structure by demolishing command-and-control structures, and re-build with processes that fire-up collaboration, creativity, and growth through the organization.

**The Pioneering Process:** The entrepreneurial engine has been found to be maintained deep in the CSR set up, literally starting from zero. All this has happen in a short span of three years. Top management at LIAG realized that they couldn't build the structure of the CSR set up on a model of top-down direction and delegation. Rather, they were committed to encouraging bottom-up ideas and initiative. The system has been found to be strengthened further, as the knowledge associated with decision making are specific in nature, which can't flow easily upward in the hierarchy. Over these years, a culture has been build that has set great store by the ability of the individual which has been found to be the foundation of the institutionalized entrepreneurial process. This culture has helped the entity to have a set of norms which have become the key coordinating mechanism. With a strong set of norms, management trusted those with direct knowledge of the external socio-economic environment, operations or the transformation process, which has become a basis of management. The associated philosophy has rewarded LIAG with high impact initiatives in all the seven thrust areas.

To prevent anarchy creeping into the organization as a result of empowerment of the operating core, Arvind maintained a balance between discipline and support. He refers this to good parenting, balancing encouragement and control. Accordingly, he established internal discipline and set the performance standards that motivated front-line managers to superior performance. The culture further built self discipline, where employees came to meetings and engagements in time, worked towards agreement of defined agendas, and didn't question them in the corridors the decisions they agreed to in the conference room. They were found to be delivering on their promises and over a short period of time, all meeting at the CSR set up had clear agenda, and closed with decisions, action plans, responsibilities and deadlines. In the CSR group, respect for individual is de rigueur and highly successful. It embraces a bottom-up approach of "grow and divide". Small teams – fueled by individual's entrepreneurship and direct knowledge of thrust areas and operations grow into entities under work centers.

**The Expertise Building Process:** The top management of LIAG has entrusted the operating units with the challenge of creating expertise needed to pursue opportunities in the thrust areas. It has limited its own role to seeing that the expertise is shared through cross-unit flows of resources, knowledge and people. As a result it has been able to maintain flexibility and responsiveness and meet the

dynamic success factors. It has been able to take advantage of the depth and breadth of employee's talent and knowledge. The root to the success of the CSR initiatives in all the thrust areas has been a set of expertise duly built by the operating units. The much needed skills to use logical framework for social project management was developed by a small group of associates from community development and infrastructure development thrust areas along with key resource persons from three executing agencies, which happened to be leading NGOs. With a culture driving norms as a key coordinating mechanism, the CSR entity in LIAG has exhibited biological self-control. As a result, associates have been seen supporting more pressing initiatives in another work centre/ thrust area putting aside self-interest and territoriality, demonstrating cooperation and mutual support.

Employees have demonstrated the belief that their challenge has been to develop and use expertise to create high impact social interventions that can be executed effectively at reasonable cost and time. In the words of Arvind, the CSR entity at LIAG runs like an educational institution, where everyone is both a teacher and a student. The teaching-learning orientation has helped Arvind to see the expertise build-up in a very subtle manner. Arvind has been able to build fairness into the organizational practices, resulting in confidence in people. Thus despite dual reporting relationship in the

matrix structure and somewhat vague lines of authority, people had confidence that those with whom they share responsibility will contribute equitably. The organizational chart is given in Exhibit 2. This belief has been further strengthened by a well established sense of fairness with reference to evaluation of outcomes. An environment of trust has emerged leading to creation of a platform to acquire, share and use knowledge. This has also helped Arvind to create mutual interdependency and reciprocity in the CSR set-up.

More than twenty associates and fifty key resource persons from the executing agencies around the country work openly and easily with one another without secrecy, protectiveness or the not-my-baby syndrome, which often inhibits free exchange in other organizations. The CSR set-up has leveraged expertise across organizational boundaries through an innovative information network that has let associates, subject matter specialists, executive assistants and similar positions in the networked/ executing organizations like NGOs, voluntary organizations access information from variety of sources. The data informed regular discussions among the aforementioned people, letting LIAG execute CSR initiatives in the thrust areas with efficiency and ensuring quality.

The Rejuvenation Process: Logical framework has been used predominantly in the social project management in LIAG. Arvind has institutionalized a process of challenging the assumptions behind the four dimensions, i.e., goal, purpose, output and

activities. In the social project management domain, assumptions in the four dimensions have been taken for granted. However, Arvind has ensured that the articulation thereof is clear, and be subject to challenge. On examination of the logical frameworks for ten projects in three thrust areas and seven work centers, changes to the assumptions have been observed. LIAG actively obsolesces its own social deliveries by coming out with high impact social initiatives and engagements. The concept of stretched target within the thrust areas has been institutionalized. These stretched targets cover financial as well as non-financial objectives including those under the learning and growth areas.

The inherent nature of majority of the activities are such that, they appear to be necessities of life and livelihood. Hence making impact through such initiatives has been a challenge for LIAG. Therefore the focus has been to look at niche areas. Contribution towards sponsoring of family home at SOS village; aap ki rasoi (community cooking) programme, support for setting up non-formal education centers, providing modern technology based fire tender for fighting fire; supporting rain-water harvesting in schools, cluster development for self employment through Self-Help Groups (SHG), and integrated village development for three years have been some of the unique high impact initiatives. These activities and impact thereof have been captured from the CSR documents

published and after comparison with CSR activities by similar entities. Over a period time the top management has been able to commit to a small number of high impact initiatives.

### **CSR IN LIAG: THE PEOPLE**

LIAG has been a hierarchical organization from its inception with very clear decision rights and rules, reporting relationships and control and monitoring systems. However, the orientation in the CSR set up in LIAG has been very different. It has been a people driven set-up as against a systems driven, as in other parts of LIAG. The role of the strategic apex has been to create a stimulating environment within the CSR set up, where people understand and value unique ways of operating. The stimulating work environments have facilitated presentation of ideas by the associates and other role holders to the senior management, and have meaningful discussions in face to face meetings. The top management has been seen to be in a mode of developing initiatives rather than directing and controlling.

### **People issues at LIAG-CSR:**

Setting Direction by Positioning Key People: The strategy formulation and execution system that was in place at LIAG from the formal years enabled the top management, to use corporate level investments to administer control over strategic direction and decisions. By contrast CSR set-up's formal planning and budgeting system developed much later



was focused to support the entrepreneurial associates who operated on the front lines. Leaders have been minimizing their long-term decision-making role and delegating much of the decision making rights to the work center managers, who directly handle the CSR operations. For Arvind, it has been a gradual delegation process that has been associated with substantial top management involvement.

He summarized his role – “associates, assistants and thrust-area specialists want to learn and are greatly motivated and satisfied when they do. Top Management's challenge is not only to help people develop themselves but also to ensure that they do so in ways that support and reinforce LIAG's objectives. My first task is to provide the frameworks to help associates, assistants and thrust area specialists develop as professionals; next challenge is to loosen the framework and let them become leaders - those who are ready to take responsibility for setting their own objectives and standards. When I have created the environment that allows all the associates to transform them into leaders, we will have self-driven, self-renewing CSR set up in LIAG." The more lasting impact of top management has been by becoming more engaged in developing the competencies and relationship of task-holders in the operating core.

**Accomplish Control Through Internalized Behavior:** In the mainstream oil and gas business, the formal management control and reporting systems

enabled the top management team to exercise commitment prudence and control. During times of extreme volatility in the economic environment of business, the top management team responded to the volatility with cutting corners and demand management. However, this finance driven management control and reporting system was found to be inappropriate for CSR operations, as the context was very different, and the top management team had very little understanding of the CSR dynamics. Accordingly, they have replaced the traditional control-system with culture driven norm based on means of influencing people in the CSR set-up. A set of learning and development programmes have been established to coach key officials to develop self-monitoring and self-correcting behavior. A people oriented monitoring and reporting system has emerged replacing the finance driven management control and reporting systems, in which the role of the top management team has been limited to creating and maintaining a work environment where superiors and subordinates monitor and control themselves.

**Organizing Information Flows Through Personal Relationship:** Formal management control and reporting systems at LAIG have been the life-blood, with control over information flows being concentrated with the top management team. The system relied on the logic of seam-less flow of knowledge-information

to the top management team through the hierarchy for decision making. The same has been found to be ineffective for collecting, evaluating and transporting data for CSR operations, as it involved specific and tacit knowledge, whose articulation and transfer through the hierarchy was a problem. Accordingly, the top management realigned the system so as to serve the needs of associates and other key operating personnel - particularly their need to communicate with each other. Arvind developed "Sutradhar", a communication system, which provided all associates and other key personnel in the CSR set up concurrent access to accurate reports produced from a single database. In the process, it created an undisputed basis for fruitful conversation, where associates and other key personnel in the CSR set-up decided on actions without unproductive debate on validity of the data.

Arvind concluded – the challenge of managing the transfer of complex information and embedded and tacit knowledge is best addressed through personal relationships and informal networks. He encouraged upward information flows through an ideation programme. Thus, communicating through personal networks has been a preferred mode of communication rather than the formal systems. Arvind has been able to establish a network through which all members of the CSR set-up have been able to exchange information, develop

ideas and support each other. They have nurtured the lateral information flows that vertically driven, financial based formal systems ignored. There has thus been a radical change in information management. Instead of building systems to make data available for decision making by the top management team; systems have enabled information access for all key employees in the CSR set-up. This has resulted in information distribution and exploitation as a key source of success in the CSR set-up.

**Changing Employment Commitment:** Being primarily in the manufacturing/ process sector, capital and technology have been assumed to be the critical and scarce resources for LAIG. The role of human capital has been limited to supporting the investments in equipment and technology. However, for the CSR operations, the critical scarce resource was specific-knowledge comprising of thrust-area level expertise and competence. Knowledge was considered to be most valuable when it is controlled and used by those on the frontlines, unlike capital. A people oriented management model has emerged in the CSR set-up with reallocation of roles and responsibilities. The immediate benefit has been commitment. There have been opportunities for personal and professional growth. Although the organizational chart for CSR set-up given in Exhibit1 looks hierarchical, the coordinating mechanisms and information flow are organic and not mechanistic.

## **The Road Ahead**

The purpose-process-people orientation build by refining the core tenets of strategy-structure-systems has been the key to success at the CSR set-up of LIAG. The adoption of management principles based on purpose-process-people at the CSR set-up has however been a beginning and lot of refinements are in process as LIAG is predominantly mechanistic in its organization structure. While the achievements on the three key objectives had been remarkable, with a larger number of new high impact social initiatives being taken up in the last two years, question marks have been raised on the future performance. For the first time, a legislation with clear provision for dealing with Corporate Social Responsibility, i.e., clause 135, under chapter IX – Accounts of Companies, of the Indian Companies Bill 2012 (likely to become a law shortly), is expected to bring particular focus and attention of a larger number of stakeholders. This will also necessitate broadening of the scope of the CSR activities to cover the following:

1. Eradicating hunger and poverty
2. Promotion of education
3. Promoting gender equality and empowering women
4. Health - reducing child mortality, improving maternal health, combating HIV, AIDS, malaria
5. Employment enhancing vocational skills
6. Contribution to PM's fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women
7. Ensuring environmental sustainability
8. Social business projects
9. Such other matters as may be prescribed

While the CSR set up at LAIG under the leadership of Arvind is charting new paths to success, a lot depends on maintaining purposefulness, being process driven and with a strong people oriented culture.

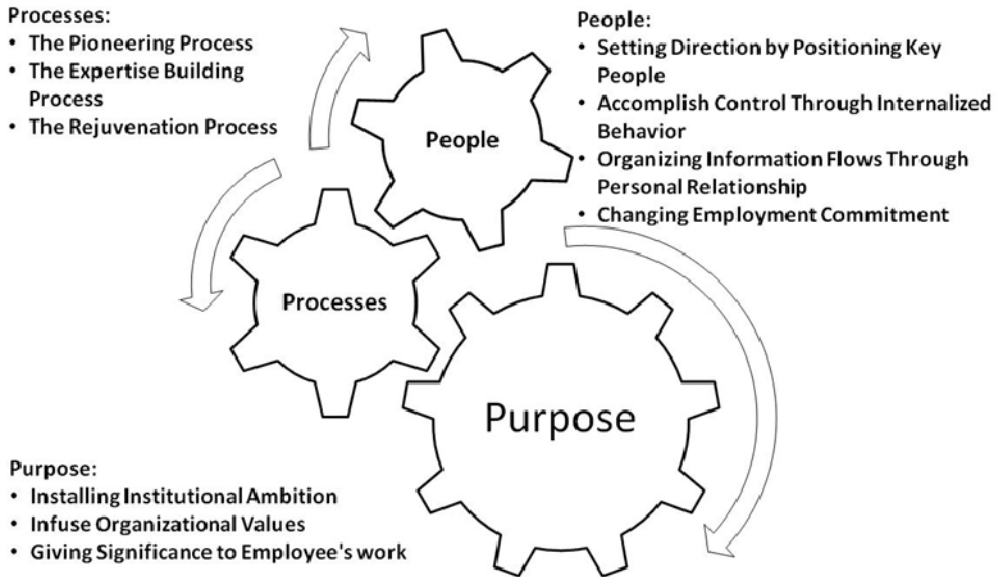


Exhibit 1. The conceptual framework

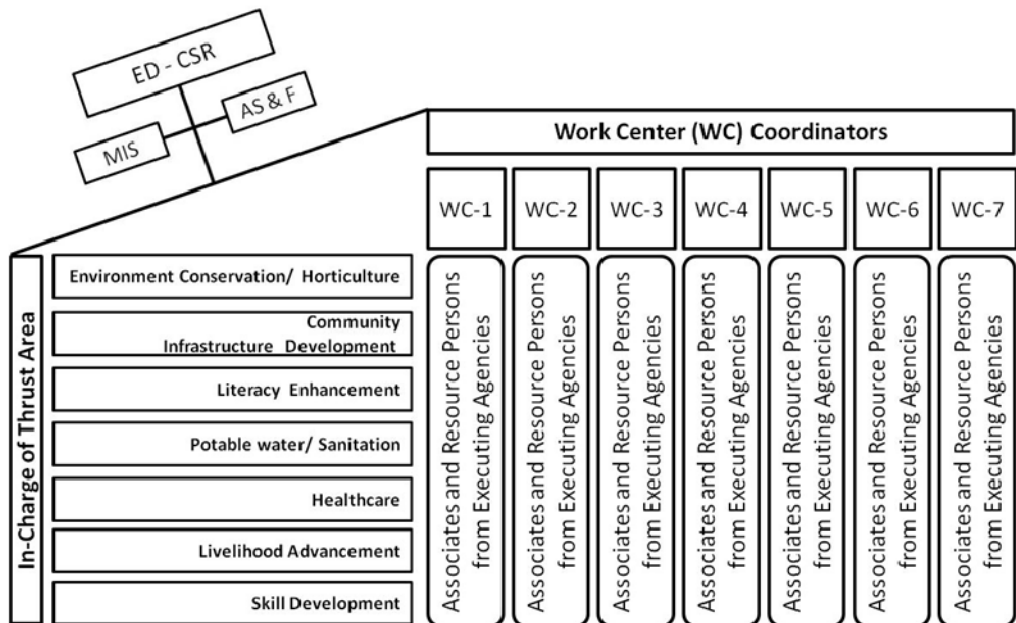


Exhibit 2. Organizational structure of the CSR entity in LAIG

**Notes:****Role of In-Charges of the Thrust Areas:**

They are primarily responsible for formulation of the engagement plan and supporting the work centre coordinators with knowledge, expertise and networking needs.

**The Functioning of the Associates:** The associates have dual reporting relationship, functionally they report to the respective thrust area in-charge, and administratively to a work centre coordinator. The work centre coordinator can vary depending upon the assignment of an associate to a particular work centre.

**The Functioning of Executing Agencies like NGOs and Deployment of Their Resources:**

The resource persons work along with associates reporting to the respective work centre coordinators. Some engagement plans are wholly executed by the agencies under work centre coordinators.

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**Review of Books/ Articles/ Policy documents:**

## **E-Governance and Entrepreneurship: Analysis of “Doing Business Report-2013”**

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The “Doing business report -2013” sponsored by world bank and International financial corporation has put India in 132 rank out of a list of 185 countries. This report has identified 11 broad parameters out of which there are many parameters related to e-governance aspect. E-governance in its different forms and levels acts as and entrepreneurship enabler. Many studies have indicated that the entrepreneurship being the growth driver of an economy, it becomes significant to further this objective through e-governance. This article relates the factors and identifies that out of 40 points enumerated 21 factors are possible at different levels of e-governance, thus suggesting that e-governance and entrepreneurship levels are co-terminus.

### **The background:**

World Bank and International Financial corporation (IFC) sponsored “Doing business report -2013” has placed India at 132 rank out of a list of 185 countries. This report essentially scans the legal and business environment for the small

and medium enterprises across 11 indicators, which has further sub indicators. The top 10 countries in this ranking have been Singapore, Hong Kong SAR, New Zealand, United States, Denmark, Norway, United Kingdom, Korea, Rep, Georgia, Australia, where as India finds a position with the likes of Indonesia (128), Bangladesh, Brazil, Nigeria, India, Cambodia, Tanzania, West Bank and Gaza(135<sup>th</sup> rank)

India being one of the fastest growing economies over past few years and being touted as the next economic super power in the making, the recent position in the Doing business report indicates otherwise.

This report has considered the Regulations affecting 11 areas of the life of a business are covered: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and employing workers. Data in Doing Business 2013 are current as of June 1, 2012. This report further has

indicated the essence of doing business as SMART business regulations—Streamlined, Meaningful, Adaptable, Relevant, Transparent—not necessarily fewer regulations.

India as a consolation has been classified as the 50 economies narrowing the distance to frontier the most since 2005 and it Ranks 27 in the list of countries which are improving and the percentage improvement is 10.6 percentage points)

#### **Analyzing the broad Indicators:**

The first indicator has been taken as Making it easy to start a business: which has sub-points as (a) Putting procedures online (b) Having no minimum capital requirement (c) Having a one-stop shop

The factors indicated here are relating to the e-governance where in the first level of governance is for the sake of sharing information. The second and third sub-points relate to again to the level of e-governance. The business with no minimum capital requirement indicates the prevalence of IT/ITES, pure service or consulting kind of organization, the acknowledgement of a knowledge economy. The regulatory cognizance of zero capital requirement for an organization set up is in itself e-enabled economy and does herald e-governance level of any country. It has been an acknowledged that the entrepreneurial endeavor faces major challenge of finance; the zero capital requirements further the objective of enabling entrepreneurial economy.

The report of the working group on 12<sup>th</sup> five year plan in India, has recommended the introduction of filing of Entrepreneurs Memorandum under the MSMED Act was an important initiative towards liberalisation of the MSME sector. It has acknowledged that this provision to liberate the entrepreneurs from the difficulties of registration of enterprise, for availing institutional finance and infrastructural support. The realization and stage of the learning curve at which the government has taken this step leaves much to be desired on e-governance. The working group acknowledges that the process of filing of Entrepreneurs Memorandum is still full of road blocks. The Group has recommended application of e-governance for streamlining of procedures. In a further recommendation the group has indicated the need for setting up of an information and data base network among the DICs, MSME-DIs and the Ministry.<sup>2</sup>

The recommendations indicates that e-governance effort being partly a reengineering of existing process and at the same time acknowledging that e-governance can also bring process change as a bi-directional process.

DB-Report 2013 has "Making it easy to deal with construction permits" as the second parameter with following sub-parameters (a) Having comprehensive building rules (b) Using risk-based building approvals (c) Having a one-stop shop. The comprehensiveness of the rules can be asserted in a process of seamless

integration of various departments and this can be possible at an advanced level of e-governance with databases of rules and regulations. The process and procedure clarity becomes logical only when there is consistency across.

The third parameter deals with “Making it easy to obtain an electricity connection” with (a) Streamlining approval processes (utility obtains excavation permit or right of way if required) (b) Providing transparent connection costs and processes (c) Reducing the financial burden of security deposits for new connections (d) Ensuring the safety of internal wiring by regulating the electrical profession rather than the connection process. The sub-point (b) of this parameter of providing transparent connection costs and processes is a well established benefit of e-governance.

In the MSME business enabling factor “Making it easy to register property” the DB-2013 report indicates the sub factors such as (a) Using an electronic database for encumbrances (b) Offering cadastre information online (c) Offering expedited procedures (d) Setting fixed transfer fees. The first 3 sub-factors can be considered to be impacted by e-governance. The database, online information and expedited procedures are directly related to e-governance status of any country.

“Making it easy to get credit” factor of DB-2013 report has been further sub-

classified as “Legal rights” and “credit Information”. Under legal rights of MSME, the factors that enables are; (a) Allowing out-of-court enforcement (b) Allowing a general description of collateral (c) Maintaining a unified registry. In this case the requirement of maintaining a unified registry is an e-governance initiative. Under the

“Credit information” sub-factor following items have been considered; (a) Distributing data on loans below 1% of income per capita (b) Distributing both positive and negative credit information (c) Distributing credit information from retailers, trade creditors or utilities as well as financial institutions. The process of capturing, collating and distributing credit information required ICT intervention under the broad aegis of e-governance.

The DB Report -2013 under the section protecting investors<sup>3</sup> and Making it easy to resolve insolvency<sup>4</sup> has different governance issues and indication of facilitating regulations. The ICT or e-governance impacts of these two sections were not discernible.

Under the section Making it easy to pay taxes the following issues have been considered in the DB report (a) Allowing self-assessment (b) Allowing electronic filing and payment (c) Having one tax per tax base. Both the cases of allowing self assessment and allowing electronic filing and payments require ICT intervention and is a level of e-governance itself. The self assessment here can be considered as a form of citizen engagement, in a



participative mode to support and further e-governance objective.

Similarly the section "Making it easy to trade across borders" has the following subsection; (a) Allowing electronic submission and processing (b) Using risk-based inspections (c) Providing a single window. And the subsection (a) and (b) are a part of e-governance efforts. These two processes can be enabled and strengthened if the status and the level of e-governance is responsive to the entrepreneurial need.

Making it easy to enforce contracts (a) Making all judgments in commercial cases by first-instance courts publicly available in practice (b) Maintaining specialized commercial court, division or judge (c) Allowing electronic filing of complaints. As it can be inferred allowing electronic filing of complaints, can give the entrepreneur a lot of freedom from the clutches of other time wasting processes and would be very cost effective. The process to be responsive has to become efficient in its own merit.

### **Indian ICT and e-Governance Scenario5:**

Dissemination of information through ICT increases transparency, reduce the discretionary powers of government officials reduce manipulative capacity and curtail corruption. Increased Participation by People, Reduce expenditure through reduced paper work, Ensure compliance, Increase revenue collections. There has been the clarity of understanding that the

use of emerging technologies like web 2.0, cloud computing, M-commerce will improve service delivery and Increase responsiveness of the system 3.

In the 15th National Conference on e-Governance; Bhubaneswar, Odisha, India, the thematic outline and status discussion has indicated the following.

- The Government of India launched the National e-Governance Plan (NeGP) in 2006 with the objective of making the government services accessible to the common man while ensuring efficiency, transparency, reliability and effective delivery of services at affordable costs.
- NeGP consists of 27 MMPs comprising 9 Central, 11 State and 7 Integrated MMPs. The relevant ministry owns the projects. It is called "Mission Mode" because it has a definite time table, service levels, project implementation team and process reengineering plans. These include projects such as, Income Tax, Customs and Excise and Passports at the central level, and Land Records, Agriculture and e-District at the state level. There are also a number of integrated MMPs such as e-Procurement and Service Delivery Gateway which require e-coordinated implementation across multiple departments.
- Common infrastructure - State Wide Area Network (SWAN), State Data Centre (SDC) and Common Service Centres (CSCs). SWAN has been

planned to act as the backbone, network for data, voice and video communications throughout a state,

- Common Service Centre (CSC) In order to assess the impact of the various capacity building schemes, the government has formed the National e-Governance Division (NeGD). A Capacity Building Management Cell (CBMC) has been also established within the NeGD. It plays a key role in setting up the structure, and framing guidelines and policies of capacity building schemes at both the national level (NeGD) as well as state level (State e-Mission Teams).
- State e-Mission Teams (SeMT) have been specifically introduced to enhance the skills of state government employees as well as to provide technical and professional support to state governments.
- The government has also adopted appointment of Third Party Auditing (TPA) agencies to monitor the performance of support infrastructure formed under the NeGP.

#### **MSME 12<sup>th</sup> five year Plan 6:**

The Approach Paper of the Planning Commission for the 12th Plan period acknowledges MSME Sector as the foundation for the manufacturing sector. It has identified few thrust and thematic areas to nurture competitiveness in MSMEs. These areas are; absorbing new technologies,

improving productivity in manufacturing sector, stimulation of the growth of dynamic clusters, need for skilled human resources for competitive enterprises and linking Skill Development and training initiatives with industry requirements.

The working group has stressed the importance of penetration of ICT to enhance the competitiveness and quality of governance. ICT coupled with innovation will trigger growth and result in generation of affordable and accessible products and services comparable to global standards.

#### **Application of e-governance for MSME 7**

- i. The filing of Memorandum document has been an important step in terms of transparency and efficiency, there has been further recommendation to streamline the procedure and have information and data base network among the DICs, MSME-DIs and the Ministry.
- ii. There has been a recommendation to setup "The Micro & Small Enterprises Facilitation Councils (MSEFC)" to facilitate MSEs. There will be an information and communication network for operation and monitoring of these MSEFCs. A budget of Rs.100 Crore has been recommended for ICT enabled upscaling of the EM filing and MSEFC operations.

**Creation of comprehensive database**

The working group has felt that the creation and maintenance of comprehensive database for MSME sector, including the unorganized sector is a pre-requisite for sound policy formulation. Regular updating of database is important, which will come from better administrative mechanism and enhanced budget provision. The data should have sectoral information for research and monitoring the policy compliance with respect to government and PSU purchases from MSME.

**Governance Parameters:**

In the Worldwide Governance indicator project gives the following parameters of governance; Voice & Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, Control of Corruption. This indicates that most of the factors except political stability can be impacted by e-governance in a substantial way.

**Conclusion**

Henry David Thoreau said "That government is best which governs least." and at the same time Napoleon Bonaparte said "Ability is nothing without opportunity." The government has the responsibility to create an economic and legal milieu through e-governance to ensure transparency, reduce the cost structure, and eliminate administrative arbitrariness.

This will create the datum for entrepreneurship. Entrepreneurship being a highly uncertain, economically creative social activity needs the governance framework to sustain and flourish. We have covered miles, but still we have miles to go. Much has been done and much still remains to be done.

**Notes & References:**

1. The "Protecting investors" point as the following sub-factors in the report; (a) Allowing rescission of prejudicial related-party transactions (b) Regulating approval of related-party transactions (c) Requiring detailed disclosure (d) Allowing access to all corporate documents during the trial (e) Requiring external review of related-party transactions (f) Allowing access to all corporate documents before the trial (g) Defining clear duties for directors. Though these processes can be impacted by ICT, these are not directly effected by e-governance.
2. Making it easy to resolve insolvency has the following sub-factors (a) Allowing creditors' committees a say in insolvency proceeding decisions (b) Requiring professional or academic qualifications for insolvency administrators by law (c) Specifying time limits for the majority of insolvency procedures (d) Providing a legal framework for out-of-court workouts.

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6. Report of The Working Group on Micro, Small & Medium Enterprises (MSMEs) Growth for 12th Five Year Plan (2012-2017) Ministry of Micro, Small & Medium Enterprises New Delhi – 110108
7. Report of The Working Group on Micro, Small & Medium Enterprises (MSMEs) Growth for 12th Five Year Plan (2012-2017) Ministry of Micro, Small & Medium Enterprises, 2.6.5
8. Report of The Working Group on Micro, Small & Medium Enterprises (MSMEs) Growth for 12th Five Year Plan (2012-2017) Ministry of Micro, Small & Medium Enterprises, 2.6.6
9. World Governance Indicator: Daniel Kaufmann, Brookings Institution Aart Kraay, World Bank Development Research Group Massimo Mastruzzi, World Bank Institute.



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Smith, E. E. (2001). Internet term paper mills: The case for mandatory expulsion [Electronic version]. *Journal of Crime and Punishment*, 6, 123–139.

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