

KIIT Journal of Management

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Accountable Managerial Ethics

Rabinarayan Subudhi

Introduction

Many of us fall victim of un-ethical practices, directly or indirectly, in some form or the other, and then we feel the necessity of 'ethics' and more particularly managerial ethical practices. But when we seriously introspect, we ourselves may be party to such practices, directly or indirectly, which might cause inconvenience to others. And the person, whom we feel to have 'cheated' us or consider having 'unethical practices', he himself might not be thinking so. Some consider such a 'lesser evil' acceptable, and justify it. 'Justification' can best be explained by taking the example of 'abortion'. Even if the conscious couple might sincerely wish to go for an abortion, how ethical it is, when we do not respect/ care the 'wish' of the 'yet-to-be-born' God-given 'speech-less' child!! Similar 'justifications' make round in case of some unethical business-practices. 'How we blame poor manager, who is to save his job, only by making profit, by any means?' Or some other way of justifying an unethical act. Many of us still believe, 'managerial ethics' is just a propaganda, with limited scope of implementation.

Un-avoidable evil?

Since ages, we have enough examples of un-ethical practices some

people/ party, where other parties get affected, at least to some extent. Sometimes bribe giver and receiver do the act with 'mutual agreement/ consent' and they justify the 'act'. They accept the 'act' as harmless or 'lesser-evil'. Even one party goes to the extent of justifying it as 'unavoidable' (lesser-evil). But as we take impartial view of such act, in most of such cases, some other party is directly/ indirectly affected or hurt. Getting a deal/ contract signed/ granted, we hear of some undue 'favour' being made/ shown. Ministers/ officers accepting 'favours' (like using chartered flights or air-travel offers) from business houses, for their personal/ family work is a common incident these days. Though it appears to be 'harmless' or even 'lesser evil' at that very point of time, there is surely expectations of return 'favour' for those very 'harmless' favours.

Such stories goes on.

Research and Cases on 'Business Ethics'

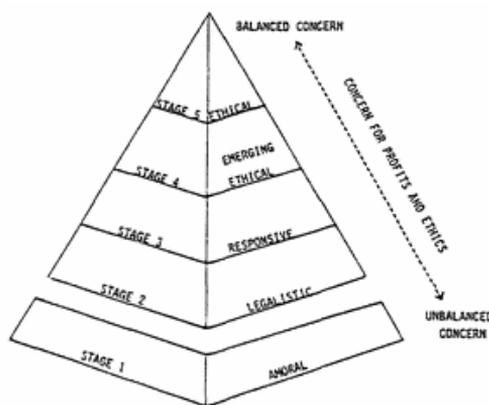
When we look back to the history of systematic (academic) study or research on this grave issue, affecting our society since many centuries, 'Business Ethics' came as an independent subject of formal/ serious research only after 1970's. It now attracts much more attention of researchers, these days. There are many notable

findings, which tries establish the ‘necessity’ of practicing ‘ethical practices’ by business-houses, for their very own existence and long run sustainable business. It is beyond the scope of this paper to enlist exhaustively all such notable research. But Reidenbach’ work is the one worth mentioning here, which categorises

business organisations into following four groups and urges transformation for the best form:

- Stage 1: Amoral Organisation
- Stage 2: Legalistic Corporation
- Stage 3: Responsive Corporation
- Stage 4: Emergent Ethical Organisation

Fig.: Conceptual Model (Reidenbach-Robin) of Corporate Moral Development



[From: Reidenbach & Robin, ‘A conceptual model of corporate moral development’, Journal of Business Ethics, 1991]

MNC’s Indian Business:

In the era of globalization, we cannot talk of ‘purely’ Indian business or ‘purely’ ‘Indian ethical values’. Many MNCs are doing very large business, contributing economically to Indian society, where many Indians get employment. But they are governed mostly by their own rules, ethics/ ethos. In some cases, their (compensation) rules are much better than Indian rules. But ‘ethical belief’ differs. We all remember the tragic episode of ‘Bhopal gas-leak’ disaster and the legal war against

Union carbide. Hundreds of people were critically affected. Legal fight was on for over a decade for monetary compensation. But what about human values? Can life be ever compared in monetary terms?

Perhaps a lesser known, similar episode is the deadly ‘mercury-spill’ by one HLL (thermometer) industry in Kodaikanal, Tamil Nadu, in 1980’s. Over 600 workers were badly affected (because exposure to mercury-waste substance). Harmful waste was left in a

local stream, that severely damaged environment. For a few years HLL covered-up things and did not listen to local protest. When many NGOs intensified the protest, the news (and factual report) became a national concern. HLL was then forced to accept the 'lapse' and closed the project, with a formal statement that, 'it is quitting thermometer manufacturing business, as its core business is actually ...soap, detergent, deodorant, food and beverages' (2001). It was also forced to sent back remaining hazardous-waste (of atleast 300 tonnes) to US in 2006.

Such examples (of society's fight back against un-ethical practices) are many and rising day by day. People are more aware than before. Even MNCs are realizing to respect local 'ethos', in their very own business interest.

Indian ethical-value considerations

As per Indian 'ethical-values'/'ethos', we believe that we are all answerable to the supreme power. End of our life, we must introspect and 'have a look' at our 'ethical-account', on what we have done and 'how' we have done those things. Here 'we' refers, very well to all the business-practices by all the business houses, small or big. Can we not expect a policy, like mandatory CSR-contribution,

to have 'Annual Ethical Statement', in place for all Business Houses/ concerns!

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Key Processes Adopted For Transportation Management System In Small Scale Firms

Vipul Chalotra

Assistant Professor, Dept. of Commerce
University of Jammu, 182121 Udhampur campus

Mail: vipulchalotra@gmail.com

ABSTRACT

Transportation management system occupies an important place in the contemporary arena as it assists in the smooth, exact and qualitative movement of goods to the aspired destinations. The present research work highlights some of the key processes adopted for transportation management system in 44 small scale firms operating in District Udhampur of J&K State. The research framework was scrutinized by empirical analysis of primary data collected from the respective small scale firms managers. The results of the ranking table revealed that the variable "Planning & decision making" attained rank, "Transportation execution" attained rank second. Third rank is obtained by the variable "Measurement" and rank fourth was gained by the variable "Transportation follow-up". Further, the results of the linear hierarchal regression revealed that proper planning and decision making leads to effective transportation management system in small scale firms.

Key Words: Transportation Management System, Small Scale Firms

INTRODUCTION AND LITERATURE REVIEW

Transportation today had made possible the existence of world markets in terms of globalisation, liberalisation. The market / marketing world exists because of transportation which further adds on by technically developing physical and electronic linkages. In present world the major costs contributing towards the price of the products are because of the

packaging, warehousing, transportation which amounts a lot in the overall costs. So transportation assists in transporting the raw materials etc to the place of production and even transporting the finished goods to the final consumption point which in lieu assists in exchange of goods and services of home and host countries.

A transportation management system (TMS) is basically a compartment of supply chain management that is entirely concerned with effective transportation management and transport operations which in turn is effectual subset of an enterprise resource planning system. A TMS lies between the enterprise resource planning and the warehouse/distribution unit. An effective transportation management system offers effectual routing solutions with the optimal decisions regarding both procurement and shipping/transportation orders. These solutions offer best route/mode to be decided by the user with the least possible cost. Once the user selects the best provider, an electronic load tendering is generated in order to trace the track for executing the optimized transportation/shipment with the carrier selected and further to support settlement process. Effective transportation management systems manage four key processes of transportation management which were considered for the present research purpose also:

- 1. Planning and decision making** – Under this the transportation management system will provide the most efficient transportation schemes which will include low transportation cost, fewer stops in order to ensure quality, short lead-time, flows regrouping coefficient, etc.
- 2. Transportation Execution** – Under this the transportation management system will execute the transportation plan while taking into consideration few points such as carrier rate acceptance, chosen carrier

availability, carrier dispatching, EDI etc.

- 3. Transport follow-up** – Under this the transportation management system will start following the transportation operation: tracing of transport event time to time (shipping from A, arrival at B, customs clearance, etc.), editing of reception, custom clearance, invoicing and booking documents, sending of transport alerts (delay, accident, non-forecast stops...)

- 4. Measurement** – Under this the transportation management system will prescribe a key performance indicator (KPI) which will report every function for transport like productivity in monetary terms, productivity in operational terms, e.g. shipping units/order or weight/load.

So, Transportation Management System (TMS) entirely focus on transport logistics which further facilitate connections between an Order Management System (OMS) and the Warehouse/ Distribution unit (DU). The various other functions which are performed by an effective transportation management system are: Planning and optimizing of terrestrial transport rounds, Inbound and outbound transportation mode, transportation provider selection, Arrangement of carrier i.e. rail, air and roadways etc, Real time transportation tracking, and vehicle load with Route optimization etc.

The transportation management research framework was promoted in the after the mid-1980s where the firms enhanced from the traditional transportation models to more

sophisticated network approaches with the effectiveness in terms of cost i.e. cost effective movement of goods across space and time (Knowles, 1993 and Black, 2001 & 2003). A well reputed transportation management system had to abide by many rules, norms, standards so that goods could be effectively sent from the place of production to consumption which is considered as the right place in order to measure transportation effectiveness which in lieu is encompassed with timely satisfying customers' demands. The base of business efficiency and economy lies in the hands of transportation management system adopted by businesses which expands other functions of logistics also. An effective transportation management system even brings in business competitiveness (Giuliano and Narayan, 2003). Effective transportation management system even pertains and includes all the functions and sub-functions into a system of shipment of goods effectively and safely to the requested destination which includes cost minimization, service maximisation to users and numerous other logistics benefits. The transportation management system, once put in practice or once executed, must be successfully managed (Ewing, et al., 2003). The present study takes into consideration the various key processes adopted by transpiration management system in 44 small scale firms operating in District Udhampur of J&K State.

HYPOTHESIS FORMULATION

The following was the main hypothesis of the study:

Hyp1: Proper planning and decision making leads to effective transportation management system in small scale firms.

Obj1: The objective is to analyse that whether proper planning and decisions assists in formulating and developing effective transportation management system in small scale firms.

RESEARCH METHODOLOGY

The research methodology adopted for the study is as follows:

Sampling and data collection

The sample for the study was chosen from the small scale firms operating in District Udhampur of Jammu & Kashmir State. There were registered firms under the DIC (District Industries Centre) Udhampur that were found operating under this pursuit. This area was chosen for research because of the research scarcity in this area. Proper and first hand information were collected from these 44 small scale units. There were total of 49 registered units under DIC out of which five of these were found non functional due to one reason or other. The 44 small manufacturing units were further categorised into similar ten lines of operations which is mentioned as: cement (8), pesticide (3), steel (3), battery/lead/alloy (5), menthol (2), guns (2), conduit pipes (2), gates/grills/varnish (5), maize/atta/dal mills (3) and miscellaneous (11).

The miscellaneous (not falling in any category) category embraced 11 small scale units namely M/s Supertech Industry, M/s Luxmi Electronics Works, Shaj Nath Vanaspati Ltd., M/s Aditiya Cables, Poles and Transformers, Shankar Lime Industry, M/s Unique Carbon Industries, M/s B.S Traders, M/s Vijay Candles, Everest Health Care Products, M/s J.K Petro Chemicals, M/s Ajay Ice Factory. The primary data from these small scale 44 units were collected with the help of census method.

Research instrument

Research instrument stands for data construction form. For the present study the research instrument was self developed with the assistance of existing literature and its content validity was checked by consulting the same with proficient academicians, industrialists, surveyors, research scholars. The research instrument contained questions regarding the general information of the respondents and some of transportation management system. The data collection form which is named as questionnaire comprised of ranking questions, dichotomous questions and five -point Likert scale, where 1 stands for strongly disagree and 5 for strongly agree. Here in this study, ranking tables and linear regression were used in order to make the study elaborative for drawing meaningful inferences.

Data collection

The data for the present research were collected with the assistance of self

developed research instrument namely questionnaire. The first hand information basically known as primary information were collected with the help of the developed instrument. The response was collected from the small scale firms' managers who stood as respondents of the research. The response was gathered taking into preview the time feasibility of the respondents and duly approaching them for the research purpose. All ethical considerations were followed while collecting response from respective respondents. The data was collected through census method. The secondary source of data was also taken into consideration and reliable information was collected by different sources: internet, books and empirical papers from referred journals. In the present study only and only Ranking tables were used for eliciting consequential inferences.

DATA ANALYSIS AND INTERPRETATION

The data so collected from small scale firms' managers were portrayed in tabular form to make it more meaningful and understandable. Table 1 lays out the mean ranking of factors laying down the key processes adopted for transportation management system in these small scale operational units functioning in District Udhampur of J&K State. In District Udhampur, under DIC (District Industries Centre) segregated into two main categories namely SIDCO & SICOP, there are 44 small manufacturing firms

operating which had been mainly classified into ten lines of operations i.e. the small scale manufacturing units having analogous types of businesses are categorised into homogeneous headings namely cement (8), pesticide (3), steel (3), battery/lead/alloy (5), menthol (2), guns (2), conduit pipes (2), gates/grills/varnish (5), maize/atta/dal mills (3) and miscellaneous (11). The factors that were enlisted in order to track down the key processes adopted for transportation management system in these firms are “Planning & decision”, “Transportation execution”, “Measurement” and “Transportation follow-up”. Overall, the variable “Planning & decision making” attained rank one among all the variables as this rank is accorded by almost all managers of these small scale registered firms. “Transportation execution” attained rank second. Third rank is obtained by the variable “Measurement” and rank fourth was gained by the variable “Transportation follow-up”. Overall mean response to the factors in descending order are 2.1 (Planning & decision making), 2.2 (Transportation execution), 2.5 (Measurement) and 2.9 (Transportation follow-up) respectively. The variables connoted that the processes so adopted by small scale firms justifiable for transportation management system. The following figure represents the various variables that determine the key processes for effective transportation management system:

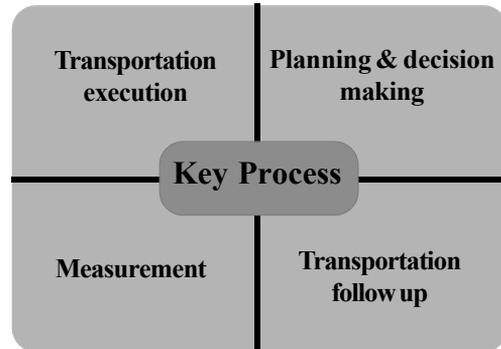


Fig 1: Figure showing the key processes with its various factors.

The ranking of the key processes adopted for transportation management system in small scale firms is done as follows:

1) Cements

The cements sector among the 44 small scale firms is the largest sector with eight prominent small scale firms named M/s Associated Cements, Zenith Cement Industry, Shivalik Cements, M/s Continental Cement Industry, Wullar Cements, M/s Shri Nath Industry and Uma Cement Industry being found enlisted as small scale firms. As far as mean ranking associated with the key processes adopted for transportation management system in these small scale firms is concerned: these small scale firms accorded rank one to “Transportation execution” as it acted as the main factor for transportation management. “Planning & decision making” was accorded rank two by almost all the small scale units as accrued to be the second important factor to be considered if transportation management

needs to be effective. "Measurement" was given rank three by these small scale cements firms and "Transportation follow-up" was positioned with rank four. Thus the ranking made by these firms ensured that "Transportation execution" is the prominent factor as it acted as the main/key process for effective transportation management.

2) Battery / Lead / Alloy

The second category of the industry is given the name Battery/Lead/Alloy because of the similar or allied products produced and sold by this category of firms. The total number of units under this category was five and they were respectively named as Radha Industries, Pilot Batteries, Durga Batteries, Suraksha Batteries and Avtar Batteries. The mean ranking approved by these small competent units firms was: "Measurement" was given rank one by all the small scale firms operating as it stood as the main factor that make transportation management effective. "Transportation execution" was accorded rank two amongst all the variables. The variable "Transportation follow-up" was endorsed rank three as it was that factor which determines transportation efficiency of the small firms. Accordingly, "Planning & decision making" awakened with rank four as represented in the table 1.

3) Pesticides/Insecticides

The third main category encircling small scale firms is Pesticides/Insecticides. The three main well known market

oriented firms operating under this category were: M/s Dhanuva Agritech Ltd., Safex Chemicals Ltd. and M/s Modern Insecticides. The mean ranking rendered by these small scale industries managers in respect of the key process adopted for effective transportation management in these small scale units is that these small scale firms fixed rank one to "Transportation execution" as it divulges that it determines the transportation effectiveness other areas also. Rank two was accorded to the factor "Planning & decision making" as it stood as the second main factor that assists in making transportation strategies effective in nature. Rank three was followed by the variable "Transportation follow-up" as it gives some glimpses of transportation effectiveness. The last and the fourth rank is devoted to "Measurement" which could be their last reason for adopting transportation processes.

4) Conduit pipes

M/s Pee Kay Products and Rukhmani plastics were the two small scale competitive units under this category. As far as mean ranking associated with the key processes adopted for transportation management system in these small scale firms is concerned, the variable "Planning & decision making" attained rank one amongst all the prominent factors under this group periphery. "Transportation execution" applauded with rank two and was given due recognition by conduit pipes. "Measurement" was

allotted rank three. “Transportation follow-up” was agreed at rank four. The mean rankings of the variables ensured that these small scale operating units puts emphasis on Planning & decision making as to be main variable that seems to be the first step in deciding transportation management.

5) Menthol

The menthol group comprised of M/s Harikripa Perfumes Pvt. Ltd. and M/s Mahadurga which were again quite competent small scale units. The ranking related to the process adopted for effective transportation management of these small units is as follows: “Transportation follow-up” was given rank one,

“Measurement” emanated with rank two,

“Transportation execution” was given rank three, and “Planning & decision making” was accorded rank four.

6) Guns

This category comprised of only two competitors namely M/s Gulab Gun Factory and M/s Hunter Gun factory. The two units were in use of effective transportation medium. Both of them dispensed rank one to “Transportation follow-up” followed by “Planning & decision making” with rank two. “Transportation execution” was bestowed with rank three by both the units and “Measurement” was consigned rank four. The ranking is displayed in table 1.

7) Steel

M/s Maha Luxmi Steel Fabricators, M/s Faqir Chand Sanak Raj and M/s Gupta Furniture were the three small scale competing units operating under this Industrial category. As far as mean ranking associated with the key processes adopted for transportation management system in these small scale firms is concerned, the variable “Planning & decision making” was assigned rank one as it was declared to be first step in order to decide for effective transportation management. “Transportation execution” ranked two, “Measurement” ranked three and “Transportation follow-up” ranked four respectively.

8) Gates / Grills / Varnish / Paint

This group was found to be the advanced group and is the main group of the research. M/s Balaji Industries, M/s Wazir Engineering Works, ISRO Products, Shakti Engineering Works and M/s Everest Paints were found operating under this category. As far as mean ranking associated with the key processes adopted for transportation management system in these small scale firms is concerned, rank one by this group of small scale firms was devoted to “Planning & decision making”. “Measurement” was given rank two by these units, “Transportation execution” was fixed with rank three, and “Transportation follow-up” was aligned rank four respectively (Table 1).

9) Atta / Maize / Dal mills

Shalimar Floor Mills, M/s Udhampur Dal Mills and M/s Sharda Enterprises were the three strong competitors operating under this esteemed category. So far as mean ranking associated with the key processes adopted for transportation management system in these small scale firms is concerned, "Planning & decision making" was consigned rank one by all the three strong competitors operating under the category. "Transportation execution" was elected for rank two by these small industrial units. "Measurement" was accorded rank three. "Transportation follow-up" was mentored rank four. It implies that atta/maize/dal mills small scale firms mainly concentrated on Planning & decision making for effective determination of transportation management processes as depicted in table 1.

10. Others (Miscellaneous)

There were eleven small scale competitive units operating under this miscellaneous category. The names of the units that were operating under this group were M/s Supertech Industry, M/s Luxmi Electronics Works, Shaj Nath Vanaspati Ltd., M/s Aditiya Cables, M/s Unique Carbon Industries, M/s B.S Traders, Poles and Transformers, M/s Vijay Candles, Everest Health Care Products, Shankar Lime Industry, M/s J.K Petro Chemicals and M/s Ajay Ice Factory. So far as mean ranking associated with the key processes adopted for transportation management system in these small scale firms is

concerned, "Planning & decision making" was accorded rank one by most of the small scale units and "Measurement" was given rank two by almost all the small scale units operating, "Transportation execution" was appropriated rank three and "Transportation follow-up" was consigned rank four representing the actual figure of variables that enlists the key processes adopted for transportation management.

Overall, all the small scale firms operating under SIDCO & SICOP represents Planning & decision making as the key process for effective transportation management, followed by Transportation execution, subsequently after that Measurement and at the end by Transportation follow-up (Table 1).

Regression analysis

In order to test the research hypothesis, regression analysis was conducted for measuring the impact of proper planning and decision making on transportation management system. The linear regression model summary table (Table 2) enticed with the value of R to be .780 which assures 78% alliance between dependent variable and the independent variable i.e. between proper planning and decision making on transportation management system, R^2 value of .700 denotes that 70% of variation in transportation management system could be explained from the independent variable (proper planning and decision making). Adjusted R^2 value .609 connotes the increase in the value of R^2 , if anytime

another independent variable is added to the existing independent variable. Further beta value reveals significant relationship of independent variable with dependent variable as depicted by its value. Change in R square is also found to be significant with F-values significant at 5% confidence level. Thus the hypothesis "*Proper planning and decision making leads to effective transportation management system in small scale firms*" is accepted as represented by its significance level $p < .05$.

CONCLUSION

Transportation is considered as of vital importance as it assists in developing diverse markets, reduces remoteness among different countries and augments International trade. It assists in the proper distribution of wealth. The transport network routes are essential in a country as it assists in the economic progress. The present research connotes the mean ranking associated with the key processes adopted for transportation management system in the small scale. The study takes into consideration some variables/factors which are quite appealing and praiseworthy as portrayed in the existing literature. The variable taken for the present study in order to identify the key processes adopted for transportation management system are: "Planning & decision making", "Transportation execution", "Measurement" and "Transportation follow-up". The present research conducted on the small scale 44 firms divulges the mean ranks accorded to these four variables by the managers of

these small scale firms. The ranking were related to the key processes that were adopted by these small scale firms regarding effective transportation system. Overall, the variable "Planning & decision making" is assigned rank one by almost all managers of small manufacturing firms. "Transportation execution" attained rank second. Third rank is acquired by "Measurement" and rank four was stood by "Transportation follow-up". Overall mean response to the factors in descending order are 2.1 (Planning & decision making), 2.2 (Transportation execution), 2.5 (Measurement) and 2.9 (Transportation follow-up) respectively. Further linear regression model summary results exposed that proper planning and decision making leads to effective transportation management system in small scale firms as contoured by the respective significant values.

Limitations of the study

The study is conducted in one area i.e. area specific, so the results of this study cannot have universal application as there could be diversity in other areas according to the environment and other factors associated. The results depend upon the response of the respective respondents. Anyhow all the efforts were applied to make the study free from any sort of biasness but the rule of subjectivity cannot be avoided.

Future Research

Similar type of research could be conducted in large scale firms. Future

research can also be conducted by taking into preview more than four factors that assists in mentoring the key processes adopted for effective transportation

management system. Moreover, the similar study could be considered for medium and large scale units operating in the other parts of the country.

Table 1: Key Processes Adopted For Transportation Management System in Small Scale Firms

Units/Factors	Transportation execution	Planning & decision making	Measurement	Transportation follow up
Cement	2 (I)	2.2 (II)	2.3 (III)	3.2 (IV)
Battery/Lead/Alloy	2.6 (II)	3 (IV)	1.8 (I)	2.7 (III)
Pesticides/Insecticides	1 (I)	2.3 (II)	3 (IV)	2.6 (III)
Conduit pipes	2 (II)	1 (I)	3 (III)	4 (IV)
Menthol	3 (III)	4 (IV)	2 (II)	1 (I)
Guns	2.5 (III)	2.5 (II)	3 (IV)	2 (I)
Steel	2.6 (II)	1 (I)	2.6 (III)	4 (IV)
Gates/Grills/Varnish/Paint	2.6 (III)	2.2 (I)	2.4 (II)	2.8 (IV)
Atta/Maize/Dal mills	2 (II)	1 (I)	3.3 (III)	3.6 (IV)
Others (Miscellaneous)	2.5 (III)	1.9 (I)	2 (II)	3.2 (IV)
Mean & Rank	2.2 (II)	2.1 (I)	2.5 (III)	2.9 (IV)

Note : Where 1 denotes “highest rank” and 4 denotes “lowest rank”

Table 2: Regression Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of Estimate	F value ANOVA	Sig. level	β	t	Sig. level
1.	.780	.700	.609	.2001	42.546	.000	.758	9.524	.011

a. Predictors: (Constant), Proper planning and decision making

b. Dependent Variable: Effective Transportation Management System

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Determinants of Dividend Policy for Selected Information Technology Companies in India: An Empirical Analysis

Souvik Banerjee

Assistant Professor,

Acharya Bangalore Business School, Bangalore, India

mail: souvik.2005@gmail.com

ABSTRACT

Determinants of Dividend Distribution are one of the hotly debated topics in corporate finance. In this research paper top 4 Information Technology (IT) companies in India are analysed over a span of 5 financial years. Three factors namely Leverage, PE Ratio, and Return on Equity are found to be statistically significant, as far as Dividend Distribution Decisions are concerned. This is a significant addition to the theory on Determinants of Dividend Distribution, especially in the Indian context.

Key Words: Dividend Distribution, Leverage, PE Ratio, Return on Equity

Introduction:

Distribution of profit to shareholders is termed as dividend (Pandey, 2004). Profit earned by companies can be retained by them for future usage, or can be returned to shareholders as dividends. Each business organization, has their own unique circumstances to take a very strategic decision with regards to the money generated through profit, i.e. whether to keep retain it or to return it to the shareholders. A number of conflicting theories have also been developed with respect to this (Alkuwari, 2009). The pertinent in this respect to note that

“The harder we look at the dividend picture the more it seems like a puzzle, with pieces that just do not fit together” (Black

1976). There are different theories on dividend payment, and they deal with whether dividend payment increases or decreases the valuation of the company. It is not difficult to identify the variables which affect the dividend payment decisions, however, what is difficult to determine is how these factors interact among themselves (Ross, 2009).

Most of the existing researches have focussed on developed Western Europe and the Northern American regions. Whereas emerging economies as a whole attracted very little attention in this respect (Musiega et al, 2013).

Models developed in the western world, may or may not be applicable to

emerging markets, due to their unique social as well as corporate culture, regulations and nature of investors (Musiega et al, 2013). Decisions to pay dividend and its impact on valuation of shares, is also widely debated in the literature of corporate finance, one set of argument put forth says that, dividend payment and increase in its amount, increases the valuation of the firm, whereas another line of argument says that, it decreases the valuation of the firm, still there are other researchers who think, dividend payment decisions have no impact on the valuation of the shares (Anupam, 2012). Modigliani and Miller (1961) proposed that dividend payment decisions are irrelevant from the equity valuation perspective.

Dividend payment decisions are signals to the investors regarding, what the incumbent management thinks about the future of the company. According to Bishop et al (2000), profits earned can be ploughed back into the business or kept by the management for investment for capital expenditure in future projects. In taking these decisions, what is pertinent to consider is not only how much money is needed for fresh capital expenditure, but also, what effect the capital expenditure will have on the share price of the company, thus affecting wealth of the shareholders of the company. Also firms should not drastically change, their dividend payout ratio, as it will impact the planned future investments (Abdullahi, 2011).

India Information Technology Sector:

Information Technology sector in India is one of the few areas where India became globally competitive. According to a report prepared by India Brand Equity Foundation (IBEF), India approximately counts for sixty seven per-cent of the global outsourcing market of US\$ 130 billion. According to the industry body NASSCOM (National Association of Software and Services Companies) data, the industry employ close to 10 million people putting together both direct and indirect employment.

Literature Review:

Krishman (1963) propagated a bird in the hand theory, regarding dividend distribution. According to this theory investors are risk averse by their very nature. Linter (1962), Gordon and Shapiro (1956) got support for this theory, through their research. The underlying logic for this behaviour was that returns from the equity market is uncertain, also there is considerable information asymmetry in the system, as a result, investors will like dividend payment, as it transfers money from the company to the investors.

On the other hand 'Agency Theory', propagated by Jensen (1986), argues that the dividend payment restricts the fund available to managers, as far as investment in new projects is concerned.

Lintner (1956) focussed on the behavioural side of the policy regarding Dividend Payment Decisions. He concluded that the managers take the

decisions to increase the proportion of Dividend Payment, only when they are certain that the firm's earnings have increased permanently. Brittain (1966) studied the Dividend Payment Policy and tax structure, over a long period (1919-1960) of time and concluded that, the principal determinant of Dividend Payment Policy decisions are Cash Flow of firms, and not the Net Profit figure. On the other hand Fama and Babiak (1968), concluded that Net Profit is a better determinant of Dividend Payment, than either the Cash Flow figures or the Net Profit and the Depreciation figures are taken separately, they reached this conclusion, on the basis of data analysed of 392 major firms, on a timeframe of 1946 to 1964.

In the Indian context, there are certain studies, in this regard. For example, Rao and Sarma (1971) concluded that Lintner model can explain the Dividend Payment Decisions, in industries such as coal mining, sugar, jute textiles, chemical, and cement industries.

Bhattacharya (1979) was of the view that bird in hand hypothesis is not proper. Moreover, it was further suggested, that the firm's level of risk assumption affects the level of dividend. Bhat and Pandey (1994) found support of Lintner's model in the Indian context, which proved that Indian managers increased the level of dividend, only when they became absolutely certain about the permanent nature of the increase in profitability.

Mishra and Narender (1996) tested

the Lintner's model of Dividend Payment on Public Sector Units (PSUs) in India. The study concluded that, the number of Dividend Paying PSUs compared to the total number of PSUs is quite small. The study also came to the conclusion that, the Dividend Payment Ratio (DPR), remain constant for most of the companies, even if the Earning per Share (EPS) figure shows a constant improvement. On the other hand Saxena (1999) found that, past revenue growth rate, future earnings forecast, how many shareholders a company has, and systematic risk act as the Determinants of Dividend Pay-out Policy.

Naceur, Goaid and Belanes (2006) tested Lintner's model in the context of Tunisian companies. This research found that, Tunisian firms follow a stable dividend policy; it also found that the primary determinant of Dividend Payment decisions is current earnings, instead of past Dividend Payment decisions.

Husam et al (2007) examined the determinants of corporate dividend policy in the context of Jordanian companies. This research endeavour found that, the proportion of ownership by insiders and the government are important determinants of Dividend Payment decisions; other determinants are size, age, and profitability of the firm.

Naeem and Nasr (2007) concluded on the basis of their research on Pakistan based companies, that the companies are either reluctant to pay dividends or pay

very less amount of dividend. The main determinants of Dividend are profitability of the companies and their previous year's Dividend Payment rate.

Kuwari (2009) researched on Determinants of Dividends in the context of Gulf Co-operation Council (GCC) countries, this particular study found that, the primary intention of paying dividend is reduction of agency cost. This study also found that, the firms do not look for long term target as far as Dividend Pay-out Ratio is concerned. The study concluded that, Dividend Pay-out Ratios have strong positive correlation with Ownership Structure, Firm Size, Firm Profitability, and negative correlation with the Leverage Ratio.

Objective of the Research:

In this research endeavour, the objective is to check what determines the Dividend Payment decisions in the listed Indian companies. The primary objective of this research is to understand the effect of Size, Profitability, PE Ratio, Leverage Ratio, and Liquidity Ratio of the companies on Dividend Payment decisions of the firms.

Hypotheses of the Research:

The null hypotheses of the research are depicted below

H01- Size of the company has a no effect on the dividend policy.

H02- Profitability of the companies has no effect on the dividend policy.

H03- PE Ratio of the companies has no effect on the dividend policy.

H04- Leverage Ratio of the companies has no effect on the dividend policy.

H05- Liquidity Ratio of the companies has no effect on the dividend policy.

Research Methodology:

Variables Used:

In this research endeavour Dividend Pay-out Ratio of the firm is taken as the dependent variable, whereas Size, Profitability, Risk, Leverage, and Liquidity of the firm are taken as the independent variables.

The Size of the firm is computed as the natural logarithm of the book value of the firm's Total Assets. This method is in accordance with Joseph (2001).

Profitability of the firm is measured by three parameters, i.e. Return on Equity (ROE), Return on Assets (ROA), Earnings per Share (EPS).

$ROE = \frac{\text{Net Profit after Preference Dividend}}{\text{Book Value of Equity Capital}}$

$ROA = \frac{\text{Net Profit}}{\text{Total Assets}}$

$EPS = \frac{\text{Net Profit}}{\text{Number of Equity shares outstanding}}$. This is taken in terms of Indian Rupees.

The Risk is measured by PE Ratio.

$PE \text{ Ratio} = \frac{\text{Market Price of One Share}}{\text{Earning per Share}}$

$Leverage = \frac{\text{Total Debt (Short Term Debt as well as Long Term Debt)}}{\text{Total Shareholder's Fund}}$.

Liquidity = Current Ratio (CR) = Current Assets/Current Liabilities

Dividend Pay-out Ratio (DPR) = Cash Dividend/Net Profit * 100

Profitability, Risk, Leverage, and Liquidity are taken in accordance to the method adapted by Mehta (2012).

Data Used:

The source of the data for this research has been Capital Market and Securities Exchange Board of India (SEBI) databases. The companies are chosen

from the Cement sector in India. The period of the study, which is taken into account is five years period starting from 1st. January, 2010 to 31st. December, 2014. The sample selection framework is in accordance to Gupta and Banga (2010). In total 4 top listed IT companies are taken into account. These 4 companies are the top 4 IT companies listed in Indian stock exchanges, in terms of revenue. The companies considered for analysis in this study are TCS Ltd., Infosys Ltd., Wipro Ltd., and HCL Technologies Ltd.

Empirical Results:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.404a	0.163	0.202	33.05
2	0.543b	0.295	0.219	32.87
3	0.576c	0.332	0.302	32.98
4	0.692d	0.479	0.442	33.01
5	0.712e	0.507	0.483	33.07

a. Predictors: (Constant), PE Ratio, CR, LEV, EPS, ROA, LTA, ROE

b. Predictors: (Constant), PE Ratio, CR, LEV, EPS, ROA, ROE

c. Predictors: (Constant), PE Ratio, CR, LEV, EPS, ROE

d. Predictors: (Constant), PE Ratio, LEV, EPS, ROE

e. Predictors: (Constant), PE Ratio, LEV, ROE

Table: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	0.014	3.452		0.406	.532		
PE Ratio	1.604	0.456	-0.224	4.346	0.001	0.674	1.548
LEV	3.402	0.345	0.354	5.462	0.005	0.542	1.688
ROE	4.065	0.455	0.456	7.080	0.002	0.754	1.243

Dependent Variable: DPR

The step wise regression model, used here, gradually removed the insignificant predictors one by one. The final model, with three predictors namely PE Ratio, LEV, and ROE can explain 50.7% of the variations in the Dividend Payment decisions. This is quite an improvement over 20.7% explaining capability of the initial model, as depicted by the R-Square values.

The fitted regression equation is

$$\text{DPR} = 0.014 + 1.604[\text{PE Ratio}] + 3.402[\text{LEV}] + 4.065[\text{ROE}]$$

All the three predictors namely, PE Ratio, LEV, and ROE are statistically significant, even at 5% level. All the three factors have positive influence on the dependent variable (DPR).

Conclusions:

Firms with higher PE Ratio are high growth firms, so it is natural that these firms pay higher dividend. Similarly higher Leverage for firm, results in higher portion of the profit is left for the equity holders. So it is no wonder that, firms with higher Leverage have higher DPR. ROE is intrinsically related, to return of the equity holders, so higher ROE results in higher DPR. These findings are in line with the existing literature. This study was done on a period, when Indian equity markets saw some of the exciting phases, and touched new all-time high. This research covered the 4 biggest IT services companies in India. This should be an

important addition to the existing literature on Dividend Payment decisions, especially in the context of the Indian capital market.

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Engagement Pattern of Customers in Digital & Social Media Marketing: A Study on Effect of Age group

Biswa B Das

Ph. D Scholar, KIIT School of Management, KIIT University, Bhubaneswar

mail: dasbbd@hotmail.com

Rabi N Subudhi

Professor, KIIT School of Management, KIIT University, Bhubaneswar

mail: rabisubudhi@gmail.com

ABSTRACT

Convenience, novelty and simplicity are the prominent characteristics of Digital & Social Media Marketing. At the same time, intensity and extensity of marketing activities on social media is a big challenge for any business to plan and handle. This very challenge provokes management studies researchers to explore as much as possible in terms of gathering deeper knowledge and to attempt to make it useful for all stake holders.

This paper covers the aspects of 'Age Group' related 'Engagement pattern' within the framework of DSMM. The aim is to create engagement opportunity and build up the relationship value and maintain it with long term objective. It tries to capture as to, how users look at online reviews and online purchases. Finally, their behaviour in terms of sharing the online experiences within friends, family and social group is examined. It is found that DSMM users of all age groups demonstrate quite positive indulgence in checking for online reviews and seeking information in social media. But the inclination to, share online experiences and influence buying decisions of others, actually declines with advancing age groups.

Key Words: DSMM, Engagement, Social Media, Online Reviews, Online Buying

Introduction:

Digital & Social Media Marketing in Service Industry Perspective:

How effective and how popular today is Digital & Social Media Marketing (DSMM)?

To have an elaborate discussion on such a burning topic, better way to start is to cite some current examples of relevance.



Fig. 1 Screen Shot of Times of India's Website (21/10/2015, 10:41 hrs.)

Through the above cited example (Fig.-1), Tata Housing was launching a new housing project in Goa, inviting prospective customers only if they are Facebook users. If the caption in this advertisement (Fig. 1.1) is carefully noticed - "India's 1st Facebook-only Home Launch", it appears interesting, mysterious and thought provoking. As the Times of India's normal website (not e-Paper) was being accessed, even before getting into homepage, this advertisement flashed for a few seconds.

The blending of a convenient platform like digital medium on the internet and the participation of a fairly active and reasonably well-informed consumer-group, laid the foundation of a new phenomenon called **Digital & Social Media Marketing (DSMM)**. The abbreviation DSMM, though often hyped as a revolutionarily new concept, is actually as simple as it appears in its full form. It does not make any change or difference in the overall broader marketing objectives, purpose or goals. The newness

is in the approach, channel used and the additional dimensions of inter-activeness, collaborative style and participatory modus operandi of the target audience. The new approach was possible due to the advantage of the digital network connectivity and internet.

In DSMM, the same basic frameworks and guiding principles are important and useful while designing the DSMM communication for promotion. Nevertheless, DSMM has certain uniqueness that makes it more visible, trendy and a convenient cost effective platform.

Virtual Community; the unique aspect of DSMM

After having said that the overall broad marketing objectives, purpose and goals do not change because of DSMM, the enormously large virtual community that builds up within seconds by a click on the net, is the new and unique aspect of this form of market management. It connects people based on their like-mindedness or

some commonality of thinking or characteristics, with respect to a subject of discussion. The impact becomes hugely visible by sheer intensity and extensity of the “collective voice on the net”. In a way, the DSMM supports and enables a convenient form of marketing, where interactive participation and collaboration of consumers help in co-creation of value offering.

Social Media, a boon for Consumers as well as Marketers

Social media websites like Facebook, Twitter, WhatsApp etc. were not created keeping marketing objectives in mind. But due to the fact that people are able to instantly share plethora of information in a free, open and transparent manner, both marketers and consumers started seeing huge opportunities in these mediums to very convenient mould or generate activities to support consumerism on one hand and marketers interests on the other hand.

The Challenges involved

Convenience, novelty and simplicity are the prominent characteristics of Social Media Marketing. At the same time, intensity and extensity of marketing activities on social media is a big challenge for any business to plan and handle. This very challenge provokes management studies researchers to explore as much as possible in terms of gathering deeper knowledge and to attempt to make it useful for all stake holders.

This paper covers the aspects of **Engagement pattern** within the framework of DSMM. We discuss the engagement pattern of customers or the prospects. The aim is to create engagement opportunity and build up the relationship value and maintain it with long term objective.

Review of Literature:

Plangger (2012) used a regression model to show that social media investment has a positive relationship with firm value. It creates popular online brand communities (reflected through size of virtual community), that tend to positively amplify the engagement benefits leading to enhance the firm value. Highly differentiated industry e.g., entertainment industry, tend to engage more in social network development than other industry groups in both Facebook and Twitter. B2C companies obviously tend to favour Facebook and Twitter. Interestingly, Twitter appeared to be less negative. We notice quite many researchers viz., **Liang et al.** (2008), **M. Bulearca & S. Bulearca** (2010), **Agnihotri et al.** (2012), and **Clark & Melancon** (2013), generally endorsing that social media investment positively impacts customer relationship value. This finding could be termed as next logical convergence of customer value creation into firm value (may be on a cumulative basis).

Hosamani and Vadiraj (2013) did an empirical study to know the customer engagement practices in tourism industry

(in the perspective of Indian online travel industry). The research objectives were, to find out the critical parameters considered by travel enthusiasts. It's rather increasingly becoming a peer-to-peer model of sharing and evaluating information, shifting away from traditional B2C marketing. This empirical study throws light on customer practices at micro level of demonstrated activities. The findings without any exceptions point to the fact that User Generated Contents (UGC) and Online Travel Reviews (OTR) carry the highest credibility in consumers' mind, be it information gathering or evaluation for decision. This matches well with findings of other study of **Chi** (2011), where we saw that users' seek gratification of information, interaction and entertainment from virtual community, rather than from interactive digital advertisement of organisations.

Lee et al. (2013) carried out this exploratory research based on blogs data over two and half years, to contribute to the debate on role of social media in responsible food business, in the background of health and obesity issue controversy. Findings showed that organisations issued more product-related information than promotion-related ones. New product introductions led to positive buzz, but modifications of current products resulted in more negative responses, even if there was high fit with core business. It was also found that promotion-related press-releases were received negatively in general. The findings partially support

those of other studies showing that social media tools are effective platform for relationship marketing, as referred to in the studies of **Agnihotri et al.** 2012, and **Clark and Melancon** (2013). At the same time, a part of it contradicts the finding in **Agnihotri et al** (2012), where we saw that a fit between social media use and sales people's service behaviour has a pull effect on customers. But here in this study of **Lee et al.** (2013), it shows that information about modifications of current products, results in negative response.

Meaningful insight into various aspects of DSMM was obtained, in terms of factors, variables, and the constructs that influence the user behavior and engagement pattern. Both customers and the service provider stand to gain out of DSMM usage as a facilitating platform and strategic marketing tool.

Objective and Scope of research:

It is also seen that the research scenario pertaining to service industry shows less coverage relatively, and especially for India centric organisations. We all know and appreciate the fact that India is now termed as "The Service-Hub of the World". It is only natural and challenging that new research is taken up on India focused on service industries. To cite from **Subudhi and Das** (2015), "The big talk of demographic advantage of India (largest educated youth manpower that will emerge around 2030s or so) and the service industry superpower (that India is termed as), is not properly backed up with

futuristic pragmatic policies by regulatory bodies at one hand and the blame game between Industry and Academia on the other.” Therefore, aiming at a new research in DSMM with service industries perspective will be more contextual.

Research Methodology and Design

After the usual stages of Issues / Problems Identification, and the review of the existing literature, the research objectives were framed up. Research Issues were transformed to research questions, which formed the basis of the survey instrument later on.

Survey Instrument, the Questionnaire

The main research was conducted through a structured questionnaire with close ended questions covering the aspects like, basic demographic information and some key engagement activities. It tries to capture as to, how they look at online reviews and online purchases. Finally, their behaviour in terms of sharing the online experiences within friends, family and social group is examined.

Survey Method (on Consumers Engagement Perspective)

Uni-Variate Analysis of demographic data

Description of Frequency and Percentage of the following prominent variables were taken up.

1. Age Group of Respondents

Code	Category	Frequency	Percent
1	18–25 Yrs	188	40.3
2	26–35 Yrs	154	33.0
3	36-45 Yrs	80	17.1
4	Above 45 Yrs	45	9.6
Total		467	100.0

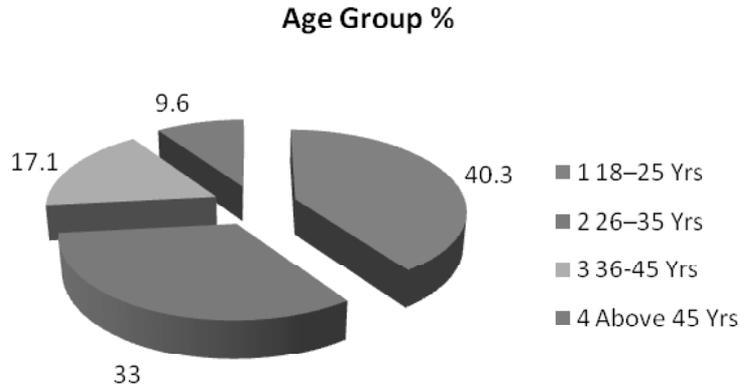
Google Form survey was done during 26th September 2015 to 30th October 2015 and resulted into 164 completed forms. Simultaneously physical forms survey was conducted in Bhubaneswar and Mumbai which continued till 15th November 2015. There were 303 completed forms from physical survey, 183 forms coming from Mumbai and 120 forms from Bhubaneswar.

Data from Google forms were converted to numeric code and data from physical forms were punched in excel sheet in numeric codes. Both these data were aligned and put in a single sheet in excel, resulting into a matrix of 467 rows and 77 columns. This sheet was put up for computations in SPSS and Advanced Excel.

Data Analysis

This paper deals with those aspects of the main research, wherein an attempt has been made to analyse the engagement pattern on broad dimensions like, how much of involvement is being carried out from consumer perspectives. Some basic demography and engagement related variables were analysed as under.

Fig.2 Age Group



As seen in the frequency percentage table, around 40% belong to first bracket of 18-25 years, 33% belong to 26 – 35

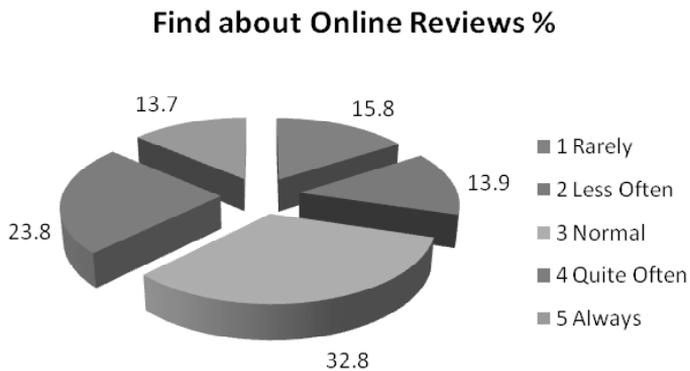
years, and about 27% are 36 years and above. This age group distribution appears to be quite normal and representative.

2. Checking about Online Reviews

Table 2 Checking about Online Reviews

Code	Category	Frequency	Percent
1	Rarely	74	15.8
2	Less Often	65	13.9
3	Normal	153	32.8
4	Quite Often	111	23.8
5	Always	64	13.7
Total		467	100.0

Fig. 3 Checking about Online Reviews



Around 37% of respondents engage in social media to check online reviews of specific things, in 'Quite Often' and 'Always' category put together. If

'Normal' use type is added to the above, it is over 70% of respondents who check online reviews on social network sites.

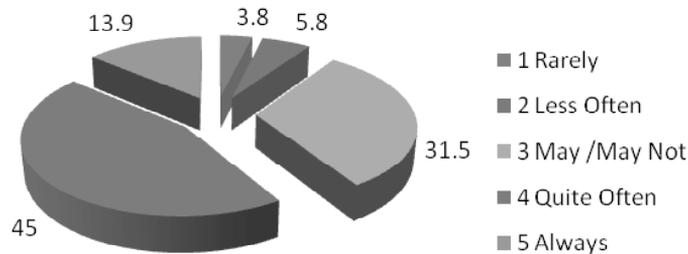
3. Willingness to Purchase Online

Table 3 : Will Purchase Online

Code	Category	Frequency	Percent
1	Rarely	18	3.8
2	Less Often	27	5.8
3	May /May Not	147	31.5
4	Quite Often	210	45.0
5	Always	65	13.9
Total		467	100.0

Fig. 4 : Will Purchase Online

Will Purchase Online %



Around 59% of respondents are quite inclined to purchase online. Added with another 31.5% in the 'May /May Not'

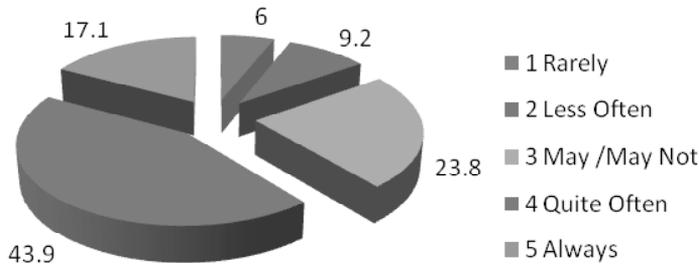
category gives an indication that over 90% are not averse to online buying.

4. Inclination for Sharing Experience and to Influence Buying Decisions of others

Table 4 Like to Share Experiences & Influence Others

Code	Category	Frequency	Percent
1	Rarely	28	6.0
2	Less Often	43	9.2
3	May /May Not	111	23.8
4	Quite Often	205	43.9
5	Always	80	17.1
Total		467	100.0

Fig. 5 Like to Share Experiences & Influence Others
Share Experience & Influence Others %



Clearly 61% of respondents would like to share the information and influence buying decisions of their family, friends and social group. Added with ‘May /May Not’ category, it shows that about 85% are not averse to sharing information and influencing buying decisions of others.

Bi-Variate Analysis (Cross-Tabulations)

1. ‘Age Group’ Vs. ‘Checking Online Reviews’ on Social Media

Table 5 ‘Age Group’ Vs. ‘Online Reviews’ Cross-tabulation

			Review					Total
			1	2	3	4	5	
Age Group	1	Count	36	33	60	35	24	188
		% within Review	48.6%	50.8%	39.2%	31.5%	37.5%	40.3%
	2	Count	22	13	52	41	26	154
		% within Review	29.7%	20.0%	34.0%	36.9%	40.6%	33.0%
	3	Count	7	9	24	29	11	80
		% within Review	9.5%	13.8%	15.7%	26.1%	17.2%	17.1%
	4	Count	9	10	17	6	3	45
		% within Review	12.2%	15.4%	11.1%	5.4%	4.7%	9.6%
Total	Count	74	65	153	111	64	467	
	% within Review	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Pearson Chi-Square: 0.012
Coeff: Eta (0.072, 0.186), Phi (0.235),
and Cramer’s V (0.136)

To get to know, whether there exist any association or dependence between the two factors, namely ‘Age Group’ and

‘Checking Online Reviews’, Chi-Square test was applied. As found from the above table (Significant), we accept the hypothesis and conclude that ‘Checking Online Reviews’ does have a relationship of association with age group.

2. 'Age Group' Vs. 'Like to Share Information & Influence Buying Decisions'

Table 6 'Age Group' Vs. 'Share Experience & Influence' Cross-tabulation

		Share-Exp-Inf					Total	
		1	2	3	4	5		
Age Grp	1	Count	7	19	34	89	39	188
		% within ShareExpInf	25.0%	44.2%	30.6%	43.4%	48.8%	40.3%
	2	Count	5	14	37	74	24	154
		% within ShareExpInf	17.9%	32.6%	33.3%	36.1%	30.0%	33.0%
	3	Count	11	7	23	25	14	80
		% within ShareExpInf	39.3%	16.3%	20.7%	12.2%	17.5%	17.1%
	4	Count	5	3	17	17	3	45
		% within ShareExpInf	17.9%	7.0%	15.3%	8.3%	3.8%	9.6%
Total	Count	28	43	111	205	80	467	
	% within ShareExpInf	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Pearson Chi-Square: 0.003

Coeff: Eta (0.216, 0.173), Phi (0.254), and Cramer's V (0.147)

To probe whether there exist any association or dependence between the two factors, namely 'Age Group' and 'Like to Share Information & Influence Decisions', Chi-Square test was applied. As found from the above table (Significant), we accept the hypothesis and conclude that 'Like to Share Information & Influence Decisions' does have a relationship of association with age group.

Findings and Conclusion

As observed, the largest pie of the age group is the 18-25 years bracket (mostly the Millennials and Gen Z), i.e. over 40% of the DSMM users population. Within this age group, over 63% show positive behaviour for checking online

reviews in social media (with normal, quite often, and always category of frequency).

This age group is also found to be very active when it comes to sharing experiences and influencing buying decisions of others in family, friends and social group. This is evident from the fact that over 68% are more positively inclined to share experiences and influence buying decisions of others (in quite often and always category).

It may be inferred here that the age group 18-25 years, is quite positively active in social media and very much commits and contributes to sharing of their online experiences and influencing the buying decisions of their peers, family and social groups.

The next large pie is the age group of 26-35 years bracket and it constitutes 33% of the DSMM users. In this group, over

77% show positive behaviour for checking online reviews in social media (normal, quite often, and always category).

This age group is also seen to be quite active when it comes to sharing online experiences and influencing buying decisions of friends, family and social circle. About 64% of this age group bracket show positive inclination to share online experiences and influence others (in quite often and always category).

We may thus infer that the age group 26-35 years, is very positively active in terms checking online reviews and is also active in sharing experiences and influencing buying decisions of their peers, family and social groups.

The third pie in age group dimension is the 36 years and above category, that constitutes about 27% of the DSMM users. A good 72% of this group show positive behaviour checking for online reviews in social media (normal, quite often, and always category).

However, this age group is also seen to be less active when it comes to sharing online experiences and influencing buying decisions of friends, family and social circle. Just over 47% of this group show positive inclination to share online experiences and influence others (in quite often and always category). This higher age group bracket, though constitutes a smaller pie in DSMM users, is pretty active in checking for online reviews information, yet is not so enthusiastic and forthcoming about sharing experiences and influencing others.

Thus, we see an interesting phenomena that DSMM users of all age groups, demonstrate quite positive indulgence in checking for online reviews and seeking information in social media. But the inclination to share online experiences and influence buying decisions of others, actually declines with advancing age (68% drops to 64%, and then to 47%).

Implications of the research for business

Summary of the above findings gives ideas to business organizations and marketers so as to strategize their marketing and promotion campaigns on social media in such a manner that,

1. Social media engagement activities should also attract and encourage consumers of higher age groups to be more interactively engaged in terms of sharing experiences and influencing their peers and social groups.
2. Some more efforts should be done by organizations and marketers to increase the percentage of users in young age bracket, specially focussed at engaging in the dimension of online reviews / information. This percentage should match up to the figures seen in higher age brackets (63% vs. 77 & 72%). This will give double benefit in the sense that it will enlarge the base audience and also will lead to enhanced sharing with and influencing others.

[Note: *This paper is a part of the doctoral research work being done by*

first author, under the supervision of second author, in the area of DSMM engagement pattern. Authors acknowledge academic and administrative support of KSoM, KIIT University authority, for this research project.]

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Web Resource (Online Database, Websites and URLs)

EBSCO Information Services: (EBSCOhost <http://search.ebscohost.com>)

Emerald Insight (<http://www.emeraldinsight.com>)

J-Gate (<http://jgateplus.com/search>)

ProQuest (<http://search.proquest.com>)

www.ama.org as accessed at 16:35 hrs IST on 29/07/2015

www.edupristine.com

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www.pewinternet.org

<http://meetingsnet.com/blog/meeting-planners-guide-strategic-social-media-marketing>



Organisational Conflict Literature: A Review

Rabinarayan Samantara

Associate Professor, Shivaji College, University of Delhi
dr.rabisamantara@gmail.com

Nidhi Sharma

Assistant Professor at Shivaji College in the University of Delhi
nidhisharma810@gmail.com

ABSTRACT

The present research involves a review of 'organisational conflict' literature in an integrated framework. In addition to exploring such basic issues related to organisational conflict as conceptual meaning and definitions of conflict, antecedent conditions or determinants of conflict, desirability of conflict, etc., the paper specifically focuses upon the internal dynamics of a conflict episode. More significantly, the paper highlights the fact that conflict can have either functional or pathological effects depending upon its management. The findings of various research studies analysed point to the fact that the levels of conflict as well as the styles of handling conflict can be suitably varied in different organisational situations with a view to enhancing organisational effectiveness.

Key Words Conflict, Dynamics, Antecedents, Effects, Management

Introduction

Organisational conflict has been a fascinating subject of study for most researchers and practitioners. While most researchers agree on the inevitability of conflict in organisations as well as on the need to manage them constructively, the literature relevant to organisational conflict is somewhat segmented (Thomas, 1976) and is specialised according to organisational areas e.g. labour-management relations (Stagner, 1956; Stagner & Rosen, 1965), line-staff

controversies (Dalton, 1950; McGregor, 1957), superior-subordinate conflicts (Evan, 1965; Burke, 1970; Renwick, 1975), inter-departmental disputes (Lawrence & Lorsch, 1967), etc. At this point, it must be emphasised, however, that the dynamics underlying conflict behaviour in one area have immense relevance to other areas as well. Moreover, a large volume of research undertaken outside the boundaries of organisations (e.g. experimental gaming, small group

research, social conflict, international relations etc.) has yielded concepts and insights of great potential relevance to the study of conflict in organisational settings. The contribution of such outside research to available knowledge regarding industrial and organisational conflict cannot be lost sight of. In view of the aforesaid facts, an attempt has been made in the present paper to provide a more fundamental and generic treatment of conflict covering all organisational areas.

Conceptual Meaning of Conflict

In the Behavioural Sciences, the term 'conflict' has no single, clear referent. According to the psychologists, the term often denotes incompatible response tendencies within an individual e.g. "approach-avoidance conflict" (Levinger, 1957), "role conflict" (Kahn *et.al.*, 1964), etc. In the sociological parlance, on the other hand, attention is focused on that type of conflict that occurs between social units i.e. between individuals, groups or organizations. These conflicts are known as inter-personal, inter-group or inter-departmental (Wall & Callister, 1995) or inter-organisational conflicts respectively.

There is no consensus among researchers even on a specific definition of conflict. It has been variously defined by different authors. In a review of conflict literature, Fink (1968) found a large number of divergent usages, including 14 different criteria for simply distinguishing conflict from competition. Within the organisational conflict literature, Pondy

(1967) noted a number of divergent definitions ranging over antecedent conditions, emotions, perceptions and conflictful behaviour. Rather than attempting to agree that one of these specific definitions was really conflict, Pondy (1967) recommended that conflict should be used in a generic sense to include all these phenomena.

In the absence of any consensus on the conceptual meaning of conflict, it is but quite natural that the term 'conflict' has been variously defined by different social scientists. Nevertheless, a few commonly given definitions of conflict which provide some indications as to the meaning of conflict may be presented here. According to Robbins (1974), Conflict is a process in which an effort is purposefully made by one person or unit to block another that results in frustrating the attainment of the other's goals or the furthering of his or her interests. Thomas (1976) views conflict as the process which begins when one party perceives that the other has frustrated or is about to frustrate some concern of his. Katz & Kahn (1978) view that two systems (persons, groups, organisations, nations) are in conflict when they interact directly in such a way that the actions of one tend to prevent or compel some outcome against the resistance of the other. According to Chung & Megginson (1981), conflict refers to the struggle between incompatible or opposing needs, wishes, ideas, interests or people; it arises when individuals or groups encounter goals that both parties cannot obtain satisfactorily.

Kabanoff (1986) opines that Conflict is the result of incongruent or incompatible relationships between members of a group or dyad. According to Roloff (1987), Organisational conflict occurs when members engage in activities that are incompatible with those of colleagues within their network, members of other collectivities, or unaffiliated individuals who utilize the services or products of the organisation. Hellreigel, Slocum, & Woodman (1992) define conflict as any situation in which incompatible goals, attitudes, emotions and behaviours lead to disagreement or opposition between two or more parties. Steers & Black (1994) define Conflict as the process by which individuals or groups react to other entities that have frustrated or are about to frustrate their plans, goals, beliefs or activities.

Some authors also include the environment as a constituent element of the inter-relationship (Applefield, Huber, & Moallem, 2000; Coy & Woehrl, 2000; Demmers, 2006; Lederach, 2000). According to Mayer (2000) conflict is “a feeling, a disagreement, a real or perceived incompatibility of interests, inconsistent worldviews, or a set of behaviors.” Conflict has also been referred to as differences between individuals or groups relating to interests, beliefs, needs and values (De Dreu, Harinck, & Van Vianen, 1999).

Rahim (2002) conceptualizes conflict as “an interactive process manifested in incompatibility, disagreement or dissonance within or between social

entities (i.e. individual, group, organisation, etc.)”. According to Rahim, conflict may occur when:

1. A party is required to engage in an activity that is incongruent with his or her needs or interests.
2. A party holds behavioural preferences, the satisfaction of which is incompatible with another person’s implementation of his or her preferences.
3. A party wants some mutually desirable resource that is in short supply, such that the wants of everyone may not be satisfied fully.
4. A party possesses attitudes, values, skills, and goals that are salient in directing his or her behaviour but are perceived to be exclusive of the attitudes, values, skills, and goals held by the other(s).
5. Two parties have partially exclusive behavioural preferences regarding their joint actions.
6. Two parties are interdependent in the performance of functions or activities.

Thus, on the whole, it can be concluded that a conflict situation is primarily the result of differences on account of issues related to a task or inter-personal relationships (Ongori, 2010). It is “the substantive issue in which the tension is rooted” (De Dreu, Harinck, & Van Vianen, 1999). Task conflicts result from disagreements within the group or among groups as to the content of the task or how it should be performed (procedure for accomplishing

goals) whereas relationship conflicts are a result of interpersonal incompatibilities and manifest as tension, animosity among group members (Jehn, 1995).

The Dynamics of Conflict

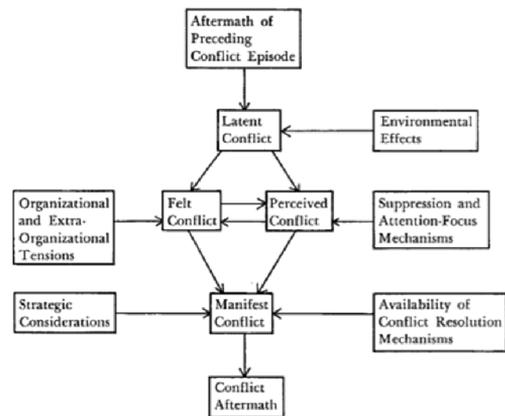
It was observed by Pondy (1967) and Walton and Dutton (1969) that conflict in a dyadic relationship tends to occur in cycles. In other words, a conflict relationship between two individuals or other social units can be analyzed as a sequence of conflict episodes. Each conflict episode is partially shaped by the results of previous episodes and in turn, leaves an aftermath that affects the course of succeeding episodes.

Five stages of a conflict episode were identified by Pondy (1967) as can be seen from Figure 1. These stages are (1) latent conflict (antecedent conditions), (2) perceived conflict (cognition), (3) felt conflict (affective stages e.g. stress, tension, anxiety, hostility, etc.), (4) manifest conflict (conflictful behaviour ranging from passive resistance to overt aggression), and (5) conflict aftermath (outcomes/consequences). Pondy (1967) concentrated on three basic types of latent conflict: (1) competition for scarce resources (2) drives for autonomy and (3) divergence of sub-unit goals. The next important stage of a conflict episode involves the cognitive states of individuals i.e. their perception or awareness of conflict situations. It may be noted that conflict may sometimes be perceived when no conditions of latent conflict exist, and

latent conflict conditions may be present in a relationship without any of the participants perceiving the conflict. Felt conflict refers to the affective state of individuals involved in a conflict situation (e.g. stress, tension, hostility, anxiety, etc.). Manifest conflict results when an individual member of an organization consciously engages in behaviour that blocks another member's goal achievement. Manifest conflict may mean any of several varieties of conflict behaviour, ranging from passive resistance to overt aggression.

Figure-1

The Dynamics of a Conflict Episode



Source: Pondy, L. R. (1967). Organisational Conflict: Concepts and models. *Administrative Science Quarterly*, (12), 296-320.

It may be reemphasized that each conflict episode is nothing but one of a sequence of such episodes that constitute the relationships among organization participants. If the conflict is genuinely resolved to the satisfaction of all

participants, the basis for a more cooperative relationship may be laid. On the other hand, if the conflict is merely suppressed but not resolved, the latent conditions of conflict may be aggravated and explode in more serious form until they are rectified or until the relationship dissolves. This legacy of a conflict episode is here called “conflict aftermath”.

Antecedents to Organizational Conflict

As it was pointed out at the beginning, the literature on organisational conflict has been somewhat compartmentalized, dealing mostly with certain specialized organisational arenas. So it is but quite natural that the organisation theorists have attempted to analyze the determinants of organisational conflict in the context of interest-group conflicts, inter-personal conflict, inter-departmental disputes, and so on. However, such isolated attempts made to deal with casual factors related only to a narrow segment of organisational conflict at one time have only stood in the way of development of a comprehensive theory of conflict and conflict management.

Conflict situations in organizations may be triggered due to several factors. In the present section, an endeavour has been made to integrate the determinants of organisational conflict as emphasised by sociologists and other behavioural scientists. The various determinants or underlying sources of conflict discussed are: competition for scarce resources, mutual task dependence, organisational differentiation, identity concerns,

performance criteria and rewards, barriers to communication, ambiguities, personality attributes, hierarchical differences in prestige, power and knowledge, role dissatisfaction, drive for autonomy, and need for tension release.

Competition for Scarce Resources

Conflict potential exists among interest groups where there is a discrepancy between aggregated demands of the competing parties and the available resources (Thibaut & Kelley, 1959). There is often conflict between labour and management over their respective share of enterprise profits; departmental units often compete for scarce organisational resources such as physical space, equipment, manpower, capital funds and centralised services (e.g. typing, drafting etc.); and so on. Walton (1965) describes such conflicts as complex relationships which involve both integrative (cooperative) and distributive sub-processes. Each party to the conflict has an interest in making the total resource as large as possible, referred to as “*expanding the pie*” (Pruitt, 1981) or “*creating value*” (Lax & Sebenius, 1986; Olekalns, 1997) but also in securing as large a share of them as possible for itself – a process referred to as “*claiming value*” (Lax & Sebenius, 1986; Olekalns, 1997). Conflict due to scarce resources is also referred to as the Bargaining Model of conflict due to the dynamics involved (Pondy, 1967). The integrative sub-process is largely concerned with joint

problem solving to maximize outcomes (Pruitt, 1981), and the distributive sub-process with strategic bargaining.

Mutual Task Dependence

Task dependence is the extent to which two functional units operating at the same hierarchical level depend upon each other for assistance, information, compliance or other coordinative acts in the performance of their respective tasks. Important types of interdependence matter are: (1) common usage of some service or facility, (2) sequence of work or information flow prescribed by task or hierarchy, and (3) rules of unanimity or consensus about joint activity. This type of conflict occurs mostly among groups or individuals engaged in a functional relationship and is also referred to as the Systems Model of conflict (Pondy, 1967). Dutton & Walton (1966) indicate that task-dependence not only provides an incentive for collaboration, but also presents an occasion for conflict and the means for bargaining over interdepartmental issues. As the sub-units often have different sets of active goals (Simon, 1964) or different preference orderings for the same sets of goals, ample scope for inter-unit conflict exists.

Organizational Differentiation

It is commonly acknowledged that uniform tasks require a bureaucratic type of organization whereas non-uniform tasks require a human relations organization. In the present day society, most large-scale organizations have to deal with both

uniform and non-uniform tasks, and most combine these contradictory forms of social relations into a professional model. Litwak (1961) regards the inclusion of these contradictory forms as a source of organisational conflict.

Lawrence & Lorsch (1967) emphasized the effects of differentiation on organisational conflict. Where each of the functional units (such as production, sales or research) performs a different type of task and copes with a different segment of the environment, the units will develop significant internal differences among themselves with respect to their: (a) degree of structure; (b) interpersonal orientation; (c) time orientation; and (d) goal orientation. Lawrence & Lorsch believe that this four-fold differentiation is largely a response to the degree of uncertainty in the relevant environments of different departments. They found that such differentiation between organisational units posed an obstacle to integration or coordinative processes, thus yielding ample scope for inter-unit conflict.

Identity Concerns

Identity concerns (Mayer & Louw, 2009) of individuals in terms of their self concepts such as feelings of being knowledgeable, confident, experienced, etc. have a profound influence on organisational conflicts. In his conceptual analysis of inter-organisational decision making, Walton (1972) views that the identity concerns of organizations are of crucial significance in the choice of

strategies (to be made for making joint decisions) as well as their potential consequences. If the identity needs of two parties are compatible (i.e. identity reinforcement), the parties are more likely to resort to problem-solving and exploit their integrative potential with a view to maximizing the joint gains available to them. However, when the preferred identities are in conflict (i.e. identity conflict), the parties are more likely to engage in bargaining behaviors and obtain sub optimal decisions.

Performance Criteria and Rewards

Inter-departmental conflict arises when each of the interdependent units has responsibility for only one side of a dilemma embedded in organisational tasks. Dutton and Walton (1966) noted that the preference of production units for long, economical runs conflicted with the preference of sales units for quick delivery to good customers. Dalton (1959) observed that staff units valued change because that was one way they could prove their worth, whereas line units valued stability because change reflected unfavorably upon them. While such dilemmas underlying inter-departmental differences are inherent in the total task, the reward system (Alper, Tjosvold, & Law, 2000) designed by management may either increase or dissipate their divisive effects. The more the reward system emphasizes the separate performance of each department rather than their combined performance, the greater is the likelihood of conflict to occur.

Barriers to Communication

Research findings have indicated that semantic differentials can impede communication essential for cooperation. This challenge is especially heightened in the current globalized economic environment with diverse interacting cultures (Mayer & Louw, 2009). Straus (1964) observed that differences in the training of purchasing agents and engineers contributed to their conflicts. March & Simon (1958) stated that organisational channeling of information introduced bias. In an empirical investigation of the causes of inter-departmental conflicts, Walton and Dutton (1969) used three measures of conflict, typically characteristic of the bargaining type of decision processes (a) distrust; (b) overstatement of departmental needs; and (c) lack of consideration of another department's needs. It was postulated that reducing the levels of the above three conflict variables would promote problem-solving behaviors. The results of the study revealed that communication-inhibiting factors were most significantly related to the composite measure of the conflict variables.

Ambiguities

Ambiguity contributes to inter-departmental conflict in many different ways. Difficulty in assigning credit or blame between two departments increases the likelihood of conflict between units. Dalton (1959) attributed part of the line-staff conflict he observed to the fact that although improvements required

collaboration between line and staff units, it was later difficult to assess the contribution of each unit. Similarly, Dutton and Walton (1966) found that conflicts arose between production and sales units when it could not be determined as to which department made a mistake. Low routinisation and uncertainty of means to goals increase the potential for inter-unit conflict. This proposition is supported by Zald (1962) in his study of inter-unit conflict in five correctional institutions. Ambiguity in the criteria used to evaluate the performance of a unit may also create tensions, frustration, and conflict (Kahn *et al.*, 1964).

Personality Attributes

A review of experimental studies led Walton & McKersie (1965) to observe that certain personality attributes such as high authoritarianism, high dogmatism, and low self-esteem increase conflict behaviour. Kahn *et al.* (1964) found that in objective role conflict, persons who scored lower on neurotic anxiety scales tended to depart more from “cordial, congenial, trusting, respecting and understanding relations”. A person with a narrow range of behavioral skills is less likely to exploit the integrative potential fully in an inter-unit relationship. He may either engage in bargaining to the exclusion of collaborative problem-solving, or withdraw or become passive (Walton & McKersie, 1966). Dalton (1959) and Thompson (1960) found that personal dissimilarities such as education, social

patterns, values, background, age, etc. lowered the probability of inter-personal rapport between departmental representatives, and in turn, decreased the amount of collaboration between their respective units.

Hierarchical Differences in Prestige, Power and Knowledge

Inter-unit conflict is produced by differences in the way units are ranked along various dimensions of organisational status such as direction of initiation of action, prestige, power and knowledge. As reported by Seiler (1963), when the sequential pattern of initiation and influence followed the status ordering among departments, it was acceptable to all. However, where a lower-status unit needed to direct a higher-status unit, the result was break-down in inter-unit relationships. In his study of correctional institutions, Zald (1962) offered an explanation of the effects of relative power. With mutual task dependence and divergent values among the three units studied, conflict occurred as expected between units that are unable to control the situation and those perceived as being in control. Inconsistency between the distribution of knowledge among departments and the lateral influence patterns are also a source of conflict. Lawrence & Lorsch (1967) observed that the more the influence of each unit is consistent with key competitive factors, the more effectively will the inter-unit issues be resolved.

Role Dissatisfaction

Role dissatisfaction stemming from a variety of sources can be a source of conflict. Dalton (1959) found that blocking status aspirations in staff members led to conflict with other units. In these cases, the professionals felt that they lacked recognition and opportunities for advancements. Similarly, where one unit internally reports on the activities of another unit, resentment can occur, as with staff units reporting to management on production irregularities (Dalton, 1959). Argyris (1964) and Dalton (1959) both have argued that role dissatisfaction and conflict would follow where one unit with the same or less status set standards for another.

Drive for Autonomy

Superior-subordinate conflicts in an organization usually arise because superiors attempt to control the behaviour of subordinates, and subordinates resist such control. The subordinate is likely to perceive conflict when the superior attempts to exercise control over activities outside the “zone of indifference” (i.e. over activities perceived to be outside the latter’s jurisdiction), and the superior perceives conflict when his attempts at control are thwarted. A typical bureaucratic reaction to subordinate resistance is the substitution of impersonal rules for personal control. Such imposition of rules defines the authority relation more clearly and robs the subordinate of the autonomy provided by ambiguity. The

subordinate, therefore, perceives himself to be threatened by and in conflict with his superiors, who are attempting to decrease his autonomy.

Need for Tension Release

Another important underlying source of organisational conflict is the human need for tension release (Coser, 1967; Pondy, 1967). It has been observed in organizations that the inconsistent demands of efficient organisational and individual growth often create anxieties within the individual (Argyris, 1957). Anxiety may also result from identity crisis from extra-organisational pressures. Individuals need to ventilate these anxieties in order to maintain internal equilibrium. In fact, latent conflicts of various types provide defensible excuses to individuals for displaying their anxieties against suitable targets.

Effects of Conflict

The traditional view of conflict assumed that conflict is essentially negative in character and is detrimental to the attainment of organisational objectives. However, the contemporary management thinkers conceive of conflict as a multidimensional concept, i.e. both negative and positive in character (Tjosvold & Chia, 1989). Van de Vliert and colleagues (1999) stated that “conflict can be handled in either a constructive or destructive way”. Despite this recent conceptualisation of conflict, few studies are available in which the researchers have tried to distinguish between constructive

conflict and destructive conflict as well as their respective effects on organisational outcomes. Research studies have shown a negative association between “disharmony” and the quality of employee relationships and between “disharmony” and new product success in terms of innovation performance. Conversely, harmonious or cooperative relationships have been found to be associated with improved performance. Dyer and Song (1998) specifically modeled constructive conflict and found that it leads to innovation success. Menon and colleagues (1996) found indirect linkages between dysfunctional (destructive) conflict and market performance for new product introductions. Song, Dyer, & Thieme (2006) found a strong positive association between constructive conflict and innovation performance and a strong negative association between destructive conflict and innovation performance.

Guetzkow and Gyr (1954) suggested two dimensions of conflict in the organisational context – one consisting of disagreements relating to task issues and the other consisting of emotional or interpersonal issues which lead to conflict. These two dimensions of conflict have been given a variety of labels – e.g. substantive and affective conflicts (Guetzkow & Gyr, 1954), task and relationship conflicts (Pinkley, 1990; Jehn, 1997), cognitive and affective conflicts (Amason, 1996), and task and emotional conflicts (Ross, 1989). In recent years, several researchers have empirically

investigated these two dimensions of conflict. They suggest that the distinction between these two types of conflict is valid and that they have differential effects at the workplace.

It may be noted that affective conflict refers to inconsistency in interpersonal relationships which occurs when organisational members become aware that their feelings and emotions regarding some of the issues are incompatible. “Summarily stated, relationship conflicts interfere with task-related effort because members focus on reducing threats, increasing power, and attempting to build cohesion rather than working on task... The conflict causes members to be negative, irritable, suspicious, and resentful” (Jehn, 1997).

Research evidence has shown that affective conflict impedes group performance by limiting information – processing ability and cognitive functioning of group members and antagonistic attributions of group members’ behaviour (Amason, 1996; Baron, 1997; Jehn, 1995; Jehn *et. al.*, 1999; Wall and Nolan, 1986). Affective conflicts are detrimental to the performance of the team as decisions are unlikely to be based on the merits of the case and backed by solid commitment for implementation (DeChurch, Hamilton, and Haas, 2007). Such conflicts could result in dysfunctional teams, and reduced performance and cohesion (Jehn and Chatman, 2000; Sullivan and Feltz, 2001; Wheaton, 1974). Affective conflicts diminish group loyalty, workgroup

commitment, intent to stay in the present organisation, and job satisfaction (Amason, 1996; Jehn, 1995, 1997; Jehn *et. al.*, 1999). These result from higher levels of stress and anxiety and conflict escalation.

Substantive conflict occurs when two or more organisational members disagree on their task or content issues. Substantive conflict is very similar to issue conflict which occurs when two or more social entities disagree on the recognition of and solution to a task problem. A study conducted by Jehn (1995) revealed that a moderate level of substantial conflict is beneficial as it stimulates discussion and debate which helps groups to attain higher levels of performance. As observed by Jehn (1997), "Groups with an absence of task conflict may miss new ways to enhance their performance while very high levels of task conflict may interfere with task completion".

Evidence indicates that substantive conflict is positively associated with beneficial outcomes in organisations. Groups that report substantive conflict are able to make better decisions than those that do not (Amason, 1996; Cosier & Rose, 1977; Fiol, 1994; Putnam, 1994, Schweiger, Sandberg, & Raga, 1986). Substantial conflict encourages greater understanding of the issues, which leads to better decisions. Such conflict promotes frank and open discussions potentially leading to innovative solutions, and also reduces possibilities of complacency,

status quo and tendency towards "group think" (Gero, 1985; Turner & Pratkanis, 1997). In addition, it has been noted that groups that report substantive conflict generally have higher performance levels. Substantial conflict can improve group performance through better understanding of various viewpoints and alternative solutions (Bourgeois, 1985; Eisenhardt & Schoonhoven, 1990; Jehn, 1995, 1997; Jehn *et. al.*, 1999). It should be noted, however, that the beneficial effects of substantial conflict on performance have been found only in groups performing non - routine tasks, but not in groups performing standardized or routine tasks.

Desirability of Conflict

The human relations movement, with its emphasis upon the personal and organization costs of conflict, implied that conflict was to be avoided or eliminated (Kelly, 1970; Litterer, 1966). This traditional notion of conflict essentially resulted from the misconception that conflict is inherently distasteful, destructive and pathological to organisational objectives. Although Kahn *et.al.* (1964) considered some conflict as essential for the continued development of mature and competent human beings; they stated that "common reactions to conflict and its associated tensions are often dysfunctional for the organization as an ongoing social system and self-defeating for the person in the long run. Similarly, Boulding (1962) recognizes that some optimum level of conflict and associated personal stress and

tension are necessary for progress and productivity but he portrays conflict primarily as a personal and social cost. Even the more dispassionate theory of organization proposed by March & Simon (1958) defines conflict conceptually as a “breakdown in the standard mechanism of decision-making”, i.e. as a malfunction of the system.

Attitudes towards conflict appear to have changed over the years. A more balanced view of conflict has emerged in the literature, which recognizes its costs and benefits, its dangers and promises. More and more social scientists are coming to realize and to demonstrate that conflict by itself is no evil, but rather a phenomenon which can have constructive or destructive effects, depending upon its management. As stated by Thomas (1976), “with the recognition that conflict can be both useful and destructive, the emphasis has shifted from the elimination of conflict to the management of conflict”. Now there is a more general recognition that inter-personal and inter-group conflict, if managed properly, serves many useful functions in the organization (Coser, 1956; Blake & Mouton, 1964; Deutsch, 1971; Hoffman, Harburg, & Maier, 1962; Pondy, 1967, Thompson, 1960). These useful functions of conflict have been described by Thomas (1976) in a succinct manner, as given hereunder.

First, a moderate degree of conflict may not necessarily be viewed as a cost by the parties involved. It is increasingly

recognized that too little stimulation or tension may be as unpleasant to a person as an excess of it. Under conditions of low tension, people may welcome or seek out the novelty of divergent opinions, the challenge of competition, and at times, even the excitement of open hostilities. Deutsch (1971) mentions that conflicts stimulate interest and curiosity, and that “conflict is part of the process of testing and assessing oneself and as such, may be highly enjoyable as one experiences the full and active use of one’s capacities”.

Second, the confrontation of divergent views often produces ideas of superior quality (Pelz, 1956; Hoffman, 1959; Hoffman & Maier, 1961; Hall, 1971). Divergent views must be based upon different considerations, different insights and different frames of reference. Disagreements may thus lead an individual to take cognizance of factors which he had previously ignored, and help him to arrive at a more comprehensive and balanced view of things.

Third, aggressive behaviour in conflict situations is not necessarily irrational or destructive. Indeed, the aggressive pursuit of apparently conflicting goals by two parties may well lead to constructive outcomes. March & Simon (1958) and Litterer (1966) state that such conflict tends to initiate a search for ways of reducing the conflict. Since one party’s gains are not necessarily another party’s losses, the parties may succeed in finding new arrangements which benefit them both (Follett, 1941) as well as the organization.

A few other useful side effects of conflict have also been noted by the social scientists. Litterer (1966) noted that conflict within an organization may call attention to systemic problems which require change. Hostility between groups also tends to foster internal cohesiveness and unity of purpose within groups (Coser, 1956; Blake & Mouton, 1961). Finally, power struggles often provide the mechanism for determining the balance of power, and thus adjusting the terms of a relationship according to these realities (Coser, 1956).

Management of Conflict

It has been widely recongised that conflict by itself should not be regarded as a negative phenomenon within organisations. Rather, there is ample research evidence to show that conflict can have positive or negative effects within organisations depending upon its management. Here, it would be significant to note that studies on the management of organisational conflict have generally moved in two directions. Some researchers have attempted to measure the amount or intensity of conflict at various organisational levels in terms of stress, anxiety, hostility, tension, competition, etc., and also explore the sources of such conflict. The underlying implication of these studies is that a moderate amount of conflict may be maintained for enhancing organisational effectiveness by altering the sources of conflict. As Brown (1983) has suggested, “conflict management can

require intervention to reduce conflict if there is too much, or intervention to promote conflict if there is too little”. However, it should be pointed out that the relationship suggested by Brown as mentioned above, seems to be appropriate only for substantive, but not for affective conflict. As discussed previously, Guetzkow & Gyr (1954) have differentiated between substantive and affective conflict, and have suggested that substantial conflict consisting of disagreements relating to tasks, policies and other organisational issues is positively associated with beneficial outcomes in organisations. On the other hand, affective conflict consists of emotional or interpersonal issues, and it has been found to impede group performance as well as other measures of organisational effectiveness. Thus, while substantial conflict is to be maintained at an appropriate level within organisations, affective conflict should be discouraged as much as possible on account of its dysfunctional effects. The instrument developed by Jehn (1994) can be used to measure affective and substantive conflicts at the group level as well as at the interpersonal and intergroup levels.

The second approach to the management of conflicts has been used by researchers to relate various styles of handling interpersonal conflict and their effects on organisational objectives. In fact, a number of research studies have been conducted on the relationship between styles of handling conflict and

different dimensions or aspects of individual, interpersonal, interdepartmental or organisational effectiveness. At a conceptual level, Blake and Mouton (1964) suggested that individuals or organisations placing greater emphasis on confrontation or problem – solving behaviour would have effective interpersonal relations. In an empirical study, Lawrence & Lorsch (1967) examined the use of confrontation, forcing and smoothing in six organisations. Their research findings indicated that while confrontation or problem – solving behaviour seemed to be clearly related to organisational effectiveness, it was also noted that the absence of smoothing and the presence of forcing as a back – up mode (to confrontation) were related to effective organisational functioning. Another study conducted by Burke (1969) involved examining the five methods of resolving conflicts (as proposed by Blake and Mouton) in the context of superior – subordinate relations. It was found that confrontation or problem – solving emerged as the most effective method of conflict resolution, and it was followed by smoothing behaviours. In addition, it was noted that withdrawing and forcing behaviours were negatively related to interpersonal effectiveness while compromising was not at all related to effectiveness. In the context of interdepartmental relations, Thomas (1971) found that managers' satisfaction with interdepartmental negotiations varied positively with confrontation and smoothing

behaviour by their counterparts in other departments, and negatively with forcing and withdrawing. Another study conducted by Aram *et. al.* (1971) within research and development teams indicated that team collaboration was positively related to several measures of member self–actualization and well–being. By contrast, Dutton and Walton (1966) observed that managers involved in competitive inter–departmental relations experienced considerable frustration and anxiety.

It must be pointed out that the studies available on the relationship between conflict management strategies and organisational or individual effectiveness have been mostly conducted in American industrial settings, which may not be so pertinent to Indian industrial situations. In the Indian context, a case study conducted by Sharma and Samantara (1994) on the relative effectiveness of conflict resolution methods in terms of their effects on organisational effectiveness aspects (i.e. productivity, adaptability and flexibility) of a computer–manufacturing organisation revealed that confrontation or problem–solving was the most effective method of conflict resolution, and it was followed by smoothing behaviour. Although the compromising and withdrawing models were somewhat positively related to effectiveness, their effects seemed to be relatively insignificant. It was also noted that the forcing mode of resolving conflicts emerged as the ineffective one.

Concluding Observations

In the preceding analysis, the contributions of leading theoreticians as well as researchers on the subject of organisational conflict have been put together in an integrated framework. In fact, the present research has been immensely revealing in that it focuses on certain fundamental issues related to organisational conflict such as its internal dynamics, its antecedent conditions, and the changing view of conflict and conflict management in recent times. It is hoped that the ideas and insights gained from this analysis will help the practicing managers to take a more pragmatic view of conflicts existing at various organisational levels and also seek to realize their potential benefits to the organization in terms of individual as well as group development, organisational innovation and creativity, higher performance levels, etc., through better management practices.

On the basis of our analysis of research studies conducted on the relationship between conflict management strategies and several aspects of organisational effectiveness, we can conclude that the problem-solving strategy or behaviour may be viewed as the most effective way of managing conflicts in organisations, and it may be supplemented by the use of smoothing behaviour. Thus, there is a need to encourage managers to enhance their utilization of these two conflict management strategies or methods, especially in the context of the emerging scenario of increasing education, skills and

horizon of understanding of industrial employees. However, the research findings have also amply demonstrated that forcing behaviours are rather counter-productive in the management of organisational conflicts. In view of the emergence of industrial democracy, the present-day managers can no longer afford to ignore the needs and aspirations of their subordinates, or ignore the latter's suggestions and viewpoints on a variety of organisational issues. In fact, the subordinate employees do have the necessary ability to understand and analyse the intricacies related to the work situation, and also get involved in organisational decision-making. Thus, the managers should make a reduction in their utilization of forcing behaviours in resolving or managing conflicts with their subordinates.

In the end, it must be pointed out that the above suggestions made regarding the relative efficacy or effectiveness of conflict management strategies may have immense practical relevance to industrial situations and conditions. However, still there is a paramount need to conduct comprehensive research studies across industries, especially in the Indian context, with a view to obtaining research findings that would have greater validity as well as general applicability to the Indian industrial environment. In addition, we should not be oblivious of the fact that there are also several situational variables such as employees' education and skills, their economic conditions, organisational climate, social norms, etc. which do play

a significant role in the choice of conflict management strategies as well as their attendant consequences on different aspects of organisational effectiveness. Therefore, the managers must try to understand and analyse the situational variables before choosing the appropriate style of conflict management to be used in a given situation. Although different notable contingency approaches to conflict management (Thomas, 1972, 1976; Derr, 1978; Pareek, 1982; Rahim, 1985; Rahim *et al.*, 2001; Rahim & Bonoma, 1979) have analysed different sets of situational variables affecting the choice of conflict management strategies as well as their potential outcomes or effects, there is a specific need to conduct empirical research studies regarding the efficacy or effectiveness of conflict management strategies in the context of various organisational as well as psycho-social variables.

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Performance Analysis of Mutual Funds: Selected Reliance Mutual Fund Schemes

Muralidhar Prasad Ayaluru

Associate Professor,

Dept of Finance , Siva Sivani Institute of Management,

Secunderabad – 500 014

mail: muralidharprasad@ssim.ac.in, muralidharprasad@gmail.com

ABSTRACT

Indian Financial System was rejuvenated with the introduction of multiple financial institutions, financial services and financial instruments in the post LPG era. This process has opened doors to the private business entities also to start new financial institutions and offer various financial services and instruments. One such institution was mutual funds. Many a number of private corporate houses have started mutual funds immediately after government / SEBI permission. Among the first entrants Reliance Mutual Funds is one and it has significant contributions to the Mutual Fund services. In the current study 10 top performing schemes offered by Reliance Mutual Funds are selected to make a comparative study on the risk and return offered by these funds. From the study it is observed that among the selected funds Reliance Small cap fund is considered as a fund with moderate risk as well as moderate returns, against which the Reliance Bank Fund is considered as high risk with high returns.

Key Words : Mutual Funds , Reliance , Risk, Return, Jensen , Sharpe, Treynor,

INTRODUCTION

The Indian financial system is based on four basic components Financial Market, Financial Institutions, Financial Service, and Financial Instruments. All play important role for smooth activities for the transfer of the funds and allocation of the funds. All the four components are inter connected. To boost the economic system intermediation of these four

components are vital. Mutual funds as a Financial Institution offer financial services as well as financial instruments to the investors and helps in boosting the financial markets. The contribution of mutual funds for the growth and development of directly financial markets and indirectly for the boost of economy cannot be undermined. Though mutual fund as a institution started

working way back from 1964 with the formation of UTI, the real growth of the institution and becoming as a major player in the economy can be seen only after 1990 economic reforms

Need for the Study:

- To understand the contribution of mutual funds for the growth and development of economy in general .
- To understanding the risk and return relationships for each mutual fund scheme under consideration.
- To study and make a comparative analysis of the mutual fund schemes offered by reliance mutual fund and identify the best.

Objective of the Study:

- To evaluate the past performance of selected open ended Equity mutual fund schemes of Reliance.
- To carry out the risk return analysis of the sample funds selected.

Research Methodology:

To examine the mutual fund schemes performance, 10 schemes were selected which were offered by Reliance Mutual Fund. Daily NAVs of these schemes are collected for period of five years i.e., August 2009 to July 2014 (5 years) from www.amfiindia.com website.

For benchmarking and comparison purpose BSE-Sensex and NSE-Nifty is used. To consider risk free return yield on 91-day Treasury bills is accepted which 8.52% , during my study period.

Scope of the study:

- The Schemes were categorized and selected for evaluating their performance and relative risk.
- The scope of the project is mainly concentrated on the top performing schemes of the Reliance mutual fund such as Reliance Small Cap Fund, Reliance Long Term Equity Fund, Reliance Growth Fund, Reliance Vision Fund, Reliance Top 200 Fund, Reliance Equity Opportunities Fund, Reliance Banking Fund, Reliance Pharma Fund, Reliance Diversified power Sector Fund and Reliance Tax Saver Fund

Limitations:

- There are more than 30 funds and huge number of schemes offered by various financial as well as non financial companies. It is not possible to compare all the funds

Literature Review:

Literature available on mutual funds is tremendous. Over the Years, mutual funds have attracted a lot of attention of academicians, researchers and investors and have been a focus of research. It has also led to the development of various measures and models to evaluate the Performance.

Debasish (2009) studied the performance of selected schemes of mutual funds based on risk and return models and measures. The study covered the period from April 1996 to March 2005 (nine

years). The study revealed that Franklin Templeton and UTI were the best performers and Birla Sun life, HDFC and LIC mutual funds showed poor performance.

Prabakaran and Jayabal (2010) evaluated the performance of mutual fund schemes. The study conducted is on a sample of 23 schemes which were chosen basing on the priority given by the respondents in Dharmapuri district in a survey and covers the study from April 2002 to March 2007. The study used the methodology of Sharpe and Jensen for the performance evaluation of mutual funds. The results of the study found that 13 schemes out of 23 schemes selected had superior performance than the benchmark portfolio in terms of Sharpe ratio, 13 schemes had superior performance of Treynor ratio and 14 schemes had superior performance according to Jensen measure.

Sondhi and Jain (2010) examined the market risk and investment performance of equity mutual funds in India. The study used a sample of 36 equity fund for a period of 3 years. The study examined whether high beta of funds have actually produced high returns over the study period. The study also examined that open-ended or close ended categories, size of fund and the ownership pattern significantly affect risk-adjusted investment performance of equity fund. The results of the study confirmed with the empirical evidence produced by fama (1992) that high beta funds (market risks) may not necessarily produced high returns. The

study revealed that the category, size and ownership have been significantly determined the performance of mutual funds during the study period.

Garg (2011) examined the performance of top ten mutual funds that was selected on the basis of previous years return. The study analyzed the performance on the basis of return, standard deviation, beta as well as Treynor, Jensen and Sharpe indexes. The study also used Carhart's four-factor model for analyze the performance of mutual funds. The results revealed that Reliance Regular Saving Scheme Fund had achieved the highest final score and Canara Robeco Infra had achieved the lowest final score in the one year category.

COMPANY PROFILE

Reliance Capital Ltd, a part of the Reliance Anil Dhirubhai Ambani Group, is one of India's leading and most valuable financial services companies in the private sector. The company has interests in asset management and mutual fund; life and general insurance; consumer finance and industrial finance; stock broking; depository services; private equity and proprietary investments; exchanges, asset reconstruction; distribution of financial products and other activities in financial services.

Reliance Capital Ltd was incorporated in year 1986 at Ahmedabad in Gujarat with the name Reliance Capital & Finance Trust Ltd. The company entered the capital market with the maiden

issue in the year 1990. In the year 1993, the company diversified their business in the areas of portfolio investment, lending against securities, custodial services, money market operations, project finance advisory services, and investment banking. In January 5, 1995, the company changed its name from Reliance Capital & Finance Trust Ltd to Reliance Capital Ltd. In December 1998, they obtained their registration as a Non-banking Finance Company (NBFC). During the year 2001-02, the company took a new strategic initiative by entering into the life insurance and general insurance business. They made investments in Reliance General Insurance Company Ltd and Reliance Life Insurance Company Ltd, by virtue of which the said two companies became the subsidiaries of the company.

Performance :

Schemes	NAV (24-Jul-14)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
RSCF	19.3797	4.27%	38.50%	61.93%	110.28%	24.04%	N.A	18.73%

2. RELIANCE LONG TERM EQUITY FUND (RLTEF):

Investment Objective : The primary investment objective of the scheme is to seek to generate long term capital appreciation & provide long-term growth

Performance :

Schemes	NAV (24-Jul-14)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
RLTEF	26.624	5.82%	31.23%	52.16%	78.99%	19.18%	19.26%	13.79%

Reliance Mutual Fund ('RMF'/ 'Mutual Fund') is one of India's leading Mutual Funds, with Average Assets Under Management (AAUM) of Rs. 1,03,542 Crores (Jan to Mar '14 Quarter) and 55.08 Lakh folios. (31st Mar 14)

PRODUCTS UNDER STUDY

The following ten reliance funds were selected for the purpose of evaluation

1. RELIANCE SMALL CAP FUND (RSCF)

Investment Objective : The primary investment objective of the scheme is to generate long term capital appreciation by investing predominantly in equity and equity related instruments of small cap companies and the secondary objective is to generate consistent returns by investing in debt and money market securities.

opportunities by investing in a portfolio constituted of equity & equity related securities and Derivatives and the secondary objective is to generate consistent returns by investing in debt and money market securities.

3. RELIANCE GROWTH FUND (RGF)

Investment Objective: The primary investment objective of the scheme is to

achieve long term growth of capital by investing in equity and equity related securities through a research based investment approach.

Performance :

Schemes	NAV (24-Jul-14)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
RGF	663.4041	2.34%	24.10%	36.71%	54.49%	13.32%	13.89%	24.99%

4. RELIANCE VISION FUND (RVF):

Investment Objective: The primary investment objective of the scheme is to achieve long term growth of capital by

investing in equity and equity related securities through a research based investment approach.

Performance :

Schemes	NAV (24-Jul-14)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
RVF	373.8341	3.20%	24.39%	43.07%	57.01%	11.13%	12.58%	21.24%

5. RELIANCE TOP 200 FUND (RT200)

Investment Objective: The primary investment objective of the scheme is to seek to generate long term capital appreciation by investing in equity and equity related instruments of companies

whose market capitalization is within the range of highest & lowest market capitalization of S&P BSE 200 Index. The secondary objective is to generate consistent returns by investing in debt and money market securities.

Performance:

Schemes	NAV (24-Jul-14)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
RT200	20.1361	3.38%	21.22%	35.80%	52.42%	15.28%	14.19%	10.57%

6. RELIANCE EQUITY OPPORTUNITIES FUND (REOF):

Investment Objective: The primary investment objective of the scheme is to seek to generate capital appreciation & provide long term growth opportunities by

investing in a portfolio constituted of equity securities & equity related securities and the secondary objective is to generate consistent returns by investing in debt and money market securities.

Performance :

Schemes	NAV (24-Jul-14)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
REOF	61.5267	3.33%	21.47%	35.26%	56.81%	17.97%	23.49%	21.52%

7. RELIANCE BANKING FUND (RBF)

Investment Objective: The primary investment objective of the scheme is to seek to generate continuous returns by

actively investing in equity and equity related securities of companies in the Banking Sector and companies engaged in allied activities related to Banking Sector.

Performance:

Schemes	NAV (24-Jul-14)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
RBF	150.8796	1.31%	23.23%	45.78%	51.86%	12.60%	19.53%	27.50%

8. RELIANCE DIVERSIFIED POWER SECTOR FUND (RDPSF)

Investment Objective: The primary investment objective of the scheme is to

generate long term capital appreciation by investing predominantly in equity and equity related securities of companies in the power sector.

Performance :

Schemes	NAV (24-Jul-14)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
RDPSF	76.1288	0.86%	33.32%	61.23%	74.06%	3.46%	2.80%	21.98%

9. RELIANCE PHARMA FUND (RPF)

Investment Objective : The primary investment objective of the scheme is to seek to generate consistent returns by

investing in equity and equity related or fixed income securities of Pharma and other associated companies.

Performance :

Schemes	NAV (24-Jul-14)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
RPF	98.9552	6.83%	10.95%	17.34%	36.67%	18.74%	29.11%	25.36%

10. RELIANCE TAX SAVER (ELSS) FUND

Investment Objective: The primary objective of the scheme is to generate long

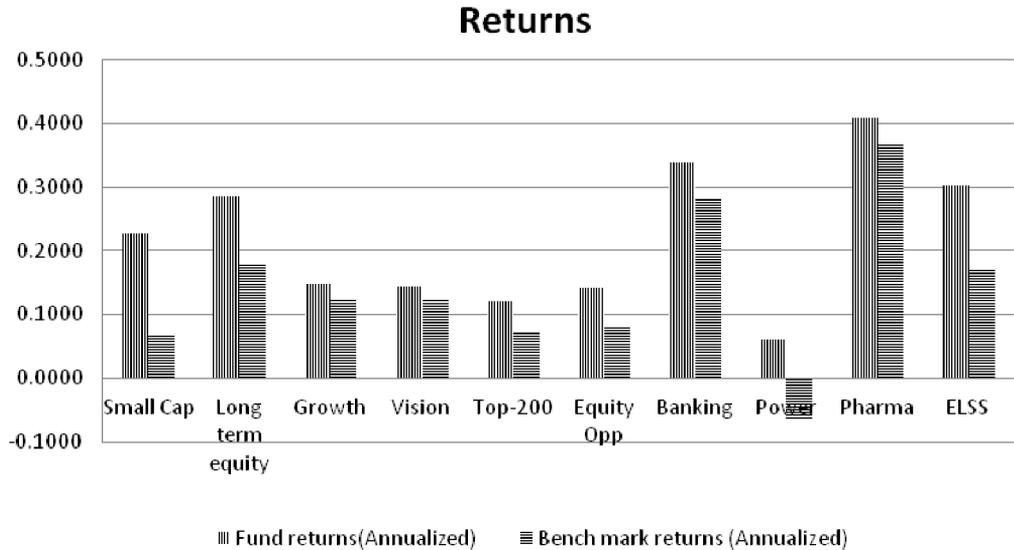
term capital appreciation from a portfolio that is invested predominantly in equity and equity related instruments.

Performance

Schemes	NAV (24-Jul-14)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
ELSS	38.4882	4.59%	32.65%	59.35%	81.39%	20.96%	20.77%	16.53%

ANALYSIS

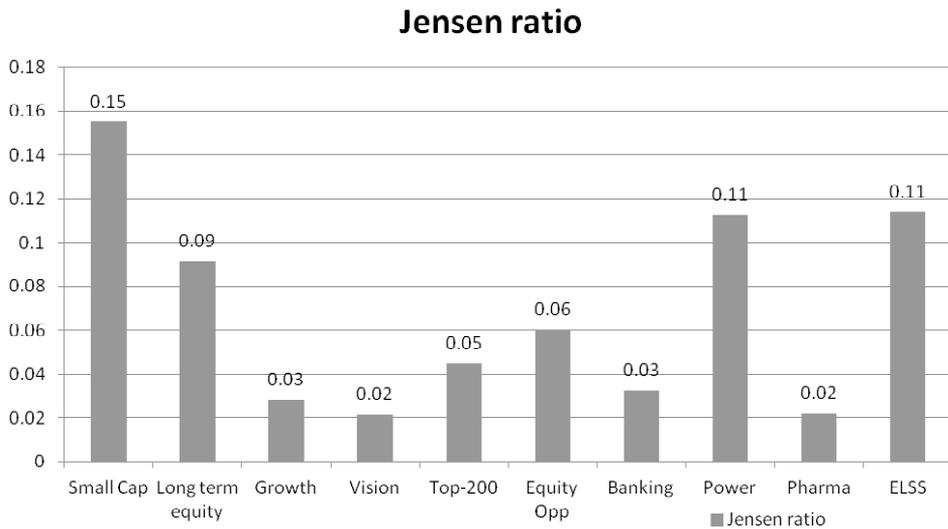
FIGURE -1



It is clear from the figure 1, that all 10 sample mutual fund schemes had outperformed the benchmark return. It shows competency of these schemes to make out

a strong case for investment. The maximum return was from Reliance Pharma Fund and minimum return was from Reliance diversified Power Sector Fund.

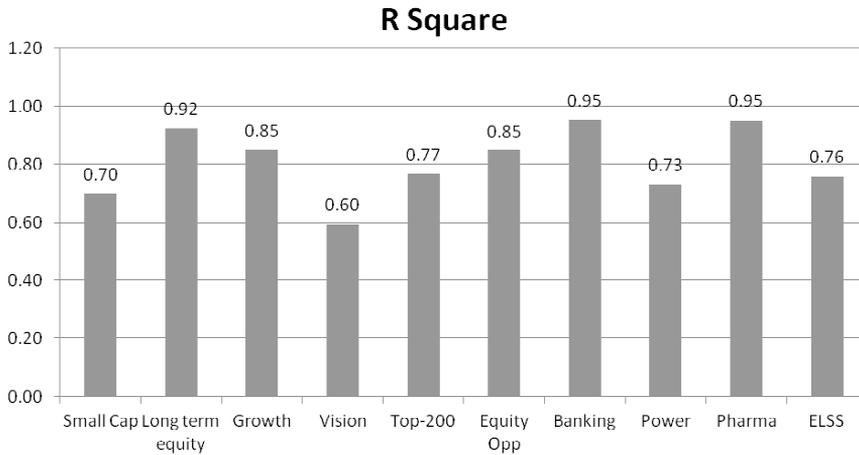
FIGURE - 2



Results of Jensen measure revealed that all the 10 schemes were showed positive alpha which indicated superior performance of the schemes over their benchmarks. The highest value of Alpha is of Reliance Small Cap fund which is

0.15. On the other hand, the lowest value of Alpha is of Reliance Vision fund which is 0.02. It means that Reliance small cap fund has been outperforming against its benchmark and Reliance vision fund is also outperforming its benchmark but relatively less to its contenders.

FIGURE – 3



The highest value of R-Square is of Reliance Pharma fund as well as Reliance Banking Funds which is 0.95. It shows that this fund is closely correlated with its respective benchmark. The lowest value

is of Reliance vision fund which has a 0.60 value of R-square, which indicates that this fund performance is relatively less correlated with that of its benchmark.

FIGURE - 4

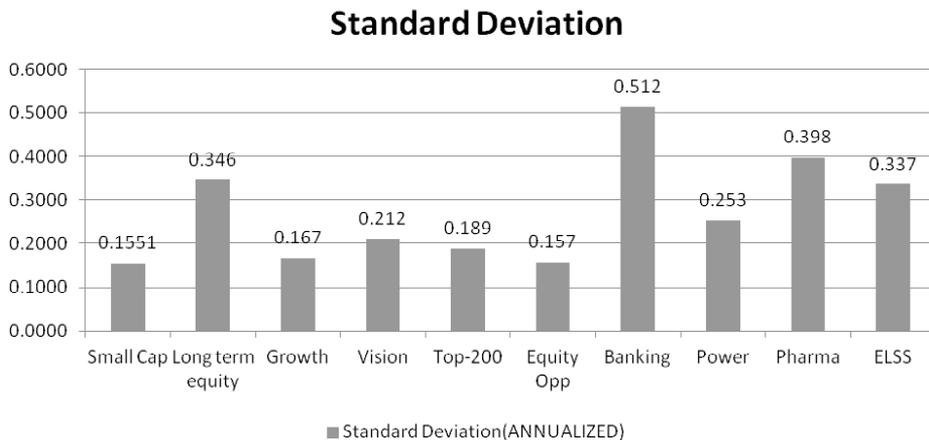
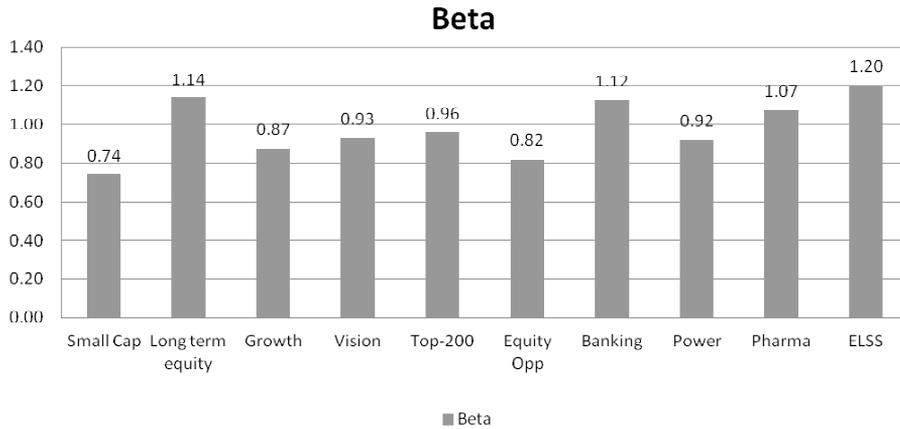


Figure-4 shows the highest value of standard deviation is of Reliance Banking fund which is 0.512 where as the lowest value is of Reliance Small Cap fund which is 0.1551. This means that the most volatile

fund amongst them is Reliance Banking Fund, i. e. it has the highest amount of risk associated with it. On the other hand the Reliance small cap fund has least amount of risk involved.

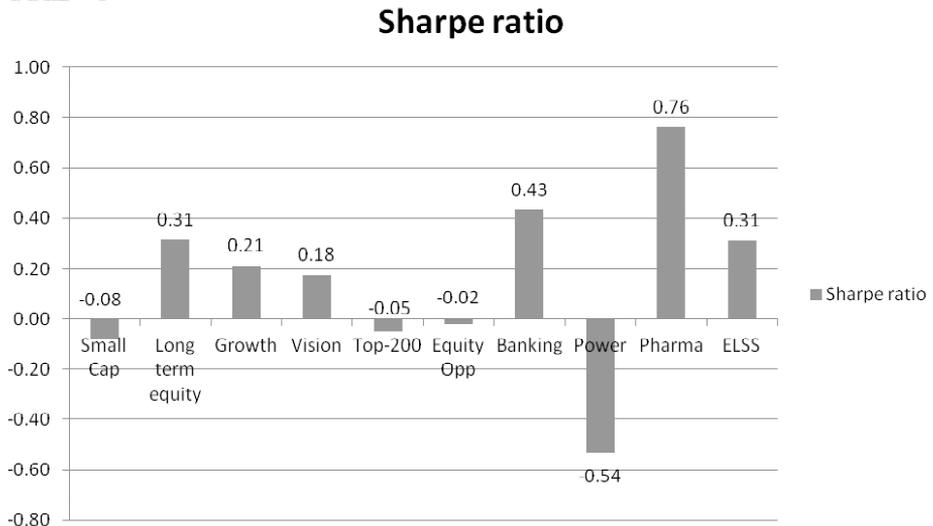
FIGURE - 5



From the Beta calculation it is observed from the figure- 5 that out of 10 schemes, only 4 schemes have registered a Beta value of greater than one indicating that they are more risk

category. The remaining 6 schemes have registered Beta of less than one which indicates that they are of low risk category. Lowest risk is for small cap and highest risk is for ELSS fund.

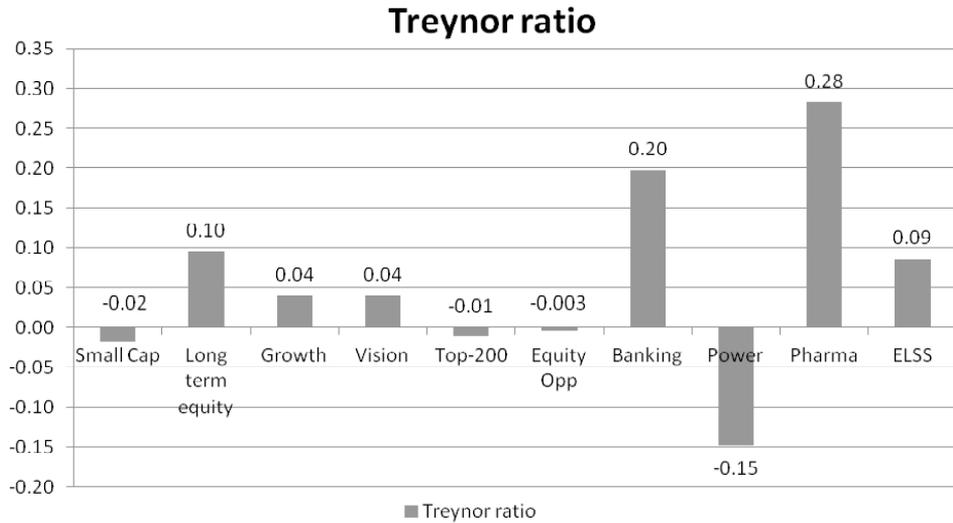
FIGURE - 6



The highest value of Sharpe Ratio is of Reliance Pharma fund which is 0.76 whereas the lowest value is of Reliance Diversified Power Sector fund which is (-) 0.54. High value of Sharpe indicates

that the fund is performing well in respect to the risk associated with it. On the other hand the lowest amount of Sharpe Ratio shows that the fund is not performing well in response to the risk involved herein.

FIGURE - 7



The highest value of Treynor is of Reliance Pharma fund which is 0.28 whereas the lowest value is of Reliance Diversified Power Sector fund which is (-) 0.15. High value of Treynor indicates

that the fund’s performance in accordance to systematic risk is high. On the other hand the lowest values can be interpreted that the fund’s performance is low when calculated in respect of systematic risk.

5. FINDINGS AND CONCLUSION

Selected Reliance Mutual Funds Ranking Table (2009 to 2014)								
Sl. No.	Fund	Returns from Inception	JENSEN ALPHA	R-SQUARE	SD	BETA	SHARPE	TREYNOR
1	RSCF	7	1	7	1	10	8	8
2	RLTEF	9	3	2	8	2	3	3
3	RGF	3	6	3	3	8	4	5
4	RVF	6	7	8	5	6	5	5
5	RT200	10	5	4	4	5	7	7
6	REOF	5	4	3	2	9	6	6
7	RBF	1	6	1	10	3	2	2
8	RDPSF	4	2	6	6	7	9	9
9	RPF	2	7	1	9	4	1	1
10	ELSS	8	2	5	7	1	3	4

1. Investors who wish to take a higher risk for higher returns can choose Reliance Banking Fund
2. If the Investors is with a moderate risk profile and interested in normal / near to bench market returns can choose Reliance Small Cap Funds
3. Similarly if the Investor is with a low risk profile and ready to accept normal returns can opt for Tax saver ELSs

From the study, it can be concluded that all the selected 10 reliance funds are performing above the selected bench mark return and managed by the fund satisfactorily. There are funds suitable for every type of an investor and can choose the fund basing on the investors choice like risk , returns etc.

There are multiple researches on mutual fund related areas and this is not the end of it. There is scope for future research on the same topic, with a different combinations, periods etc.

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Impact of Packaging on Consumers' Buying Behaviour: A Case Study of Mother Dairy, Kolkata

Bidyut Ghosh

PCM School of Management
Hooghly, WB, India - 712139
mail: bidyutbwn@gmail.com

ABSTRACT

Packaging communicates brand personality through many elements, including a combination of brand logo, colours, fonts, package materials, pictorials, product descriptions, shapes. The focus of colour as a stimulus is related to its ability to aid companies who are looking for ways to improve their sales. While some colours have the ability to make goods stand out from their competitors among the clutter of the goods and promotional material at the point of purchase, other colours do not have this effect. The present study is based on primary data collected through the structured questionnaire from the respondents of Howrah, Hooghly and Burdwan of the state of West Bengal. The main theoretical framework of this study focuses on the finding of relationship between consumer's decision about buying the dairy products and different elements of packaging such as packaging colour, background image.

INTRODUCTION

In the fiercely competitive market, aesthetic elements of packaging have occupied an important and unique position in delivering the product/service to the end users. It has become important tool of differencing the product/service from the similar kinds of products/services available in the market (Wells, 2007). Rundh (Rundh, 2005) has clearly observed that the packaging attracts consumers' attention to particular brand, packaging enhances the product image and influences consumers' perception about the product or service. The appearance of the package is believed to have a strong impact on influencing consumers' purchase decision

than advertising (Mutsikiwa and Marumbwa, 2013). Givee (Givee, 2011) have established that an appealing and successful packaging design with relevant design, pictures and decorations is more successful in attracting consumers. However, an obvious question arises that does this phenomenon applies to all categories of product and services, viz. daily necessities, luxuries commodities, cosmetics products, food items etc. Moreover, though there is abundance of literature on this particular issue in general, there is dearth of quality literature on the issue of role of packaging particularly in the dairy products on the consumers'

purchasing decisions. Under this backdrop, this paper tries to examine the following specific objectives:

- i. To determine the effect of package colour on consumers' purchase decision;
- ii. To examine the effect of background image used in packaging on consumers' purchase decision;
- iii. To examine the impact of packaging materials on the consumers' purchase decision;
- iv. To examine the influence of products package typography on consumers' purchase decision; and
- v. To examine the impact of information printed on the packaging on consumers' purchase decision.

The present study is planned into five sections. The After the introduction in section I, section II deals with the literature survey of the research problem. Data and methodological aspects of the study are outlined in section III. Section IV consists of results and discussion of the study, while the final section V summarises the conclusion and policy prescription emanating from the overall analysis.

REVIEW OF LITERATURE

There are numerous literatures available on this particular issue of impact of packaging on consumer purchase decisions. (Kuvykaite, 2001), (Underwood, 2001), (Speece, 2007), (Wells, 2007), (Marumbwa, 2013), (Givee, 2011) to name a few of them. (R.L. Underwood, 2001), (Speece, 2007)

have clearly established that packaging has great impact on product marketing as (2004), works as a tool for differentiation, i.e. helps consumers to choose the product from wide range of similar products and thus, stimulates customers buying behaviour.

Garber (L.L. Garber, 2000) has observed that though the package design is an integrated element of the promotional mix, it is also an important carrier of brand equity in the store.

Packaging communicates brand personality through many elements, including a combination of brand logo, colours, fonts, package materials, pictorials, product descriptions, shapes and other elements that provide rich brand associations (Underwood, 2003). A study performed by CM Research (cited in Gautier, 1996, p.37) demonstrated that consumers 'did not consciously believe they were purchasing products because of the packaging alone... There are strong indicators, however, of the subconscious influence of the packaging on the purchasing processes.

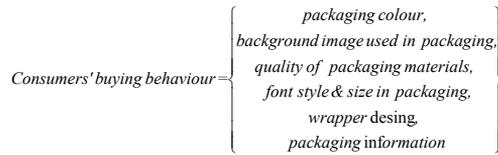
While some research was conducted by Wisenblitz (Wisenblitz, 1999) on colour choices with packaging in fast moving consumer goods, they also highlighted the need for more research into colour as a stimulus when they stated that 'colour research in the field of marketing still appears to be in its infancy' (p. 86). Underwood (R.L. Underwood, 2001) highlighted the importance of both colour and packaging as a brand communication vehicle.

The focus of colour as a stimulus is related to its ability to aid companies who are looking for ways to improve their sales and obtain a dominant market share (Kotler, et al. 1998). While some colours have the ability to make goods stand out from their competitors among the clutter of the goods and promotional material at the point of purchase (Heath, 1997, and Key, 2000) other colours do not have this effect (Key, 2000).

DATA AND METHODOLOGY

The present study is purely based on the primary data collected through the structured questionnaire from the respondents. In total 150 filled questionnaires were collected from the districts of Howrah, Hooghly and Burdwan of the state of West Bengal during the months of June-July, 2015. However, after scrutiny of the data, 18 filled questionnaires were not included in the final study and thus, total number of observations reduces to 132.

The main theoretical framework of this study focuses on the finding of relationship between dependent variable (consumer's decision about buying the dairy products) and independent variables (different elements of packaging such as packaging colour, background image etc.). It is hypothesised that consumer's purchasing decision of dairy products is a function of the different packaging elements. These set of packaging elements either jointly or individually may influence the consumer's purchase decision. Accordingly, the following theoretical framework is sought for.



The associations between the dependent variable and independent variable have been analysed individually with the applications of Chi-square test. Accordingly, the following set of hypotheses have been framed keeping in mind the objectives of the study.

1. 'No relation between buying behaviour & packaging color'
2. 'No relation between buying behaviour & back-ground image',
3. 'No relation between buying behaviour & quality of packaging',
4. 'No relation between buying behaviour & wrapper design/packaging innovation'

For the entire hypothesis, the dependent variable is the consumer's purchasing behaviour. The dependent variables are the different elements of packaging viz. Packaging colour, background image used in packaging, quality of packaging materials etc. Each of above mentioned dependent variables was measured by using the 5 points itemized rating type scale ranging from (1) strongly disagree to (5) strongly agree [Likert's Scale].

RESULTS AND DISCUSSION

Demographic Characteristics of the Respondents: The sex distribution shows

that 69 percent of the respondents were male, while 31 percent were female. The age distribution shows that only 2 percent of the surveyed population belongs to the age group of below 18 years, 37 percent belongs to the age group of 19-35 years, 31 percent belongs to the age group 36-50 years, 18 percent belongs to the age group of 51-65 years while the age group 66 years and above captures the remaining 12 percent of the sample observations. With respect to occupational standard of the respondents, 43 percent of total respondents were service holders, 27 percent were business and the remaining 30 percent were from others occupation (students, housewife, etc.).

As far as the income levels of the respondents are concerned, it has observed that 44 percent belongs to lowest income category (Less than ¹ 10000 per month). Each of the income categories, ¹ 10000-20000 and ¹ 20000-30000, constitutes 20 percent of the surveyed population while the highest income category (income more than ¹ 30000) constitutes 16 percent of the surveyed population. Again if we look at the consumption frequency of the surveyed population, it has been observed that 72 percent of them are daily consumers, 8 percent of them consumer milk on alternative day. Another 14 percent of the population is weekly consumers of milk and the rest 6 percent consume milk for other purposes.

Reliability checking of the analysis:

Any empirical research work should qualify the reliability analysis for checking of the internal consistency of the questionnaire and reliability of the primary data. As such the Cronbah alpha statistic is found to be 0.57 which is quite acceptable.

t-test for Testing the Perception of Packaging in Mother Dairy's Products:

Firstly, an attempt has been made to assess the customer perception about the packaging of products of Mother Dairy, Kolkata. For this, the respondents have been asked to rate the different products of Mother Dairy on a 5-point Likert scale. The greater the value of the rating, the more is the satisfaction level. Now on a 5-point Likert scale, the median value is 3. So, if a particular consumer rates his satisfaction level 3 or more, it implies that he is satisfied with the packaging of Mother Dairy's products. The following table shows the mean satisfaction levels of different aspects of packaging in Mother Dairy.

It is evident from the results that customers of Mother Dairy is, in general, satisfied in packaging colour, 'background image' of packaging, quality of packaging materials, wrapper design, printed information, packaging innovation. However, they are not satisfied with the typographic style of packaging as the calculated t-value is much higher than the critical t-value and the corresponding p-value is smaller than the level of significance (0.05).

Table 1: Tests for the perception of Packaging Mother Dairy's products

Packaging elements	Mean	t-value	df	Sig. level (p-value)
Packaging colour	3.01	2.61	131	0.000
Background image	3.09	1.007	131	0.158
Packaging materials	4.01	10.64	131	0.000
Typographic	2.92	0.928	131	0.822
Wrapper design	3.40	4.178	131	0.000
Printed information	3.84	9.494	131	0.000
Packaging innovation	3.26	2.736	131	0.000

Chi-square test for testing the association between Consumer buying behaviour and packaging elements: Having examined the customers' demographic profiles and their perception about the different aspects of product packaging, we are in a position

to see the degree of association between consumer buying behaviour and packaging elements of products of Mother Dairy, Kolkata. For this purpose, we have used Chi-square test of association. The results are shown in table 2.

Table 2: Chi-square test of association between packaging elements and consumers' buying behaviour.

Variables examined for association	χ^2 - test statistic	Critical value of χ^2	Remarks
Packaging colour and buying behaviour	44.34 (16)	26.29	Null hypothesis is rejected and there is association
background image and buying behaviour	28.76 (16)	26.29	Null hypothesis is rejected and there is association
Packaging materials and buying behaviour	17.59 (16)	26.29	Null hypothesis is accepted and there is association
Font style and buying behaviour	14.97 (16)	26.29	Null hypothesis is accepted and there is association
Wrapper design and buying behaviour	26.29 (12)	21.09	Null hypothesis is rejected and there is association
Printed information and buying behaviour	17.82 (16)	26.29	Null hypothesis is accepted and there is association
Packaging innovation and buying behaviour	56.77 (16)	26.29	Null hypothesis is rejected and there is association

Source: Authors' calculation based on survey data.

The above results show that the independent variable such as packaging colour, background image, wrapper design and packaging innovation have proper association with the dependent variable (i.e., consumer buying behaviour). However, no association has been found in cases of packaging materials, font style and printed information in marketing of dairy products. Therefore, it is evident that if the elements of packaging are improved then the sales of the dairy products may improve to a certain extent.

After finding the association between the dependent variable (consumer buying behaviour) and the set of independent variable, we go for Carl Pearson's co-relation test in order to find out to what extent and strength of association between the independent variables and the dependent variable in dairy product packaging. The results of the co-relation analysis is shown in the table below.

Table 2 : Co-relation between Consumers' buying behaviour and Elements of packaging

Dependent variable	Independent variable	Co-relation Coefficients	t-statistic
Buying behaviour	Packaging colour	0.42	4.33
	background image	0.35	4.26
	Packaging materials	0.11	1.22
	Font size	0.07	0.83
	Wrapper design	0.38	4.66
	Printed Information	0.02	0.26
	Packaging innovation	0.01	0.15

It is evident from the above results that packaging colour, background image and wrapper design of dairy product have moderate and significant association with the consumer buying behaviour. However, the other dimensions of packaging such as materials used in packaging, font size, printed information, innovative ideas in packaging etc., and the correlation coefficients were found to be very weak and as such there is no such effects on consumer buying behaviour. Thus, both the Chi-square association test and co-relation study produce the same results as far as packaging of dairy products is concerned and its effects on consumers' buying behaviour.

CONCLUSION AND SUGGESTIONS

Thus, we find that packaging could be treated as one of the valuable marketing weapons with respect to making proper communication between an organisation and its consumers. The study makes it clear that the overall perception of the consumers about the different elements of packaging of Mother Dairy's products is satisfactory. A right choice of packaging color, background image, wrapper design, innovative ideas when imparted to a product's packaging will create a happy feeling in consumers' mind. All these packaging elements contribute an important effort to catch consumer's attention and interest. As far as the

association between dairy product packaging and impact on consumers' buying behaviour is concerned, it is clear that visual appeal is more important than the qualitative aspect of packaging. This is implied from the significant association between packaging colour, background image, wrapper design and innovation in packaging and the higher positive correlation among these elements of packaging with consumers' buying behaviour, whereas no significant association was observed between consumers' buying behaviour and quality of materials used in packaging, information printed on packaging etc. and very weak or no correlation among them. The present study also indicates the lacuna of Mother Dairy in terms of packaging its products. However, there are certain areas such as typographic factor in packaging, colour used in packaging, background image where Mother Dairy should give more attention to improve and thereby try to retain the existing consumers and attract new consumers.

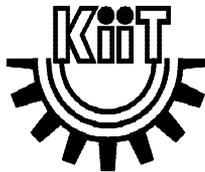
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Digitized Cities and Sustainability:

A Study on the role of ICT in development of sustainable cities

M. Ramana Kumar

Research Scholar, SKIM Annatapur

ABSTRACT

India's urban population has increased from 26 million in 1901 to 337 million and it is expected to increase to 590 million by 2030. This rapid urbanization is at the expense of the loss of valuable ecosystems and land for satisfying the urban needs. Providing adequate housing, safe drinking water, employment opportunities and pollution free environment is a daunting task for many cities. Indian cities are lagging behind in terms of wealth generation, strategic influence, standard of living and sustainability. Therefore, there is an urgent need to focus on sustainable urbanization. Many of these problems faced by the cities could be effectively and efficiently solved by ICT and would make cities livable. New technology created by ICT has potential to adopt innovative and creative measures in urban planning, management and governance. With the development of information and communication technology a new city is emerging, digital city.

The paper intends to understand the role of ICT in sustainable city development and analyze the innovative and sustainable solutions offered by ICT.

Key words: Sustainability, ICT, Digital City, GIS, GPS.

Introduction:

As the twenty first century unfolds, the cities are experiencing explosive growth geographically as well as demographically. Cities today are becoming dense network of interchanging information, goods and services, investments and people as well as center of creativity, connectivity and innovation. There are approximately 400 cities with more than 1 million populations and is

estimated that by 2030 60 % of the world population will reside in city. Most of this spectacular growth is experienced by the cities in the developing world. According to Brum and Ghosh by 2050, more than one in four urban dwellers will be living in Asian cities will have same number of city residents, while US and Canadian urban population will be almost equal in number to those of West Africa.

It is projected that by 2050 Dhaka will be the world's most populated agglomeration with 48 million people residing in it followed by Delhi with 41 million and Mumbai 38 million people. These explosive growth poses serious questions like what implication it will have on human and natural resources and the future of humanity.

Even though the world population may eventually stabilize somewhere around 9 and 10 billion but the cities in developing world will continue to expand due to rural migrate, posing threat like crime, pollution, crumbling infrastructure and so on.

Urbanization Scenario in India:

India's urban population has increased from 26 million in 1901 to 377 million in 2011 and it is expected to increase to 590 million by 2030. This seismic shift in the speed of urbanization will be less inclusive for marginalized groups like women and poor and would also pose challenge to the city manager and policy makers. The liberalization, privatization and globalization processes are leading to negative process of urbanization because urbanization in India is due to rural push and not due to urban pull. The large cities in India are swelling with population resulting in collapse of infrastructure and other problems like pollution, poverty, housing shortage, water problems, urban conflict the list is endless.

According to David Satterthwaite a successful cities need to fulfill three goals; provide a healthy living and working

conditions, rubbish collection and disposals, drains, paved roads and other essential infrastructure for health and economic development and should remain in ecologically balanced relationship with local and global ecosystems. Given the present scenario Indian cities more livable there is an urgent need to focus on sustainable urbanization. Many of these problems faced by the cities could be effectively and efficiently solved by ICT and would make sustainable city development possible.

Digital cities:

The functions that cities perform, the forms that cities are taking, and the mixes and distribution of activities that the cities exhibits today are greatly influenced by the capabilities of their underlying network infrastructures. Cities always redefine itself with the introduction of new infrastructure. For example we cannot visualize Los Angeles without its freeway, similarly Delhi without its metro and Mumbai without its life railway. Today a new type of infrastructure network is evolving- the high speed digital telecommunications.

With the development of information and communication technology a new city is emerging, digital city. Digital city exists along side the real city in most of the developed countries. The functions of digital city are to improve the efficiency of city management, to evaluate the quality of life of its citizens, to improve services, to manage the city environment and thus promote sustainability development. The

construction of digital city involves integrated application of modern technologies, spatial information grid, location based services etc., Since 1960s the use of GIS in urban planning became very common in North America, Western Europe, Japan and Australia due to its application in land use, zoning transpiration, site-sustainability analysis and economic development. Now the GIS are also penetrating in developing countries like India, China, Mexico, Brazil, South Africa, Ghana and Senegal.

GIS is an excellent technology that enables urban planners to integrate variety of data from multiple sources with capability for input, storage, manipulation, analysis and displaying of spatial information. The important features of GIS are:

1. Easy entry and integration of Multi-source data.
2. Maintaining of Data consistency.
3. Data updating easier.
4. Flexibility in data storage and retrieval of data.

Due to above mentioned features GIS finds an important place in urban planning. The planners and researchers use the data from GIS to perform a wide range of statistical and spatial analysis like modeling, visualization, designing, planning and mangling urban environment and device future scenario. Thus GIS is useful and very powerful tool for urban planning and urban management. As a system GIS consists of people, software, Data

Procedures, Hardware and applications. Remote sensing and Global positioning systems act as sources of input data for a GIS.

Foundation of GIS in urban development programs like JNNURM of Ministry of Urban Development aims at creating efficient, productive, equitable and responsive cities.

Significance of Digitalization:

The concept of digital cities is to build an arena in which people in regional communities can interact and share knowledge, experience and mutual interests. Digital cities integrate urban information (both achievable and real time) and create public spaces in the internet for people living /visiting at the cities. Each digital city has its own goal. For instance Digital city Amsterdam aims to provide public communication space to people living in the city.

The traditional manual based urban planning is not suitable for explosive urban growth; therefore, there is need for involving information and communication technology to match pace of urban planning with rapid urbanization. The digitalized technology has ability to respond more quickly and conveniently in understanding urban questions and issues. The digitalization of urban planning in India would enhance the efficiency of the plan supervisory work, increase the information content, and would sharpen the analysis ability and the accuracy of the urban planners. It would also enable for the

planner to be more fore-sighted, scientific in their approach and give timeliness to urban planning and design.

“The Digital City” is not only a pure technical concept; it also means a big transformation of city management and plan system. For example, the urban planners in an accurate coordinates, time and object properties of the five dimensional virtual urban environment planning, decision-making and management like walks in the real city space arrangement, combines and disposes the city resources, improves transportation system activity. The digital city regulates the city without doubt, forecast the city, will provide the revolutionary method to supervise and manage the city. To traditional method it will be huge challenge, at the same time, this method is one kind sustainable, adapts the city change method, thus has provided the powerful tool for the city sustainable development improvement and the regulation.

Role of ICT in development of Sustainable cities:

Cities sustainability rests on competitiveness, quality of life, good governance and environment. To be competitive the cities need to attract investment and it requires modern, efficient infrastructures killed the manpower, information and communication technologies, access to quality education, housing and basic services such as safe drinking water, electricity, waste

management and pollution free environment.

Indian cities are facing host of problems such as shortage of housing, safe drinking water, transportation problems, congestion, pollution, and waste management.

Sustainable urbanization demands greater use of alternative energy resources as well as more energy efficient transportation, housing and steps to reduce congestion, CO₂ emissions, renewal energy, recycling of water and so on.

Adoption of ICT in urban planning and development offers a solution for dealing with urban problems with completely new approach. Usually ICT solutions are implemented in order to optimize process. This optimization includes approaches regarding higher efficiency, evidence based decision making, improved target grouping addressing and much more. Exemplary project: GRID2 Smart I Freiburg in Breisgau .3

The 12th plan stresses on the significance of more inclusive, innovative, equitable and sustainable growth through ICT. It aims to develop cities free of slums, full of employment opportunities and decent quality of life for the city dwellers. To attain these goals of ICT can play a vital role in leveraging IT systems and innovations. This will require coordination, cooperation and collaboration of all the agencies, organizations, departments and the stakeholders involved in the process of urban development. Thus effective and

efficient adaptation of ICT would support cities- healthcare, transportation and communication, security, power supply for industries, e-commerce for businesses, e-governance and entertainment industries and so on.

Benefits of ICT in sustainable cities development:

Transportation: It is an important infrastructure element for urban development and is life line of cities as it allows connectivity and movement on people, goods, and traffic within the cities and between cities. Data from the satellite can be used for decongesting the roads, widening of the roads and so on. This would enhance urban development and network management. Use of such data will assist in formulating the strategies to mitigate traffic related noise pollution and air pollution and will help in implementing stricter automobile emission standards.

For instance Shanghai has introduced Bus smart information system whereby the city buses have devices on them which allow real time communication between the operators, vehicles and bus stop.

Competitiveness:

For cities to be competitive high speed broadband services is a prerequisite. The role of digital city is to provide core ICT infrastructure so that the business could function effectively and the authorities should able to offer efficient public services to business through on-line e-government system. “ICT needs to be considered in

the same category as water, electricity, roads and public transport” says Peter Siggins, a mobile business expert at PA consulting group. “And if business is being attracted, governments need to consider what speeds and capacity are needed and how that can be built into the urban planning process”

Sustainable environment: ICT can play a crucial role in sustainable city development. For instance by adopting smart meters and smart sensors cities can save water lost due to leakages and pilferage from pipelines. A real time monitoring of water supply system can also be adopted by using ICT tools that would enable fast detection, prediction and prevention of problems such as water clogging, sewage overflow, leaks, thefts, nontransparent billing and so on. Similarly, real time management of power flows and bi-directional metering would bring transparency to consumers and would lead to energy efficiency. Similarly benefits can also be derived from ICT for waste management.

Community services: ICT tools and techniques can be applied in the field of health care, educational sector and recreation and entertainment. For instance on-line admission.

E – Governance: the aim of e-governance is to make the interaction between government and citizen more fruitful and make the relationship between the government and business and the inter agency.

ICT for city Management, 2010 A research project conducted by the Economist Intelligence Hong Kong, Siemen AG more friendly, inexpensive, transport and convenient. For example, MCGM has launched Citizen Portal that enables online delivery of more than 100citizens services such as registration of birth and death, issuance of permits, licenses, payment of property tax through P-tax etc.

Cities, thus all over the globe are undergoing transformation in their structure as the 21st century is unfolding. This transformation which is due to technological revolution is in fact opening up a new era in the history of mankind: the information era, this has led to the emergence of digital cities, smart cities, smart regions, and others. These are developing as information infrastructure, communication facilities, tool for local democracy and participation, space for virtual expressions and experience and as resource for everyday life and for problem solving.

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Challenges and Winning Strategies at the Entry Level Jobs in Banking and Financial Services Industry

Abhay Kumar Nayak

Registrar, NISER –Bhubaneswar

Avijit Majumder

Research Scholar, KIIT University, Bhubaneswar

mail: m.avijit1975@gmail.com

ABSTRACT

The concept of VUCA puts a responsibility on the social scientists to put things in perspective of society and policy makers. VUCA environment is situational and calls for effective planning to deal with. As it is known that even the best of the plans are prone to failure. In a globalised world where the concept of central planning is losing its stronghold and giving way to impersonal market forces to chart out the economic framework of the society. It is not the strongest of species that survive, nor the most intelligent but the ones most responsive to change. Charles Darwin

Introduction

Ever since the dawn of human civilization we are aware about the relentless effort made by human beings to build up a better society. The concept of “Demos” mooted by “Cleisthenes” in the ancient Greek civilization where people’s participation was seen as a rational way to deal with issues confronting the society. In Plato’s monumental work “The Republic” we see the prescriptions offered to mankind to pave way in forming an organised society with its will and imagination. The philosopher laid a huge emphasis on the idea of accumulation of knowledge which is a key to progress of humans. It is said that Chinese national character has been formed on the principles based on the gospels of Lao-Tzu

(propounded the faith Taoism) and Kun-Fu-zu (the founder of the faith Confucius). There is long list of men as such whose sermons of wisdom have continued to serve mankind through ages. It is inherent of man’s nature to seek refuge in safety and comfort zones in order to tide over time fraught with challenges. The myriad challenges confronted by human-being across ages have been either at a collective or personal level. The collective challenges confronted during times have been thrown by human beings in form of a war or some natural calamity. The forms of society witnessed by mankind vary from the nomadic form of life during the early age to a feudal form of society in the mediaeval age and modern day’s democratic pattern.

The feudal society was marked by evils of serfdom and conscription of peasant armies. Post industrial revolution there has been a dramatic transformation of pattern of life in the society. The initial phase of industrialisation describes the ascent of the capitalists and apathy of labours. The latter had no access to any privileges and was subjected to work under inhuman conditions. In early days of industrialisation labour unions were despised as “unholy combinations”. Democracy, communism and socialism were the reply to evil ingredients of capitalism at its nascent stage. The above line may seemingly say that the three patterns of society aided with fast paced advancement of science have offered solutions to alleviate the problems of the human society. The statement would push us all to think deep about its veracity. The contemporary era i.e. (19th & 20th century) has numerous laudable achievements to its credit. The unprecedented progress of science in the two centuries has put human life into a different orbit. The entire world has shrunk into a small village. The quality of man to man interactions has acquired a new dimension. The concern towards environment which poses a threat to the existence of the planet has transcended national boundaries and is shared by all. Notwithstanding the petty differences existing at the moment which in all likelihood will iron out in due course of time. In the vast tapestry of human history which is marked by countless catastrophes inflicted on mankind, human induced and

influenced miseries are dominant. Capitalist economy is seen in its new avatar is characterised by highly regimented form of functioning. The numerous economic activities undertaken by mankind for its livelihood are aimed to alleviate the standard of living. In the era of globalisation is giving tough time to all nationalist ideologies. The existing nation states are finding it tough to resist the influx to market centric approach emanating from the developed capitalist nations. The entire world order is based on the Washington consensus. The impersonal market forces have taken over the protected turf in almost spheres of economic activity. The protection was granted to bridge the gaps in between the have and have-not's present in the society in almost all the poor and the developing countries. History provides us with enough evidence to conclude that such disparities are giving's of profoundly scornful hegemonistic and imperialist policies pursued by the industrialised nations of yesteryears. The deep rooted poverty and deprivation still remains a distinct feature of almost all societies in the developing and poor world. In spite the remarkable progress displayed by the developing nations in terms of material progress the issue of deprivation and equitable distribution of resources and wealth has posed a stiff challenge to the peaceful continuation of the present societal order. De-controlled regime has claimed to empower people to enable them make their choices (political & economic). The result has not been very satisfactory as the

miseries inflicting the society continue to grow unchecked. The miseries are seen in the form of poverty, violence, diseases, and inaccessibility to the basic elements of need, gender biasness and many.

Evolution of VUCA in the present world economic order.

Management pundits have mooted the concept of VUCA to describe challenges confronting the human society. Volatility, Uncertainty, Complexity and Ambiguity is present in all spheres of human life. It will be of worth to understand the concept VUCA by relating it to some real life situation. The fast paced life has made living comfortable than before but there is break-neck competition in all spheres of life. Choices have become difficult and all forms of economic activities have become fleeting in their nature. In such type of a dynamic social order and fleeting environment acclimatising with the incessant changes is becoming profoundly challenging. Each scenario brings with it new set of challenges and the people are expected to respond favourably to the challenges. Inability to adapt in the new scenario leads to displacement of the subjects involved in the change. Change is an inevitable phenomenon which has occurred in our society over the ages making human beings inalienable to any change. The debatable part in this is the frequency of the change. One can draw an analogy with the frequently arriving electronic gadgets which is flooding the market in the present time. It leaves a

customer to think hard whether the choice made by him is correct as because the most recent gadget acquired by him go out of vogue in a little time. The concept of VUCA was mooted by the American Military College. It drew ideas from the lives of soldiers who were fighting in distant lands (Iraq and Afghanistan) to protect their nation's interest in the pretext of curbing global terrorism. Each soldier operating had to go through harrowing times.

Globalisation advocates for a minimalist state and the idea of VUCA has become ubiquitous in today's corporate world. The pace of technological change has become rapid in the previous century ending in the year 1950. The same has resulted into shortening of the product cycles. The vast investment that goes into developing of a product is to be recovered now in a shorter time-period. This demands creation of new market outlets and optimisation of sales in the existing markets (siddhar). This type of trade is not applicable to tangible goods but in the services trade too. Services trade as a proportion of gross value world trade has overwhelmed trade in goods in the past few decades. One of the forms of service trade is commercial presence. In this mode the seller sets up service outlets in the buyer's country. e.g. a foreign owned insurance company setting up its branch in India. (Increase of FDI in insurance sector to 49% would see such cases). In the current world order every country tries to woo foreign capital from the developed countries. It is considered as the most

potent tool for economic prosperity in the developing and lower developed nations. The earlier economic policy which abetted protection for domestic industries has resulted into inefficiency, mis-utilisation of scarce resources. Any effort to continue with such outmoded economic policy may wipe out a nation from the world's economic map. The free trade policy is based on the economic principle of comparative and absolute advantage. It has definitely resulted into enhancement of global GNP along with efficient utilisation of world's scarce resources. However as highlighted in the previous section the rise in global prosperity has not been accompanied with its equitable and just distribution. The labour intensive industries in DC's and the LDC's have been affected significantly. The hi-tech industries are more capital intensive resulted loss of jobs. Even though new vistas of employment have opened but the advantages of those have not been received by the displaced labour. The true story on the ground is much different than what economic theories on positives of free trade suggest. An analogy can be drawn from the development in the banking industry. The advent of computerisation has resulted into reduction of manpower in the Indian Banks through VRS schemes. The banking service recruitment board was disbanded in 2005. Though the move is viable from an economic point of view but the shortage of staff is felt in the Indian Banks (Rana). The rising NPAs in Indian PSU Banks are attributed to shortage of manpower (Kulkarni).

A synopsis of growth of BFSI in India

Banking and Finance industry has witnessed massive transition in the liberalised regime. The transformation is visible in all spheres of activities in the domain of BFSI. Working on a platform made on newly framed policy which is in sharp contrast to the once of pursued in the highly controlled regime in the pre-liberalisation regime. The private sector insurance companies have increased from 4 in 2001 to 23 in 2013. The number of Asset management companies has increased to 44 by the year 2013, though the penetration has not been very significant. The weighted average population covered by a commercial bank branch improved to 13,400 in 2010 from 15,500 in 2005. (RBI discussion paper 2010). The following statistics in the last decade exhibit the volume of growth of the banking business in India. Growth of Deposits, credit-offtake and ATM are few good proxies to the growing banking business in India. The customer base and profitability of the firms have in the BFSI has also witnessed significant growth.

Source RBI

As evident from the above to statistics that the growing banking Industry has provided a remarkable scope of employment. Retail banking been the key to growth of these banks. Wholesale banking's growth has a higher correlation with the economic growth than the former and treasury operations. In the segment of Retail banking is believed to be the most

	DEPOSIT in bn\$	CREDIT OFF-TAKE bn\$	ATM's
FY-06	489	352	17,000
FY-14	1312	1029	1,46,000
GROWTH	168%	192%	759%
CAGR	13.13%	14.37%	30.94

SBI	FY03-04	FY-13-14	CoVAR
NET PROFIT	4305 cr	10,891 cr	40%
Profit per employee	207 lacs	485lacs	36%
Source-SBI Annual Report			
ICICI	FY09-10	FY-13-14	CoVAR
NET PROFIT	4025 cr	9,810 cr	34%
Profit per employee	NA	NA	NA

Total Employment In BFSI-2013	COUNT	% wise
Banking	11-1200000	25-30
Insurance	2-3,00,000	4-5
NBFC	25-30,000	0-1
Mutual Funds	15-20,000	0-1
Financial Intermediaries	25-30,00,000	65-70
TOTAL	40-50,00,000	

labour intensive. The retail banking has employed 7% of total workforce of the country in the banking and has been the fastest growing segment in the banking business (Ojha, 2012).. The private banks and the insurance companies adopt a recruitment style unlike their PSU counterparts. Both in Banking and insurance there has been massive recruitment at an entry level. In the case of private sector firms who are not known to observe any reservation policy while recruitment. The recruitments are mostly through campus interviews, referrals, walk-ins or through consultants. Study of the discussion paper on entry of new private sector in 2010-11 reflects on some very important facts. It states the importance of deepening of banking services for distribution of banking services and financial products which falls under the purview of retail banking. Retail Banking is fast emerging as a preferred choice

among job seekers and has turned into a major employer. Banks have also tied up with major institutions / universities to run certificate course on banking thus increasing the available talent pool. The size of the growing Indian market and its integration with the global economy make global expansion a critical priority for major Indian Banks. It is being predicted that India could become the third largest banking hub by 2040.

Concept of VUCA Applied with Respect to the Challenges Faced by the Entry Level Jobs in Banking & Finance Industry in India

There is a generic belief that prosperity and growth of any industry or sector is conferred on the employees of the industry. The software boom in the mid 90's is a testimony to the claim. Indian banks are expanding across the globe like never before. Indian private sector banks are doubling their manpower every year - this explosive growth is not just confined to the big metros but has also shifted to tier II and tier III Indian cities. Today, 15-20% attrition among the employees is true of most banking institutions. To tackle this many banks have resorted to various plans like stock options, performance bonus etc.-where employees perform then there are ample rewards for everyone. Based on the Khandelwal committee recommendations wage structure incentive oriented and link with performance for the public sector banks a policy which the private sector banks have

adopted well. The public sector banks have not shown much enthusiasm to respond to the recommendation. From the opinions posted by employees in an informal forum the rationality in setting of targets has been challenged. An unprecedented business from a certain source in particular year push up the bar to be achieved in the next year. Moreover every branch in any area has to go through atypical business cycle. When a branch operates initially in a particular area it grows, before it stagnates and plummets. In the last two phases it is immensely difficult to maintain the growth rate making the target to be achieved very stiff. The brunt of such stiff targets across all products and services is understood to be borne by the employees at the entry level. The pressure to perform being intense leads to high level of attrition. The age bracket of employees in the segment is (25-35) who are at the beginning of their professional journey. The pressure to perform induces the employees to resort to mis-selling of financial products. The cobra post operation to expose on such practices by private sector banks has been an eye-opener (ET, March 2013). The fear of losing job and unable to find any new has new one has a huge psychological effect on the employees of the segment which befall on their entire family. The trouble is magnified if the candidate is the sole bread-winner for the family with a burden to shoulder many obligations. The employee in such situation finds oneself in a quagmire. Work-related stress and

mental fatigue – mainly blamed on expectations of better performance, deadlines and competition – is taking a toll on Indian employees in sectors like construction, banking, media, shipping and small-scale industries (ASSOCHAM). The study also states that job in the banking sector has become highly stressful and the top and the middle level position are the most affected .The Volatility of markets turns out to be a major impeding factor in growth of financial products based on the market movement. In the case on Insurance industry the Sale of unit linked insurance policies saw massive growth in the period 2005-08. The sale declined after the stock market fell in 2008. The growth (2001-2010, CAGR was 31%, while 2010-12 was 2% only, Source -KPMG). The Mutual fund industry has also had a tough time in this phase the CAGR of AUM of Mutual Funds was mere 3.2% for FY-2010-13 (Source-KPMG)

Other Jobs

Employees of a public and private were interviewed to find their responses to the VUCA situation in which they function. The employees were from two new generation retail banks (one PSU and a Private sector) and a private sector insurance company.

Most of the employees from the retail banks had a job profile of sourcing new accounts for the branch (savings and current account), selling insurances and mutual funds, Portfolio management schemes, Private equity, selling gold coins on festive occasions etc.

For employees of the insurance companies it was selling of insurance schemes through intermediaries (Individual & Institutional).

The difficulties have been bracketed as operational difficulties and perceived emotional challenges.

Operational difficulties:

Operational difficulties captures the difficulties which the employee come across while discharging their responsibilities.

Observations

- a) Most of the employees in the both banks felt that the non-assured returns from products based on market return did not find favour of customers.
- b) Most employees in both banks rue on the fact they were given no referrals or leads to source new accounts. They had to seek referrals from their own source or from the set of customers whose accounts were opened by them.
- c) Both groups claimed that the targets assigned to them were moderately tough.
- d) Both groups claimed that they were given no credit to source any no-frill account.
- e) Both groups claimed that it is difficult to make people to investing into products which are less liquid .(Making it difficult to sell life –

insurance schemes of companies having banca-assurance with a particular bank and also close-ended schemes of mutual funds)

- f) Most employees in the private sector banks were either tight-lipped or agreed to the fact that people still repose more faith on a PSU bank vis-à-vis a private sector bank.(Makes it difficult to open new accounts)
- g) Most employees in the private sector banks agreed to the fact the edge which the new –generation banks have over their PSU counterpart is contracting with the latter modifying its modus-operandi.
- h) Most employees in the private sector banks agreed to the fact the edge which the new –generation banks have over their PSU counterpart is contracting with the latter modifying its modus-operandi.
- i) Most employees in both the banks felt that in an urban centre it becoming difficult to source new accounts. (Density of customer per branch has improved,12,000 for India)
- j) Both the groups agree to the fact people find little difference now being offered by various banks. There is hardly any novel approach to pursue a customer to open a new account and little incentive for a customer to shift his account from his existing bank.

Emotional Challenges

Most of the employees interviewed are in the age group of 25-35. They are mostly graduates and have received their formal education in English. Most of them have studied in a school in an urban or a semi-urban location. The above features have enhanced their chances of getting employment. The aspiration level of the candidates also goes up before the sign over the dotted lines in their job-contract. The employees had to go through the common ordeal in the context of their job.

- a) Most of the employees were concerned about the sustainability of their job. However the concern was not acute for the employees of the PSU bank.
- b) Most of the candidates working in the private banks received threats to lose their job. The same was not seen in case of the PSU bank.
- c) All the candidates (PSU and Private) were worried about their financial insecurity.
- d) Most candidates shared about their urge to join a job in some govt or Semi govt. enterprise.
- e) Most of employees agreed to the point that unstable nature of their job had an impact on morale of their family members.
- f) All the employees agreed on the point that the demanding nature of their jobs leaves with them too little time to improve on their skill set and pursue their interest.

- g) Majority of the respondents expressed their doubt to have a long term career in their present job.

The unsustainability of jobs along is a major challenge (Selvlke, Hellgren and Naswal). It is an emerging social problem. A firm can optimise profit by reducing cost or by increasing revenue. In the neo-world order technological prowess defines economic progress. This is the reason for having growth which is not accompanied with enough creation of jobs. Income inequality and jobless growth will head the top 10 trends in 2014 (World economic forum). India is likely to see huge missing jobs by 2020. The number has been put at 16.7 million (Economic survey -2013). The survey reveals that between 2005 and 2010 one million jobs have been created for almost 60 million new entrants. The declining share of agriculture to 53 percent from 57 percent in total employment has resulted into 15 million workers crowding into towns and cities for their livelihood. The boom in the construction activities aided to absorb this splurge of labour. However construction sector as known to be highly volatile could never offer any sustainable job opportunity. The advent of new technology has resulted into progress of capital intensive industry. The labour absorption rate in such industries is very low. Better known as FIRE (Finance, Insurance and Real estate) driven economies which are better placed to absorb an educated labour force. However the upheavals in financial markets globally have a deep impact on

the domestic financial market. As it is known well that the jobs in FIRE economy is no less volatile than the ones related to the construction activities. The above line can be substantiated from the loss of jobs of computer engineers all over the world when IT industry faced a slowdown (Sikdar). Economic and social cost of being jobless is enormous. Apart from loss of output the other hazards of idleness are loss of skills, loss of self-respect, lowering of morale, family disintegration and social political unrest. At an individual level there is evidence based on research that there is commensurate rise in suicide, homicide, cardiovascular rate mortality and mental illness (Mathew, 2014).

Winning strategies

Policy measures suggest promotion of manufacturing and services as prescription to curb this menace. Promotion of SMEs in manufacturing is seen as a potent solution to address the issue of rising unemployment. In the BFSI segment the people starting their own enterprise as financial advisor is being seen as a great opportunity in an emerging economy. With deregulation in the financial market the quantum of financial products has increased manifold. Growth of income will be accompanied by growth of savings. The money has appropriated across myriad financial products. In the BFSI segment distribution of financial products is source of biggest source of employment. In the new scenario this profession is going to gain recognition and respect. The low level of financial literacy in India provides an

ideal ground to build up a career in this profession. Unfortunately the definition of financial literacy is only limited to possession of a bank account. In fact the definition of financial literacy is much more. In a regime of free movement of capital from savers to borrowers through numerous financial instruments makes choice very difficult. The withdrawal from the committed pension has left investors to look for market based financial instruments to cater to their financial needs at various stages of life. The role of a qualified financial advisor comes into play at this juncture. FPSB (Financial Planning Standards board of India) a private–public enterprise is playing a lead role in this area. There is a crying need to establish professional Financial Planning standards, inculcate financial literacy, and create suitable redressal mechanism for the investors in India, so that not only they can make responsible use of credit & money but can make informed financial decision that affect their family and future. Leading personal financial services establishments all over the world have been concerned about these issues as well: as this not only impacts the businesses of the corporations but also the credibility of the institutions - as it is largely a function of the professionalism demonstrated by its associates vis-à-vis their investors. Globally many leading personal financial services firms are coming together and attempting to professionalize the business of Financial Planning, and setting standards in the discipline. Currently in

over 24 countries over 200 leading financial firms have joined hands towards this objective. In India – Financial Planning Standards Board India has been set up to achieve the same. FPSB India is currently promoted by 50 leading Financial Services Organizations from the industry.

Conclusion

The need of the hour to address to the menace of volatility in the job market is to look towards building an entrepreneurial culture. For people working in the BFSI practising as an individual financial advisor provides a perfect setting to have a sustainable profession. As the concept in new for India which had long history of administered financial regime penetration of market based financial products are very low. The penetration of Insurance (life and non-life) which is measured as percentage of insurance premium to GDP is as low as 3.96% whereas the density of Insurance which the ratio of total premium to total population is 53.20\$. The growth has been lower than nations GDP in the same period (IRDA report 2014). Similarly, for mutual fund industry the AUM/GDP growth ration is also low. The proportion is 6.99% for

the entire country, and if the first decile of areas is excluded the ration drops to 1.82% (Chakraborty et .al, 2013).The above can be the reason for unholy ventures like the Ponzi schemes to flourish and dupe the gullible investors. Many sates in India have been affected by such ignoble ventures. Apart from lax regulation low level of financial literacy is believed to be the key factor behind such a catastrophe. The job of qualified financial financial professional is enormous and multipurpose. Apart from being source of livelihood it is also an act of philanthropy. It would not be an exaggeration to say that it is just a beginning and the best of the profession is yet to be seen.

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Innovation in Distribution Strategy to Sustain in Competitive Market: A Case Study of Auto Parts Industry

Biswaroop Singh

Lecturer, Ravenshaw Business School, Ravenshaw University, Cuttack

Mail: biswaroops@gmail.com

Purna Chandra Ratha

Former Professor, Dept of Business Administration, Utkal University, Bhubaneswar

Mail: pcratha@gmail.com

ABSTRACT

Innovation in distribution strategy is the key to sustain in today's competitive market place. This is applicable for diverse sectors like PC manufacturers, retail chain, furniture industry, book sellers etc. Even the auto component makers are now changing their traditional push-type of distribution strategy especially in the replacement or aftermarket. The case is about an established company dealing in automotive filters which used the principle of pull-replenishment advocated in Theory of Constraints to increase its market share in the aftermarket segments. The company used a focusing process to identify the constraint and restructure the organization around it. In the last few years after adopting the new strategy, the company has experienced higher inventory turns, better market reach and remarkable increase in ROI by changing its distribution strategy from a push strategy to that of a push-pull strategy.

Key Words: Auto component, Theory of Constraints, push-pull supply chain, aftermarket/replacement market

Introduction

Distribution strategy plays a vital role in company's overall growth through satisfying customers demand in an efficient manner in today's competitive business. Choosing the appropriate strategy or changing from one strategy to other

according to the market need depends upon the success of the firm. These changing trends could be observed in various sectors like retail, furniture, book sellers, personal computer manufacturers etc. Even the traditional auto component

manufacturers also are changing their strategy by looking into the success stories of the above industries. ABC Filters Private Limited, our focus company has increased its profitability (by reducing inventory) as well as its supply chain partners ROI in the replacement market by changing its distribution strategy.

Theoretical framework of different supply chain strategies

Simchi-Levi (2004) states that traditional supply chain strategies often are categorized as push or pull strategies. Probably this stems from the manufacturing revolution of the 1980s, in which manufacturing systems were divided into these categories. Interestingly, in the last few years a number of companies have employed a hybrid approach, the push-pull supply chain paradigm.

Push-based Supply Chain

In a push-based supply chain, production and distribution decisions are based on long-term forecasts. Typically, the manufacturer bases demand forecasts on orders received from the retailer's warehouses. It therefore takes much longer for a push-based supply chain to react to the changing marketplace.

Push-based supply chain leads to:

- The inability to meet changing demand patterns quickly.
- The obsolescence of supply chain inventory. As demand for certain products disappears in a push-based supply chain, it often results in an

increase in transportation costs, higher inventory levels, and/or high manufacturing costs due to the need for emergency production changeovers

Pull-based Supply Chain

In a pull-based supply chain, production and distribution are demand-driven so that they are coordinated with true customer demand rather than with forecasted demand. In a pure pull system, the firm does not hold any inventory and only responds to specific orders. This is enabled by a fast information flow mechanism that transfers information about customer demand (e.g., point of sale data) to the various supply chain participants. This system leads to

- A decrease in lead times achieved through the ability to better anticipate incoming orders from retailers.
- A decrease in inventory at retailers because inventory levels at these facilities increase with lead times.
- A decrease in variability faced by manufacturers due to lead-time reduction.
- Decreased inventory at the manufacturer due to the reduction in variability.

“Thus, in a pull-based supply chain, we typically see a significant reduction in system inventory level, enhanced ability to manage resources, and a reduction in system costs when compared with the equivalent push-based system. On the other hand, pull-based systems are often

difficult to implement when lead times are so long that it is impractical to react to demand information. Also, in pull-based systems, it is frequently more difficult to take advantage of economies of scale in manufacturing and transportation because systems are not planned far ahead in time.

These advantages and disadvantages of push and pull supply chains have led

companies to look for a new supply chain strategy that takes advantage of the best of both. Frequently, this is termed as a push-pull supply chain strategy.” [Simchi-Levi (2004)]

The characteristics of the push and pull portions of the supply chain are stated in the following table.

Table 1

Characteristics of Push and Pull aspect of Supply Chain

	<i>Push</i>	<i>Pull</i>
<i>Objective</i>	Minimize cost	Maximize Service level
<i>Complexity</i>	High	Low
<i>Focus</i>	Resource allocation	Responsiveness
<i>Lead time</i>	Long	Short
<i>Processes</i>	Supply chain planning	Order fulfillment

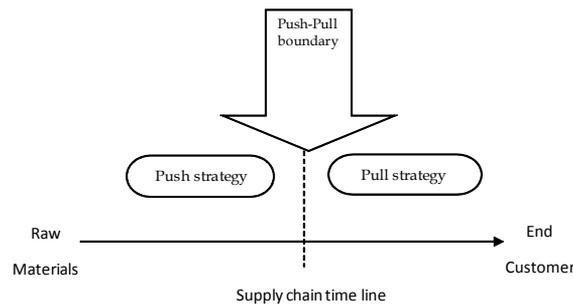
Source: Simchi-Levi (2004)

Push-Pull Supply Chain

“In a push-pull supply chain, some stages of the supply chain, typically the initial stages are operated in a push-based manner, whereas the remaining stages employ a pull-based strategy. The interface between the push-based stages and the pull-based stages is known as the push-pull boundary. To better understand this strategy, consider the *supply chain time*

line: the time that elapses between procurement of raw material, i.e. the beginning of the time line and the delivery of an order to the customer, i.e., the end of the time line. The push-pull boundary is located somewhere along the time line and indicates the point in time when the firm switches from managing the supply chain using a push strategy to managing it using a pull strategy.” [Simchi-Levi (2004)]

This is illustrated in the following figure.

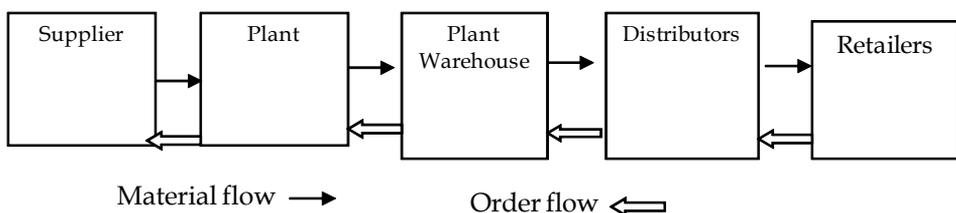


Source: Simchi-Levi (2004)

Consider a personal computer (PC) manufacturer who builds to stock and thus takes all production and distribution decisions based on forecast. This is a typical push system. By contrast, an example of a push-pull strategy is one in which the manufacturer builds to order. This implies that component inventory is managed based on forecasts but that the final assembly is line in response to a specific customer request thus the push portion of the manufacturer's supply chain is that portion prior to assembly, whereas the pull part of the supply chain starts with assembly and is performed based on actual customer demand. The push-pull boundary is at the beginning of assembly. Observe that in this case the manufacturer takes advantage of the fact that aggregate forecasts are more accurate. Indeed, demand for a component is an aggregation of demand for all finished products that use this component.

In the recent past, ABC Filters adopted a similar push-pull strategy in replacement or aftermarket. Prior to this like any other similar auto component makers, ABC also used the traditional push strategy. For example, in the factory, filters were manufactured according to the forecasts estimated by marketing department. Then the company used to push the filters to distributors and the

distributors also used to push them to retailers. As we know the forecasting is always associated with an error so there was a mismatch between supply and real demand which resulted in a decrease in profitability of company as well as its distributors. By observing this with the consultation with 'Vector Consulting Group', the company had switched to push-pull strategy. In the warehouses and C&F agents the inventory for different products were kept in fixed quantity anticipating demands from distributors. For different distributors also the inventory were fixed previously and kept forecasting retailer demand. The distributor sales representatives would visit the dealer/retailer and took orders from them and submit it to distributor. Then the distributor replenished the stock to the retailer on the very next day. All the products in inventory have three statuses i.e. green, yellow or red. Above 66% of the predetermined stock signifies green while less than 66% but above 33% represents yellow and below 33% is red. Once the status of a particular product has changed from green to yellow status then the required amount of items would be shipped from plant warehouse to distributor in the next day. The same procedure would followed by the warehouse when the material was replenished from plant.



About the Company

ABC Filters Pvt. Ltd. is a part of the Cummins group company worldwide. Established in 1987, ABC Filters is India's leading manufacturer of heavy-duty air, fuel, lube and hydraulic filters and coolants for on & off highway applications. [Exhibit 1, Products] It designs, manufactures and markets air intake systems, air cleaner assemblies, air filters, fuel filters, fuel water separators, lube filters, hydraulic filters and coolants that enable diesel engine manufacturers to incorporate improved reliability and longer life into their equipment leading to better performance throughout its intended product life cycle. It is the only Indian filter company with own paper manufacturing unit with international collaboration and first Indian filter company to be certified ISO/TS 16949:2002. It is used as OE fitment on most widely used engines & new generation trucks. [Exhibit 2, OE list].

Initial Period in India

ABC Filters was established in India in the year 1987. For the first 15 years (i.e. up to 2007) the company was primarily dependent on original equipment manufacturers (OEM). The company's growth was restricted by the growth plans of its OEM customers because the company had no control over OE sales growth. This led the company to focus on the aftermarket because that is where they could get the maximum profits.

Planning before the Action

In the later part of 2006, ABC started working with *Kiran Kothekar's 'Vector Consulting Group'*. It was suggested that to succeed in the aftermarket, the company would need to widen its *reach*, i.e. excellent distribution and 100 percent availability and a wide *range* of products. It was planned to understand the total need of the customer and then come up with a strategy to fulfill the need. That strategy or tactic would have to be virtually impossible to replicate.

The need in the aftermarket was identified. Company's immediate customer is distributor whose primary need would be cash flow or inventory turnover or return on investment. The distributor's return on investment could be raised by reducing his inventory and the inventory could be reduced by ensuring availability of the parts. This was quite the opposite from how companies traditionally operate - creating availability by forcing distributors to hold mountains of inventory. So here both the distributor's as well as the company's money would be stuck without any guaranty of sell.

The situation of ABC then was one that of high level of inventory in the pipeline and factory, resulting in losses. Marketing would change the work orders to the factory every now and then, which resulted "too much" dynamism on the shop floor. The company was also afflicted by the "month end" syndrome with seasonal swollen inventories and big discounts for

the distributors, resulting in further losses. In 2002 ABC entered the aftermarket and appointed state wise distributors. M/S Ashis Industry Ltd. was the first distributor in Kolkata.

Procedure

Like any other auto component company, ABC set target to distributor, and then dumped the material by giving 60 days credit period. Turn over discount was given at the end of each financial year. Marketing of the products was performed mostly by the distributor. Sales representatives from company used to visit distributor once in a month. There was almost no garage (automobile repair workshops popularly known as garages in India) level work.

Challenges

The major challenges before the company was no control over stock at the distributor as well as company end and also there were frequent situations of excess or shortage in inventory. At the manufacturing end company faced shortage of raw material and at times found themselves in a situation where they had no money to buy raw materials. To conclude company had very limited working capital to operate. Coming to the information part - company was totally ignorant about the dealer's sale and also it had no information about the garages. So company could not able to know the actual market potential for its product.

In the month of June 2007, ABC opened a central ware house at Pune and

also depots were established in each state. A software called '*Samanvay*' was introduced. Primary objective of the software was to control the stock of company as well as the distributor. *After a month 'Humsafar'* software was implemented in which Mechanic Loyalty Program (MLP) was included. Mechanic Sales Representatives (MSR) were appointed. MSR along with the distributor's sales representative visited and collected address of all (small or big) garages.

MLP passbook was given to mechanic stating their name & address along with a T-shirt and cap for them. The mechanic buys ABC products from the dealer and fits it on the vehicle. Then he keeps the packet (cover) for a max of 10 days. Because due to Fixed Day Fixed Route (FDFR, the tour program of a mechanic sales representative is fixed i.e. the allocated number of mechanics he would cover in a specific route) a MSR would visit a mechanic either at 6 or 9 days interval depending upon the number of mechanics in a particular area. While visiting the mechanic the MSR would fill up the passbook taking into account the empty packets. The stickers on the packet mentioning the batch number are then cancelled with a permanent marker to avoid further duplicity.

There are 5 columns in the pass book namely date of MSR's visit, part number of the product fitted, corresponding batch number, points relating to the product and cumulative points. Redemption request if

any could be filled up at the bottom of each page. The points vary from product to product. [Exhibit 3, MLP passbook format] For example: Diesel filter-20 points (part number starts with FF/FS), Coolant - 50 points (part number starts with DCA/CC or 851) etc.

On each visit the MSR updates the passbook which is present with the mechanic and also makes entries in his own register. In the evening, he would update his register online. Thus, points on the passbook accumulate with every purchase of ABC products. Out of the total points, of the mechanic can redeem a maximum of 70 to 80% of the points (not 100% points). There are numerous options available for redemption like school bag, inverter, Tanishq jewellery or a 3 days-trip to Singapore, Bajaj Pulsar etc. [Exhibit 4, Redemption table]

Advantages of MLP

- Company gets grass root level market feedback.
- All the mechanics are under direct touch with company.
- Mechanic insists upon the retailer to keep ABC products.
- Distributor cannot give any preference to particular retailers.
- Company gets the detailed data of all mechanics with the products they are fitting.
- The mechanic can be requested if any range of products he is not using. For example- if a mechanic is using all the

ABC ranges for a particular customer except coolant then he can be reminded to use ABC coolant.

As per ‘*Samanvay*’ software all the distributors were covered. ‘*Samanvay plus*’ extended this to the retailer level in earlier part of 2010. Now the distributor could not manipulate the price. The distributors were asked to dedicate an exclusive system (PC) for ABC only. Fixed Day Fixed Route (FDFR) was followed. A Distributor Sales Representative (DSR) has a fixed 6 day plan in which he visits the dealer as per the plan and collects order. Next day before going to market he submits the order to the distributor. The distributor will replenish the dealer’s order on that day only. The distributor has assigned an exclusive vehicle for ABC.

The Area Growth Professional (AGP) would review the DSR & MSR every day.

For Distributor Sales Representative the following points are to be discussed.

- o Follow up of Fixed Day Fixed Route
- o Coverage of 100% retailer
- o Discuss with range

For Mechanic Sales Representative the following points are discussed

- o Follow up of FDFR, 6/9 days plan
- o Coverage of 100% mechanic
- o Discuss with range & availability

The Result: Before and After

Earlier the distributor’s typical inventory was 60 days worth of sales, which meant he was getting inventory turns

of about 6 a year. Now the company lowered the inventory and increased availability. The distributor's inventory is now typically 10 days that means there are 36 inventory turns in a year. As a result, the distributor's ROI has increased 300 percent.

Earlier the intention of ABC (like any other auto component company) was to push everything to the distributor. Company operates with the assumptions that the distributor is forced to sell if its capital is blocked. For example if the distributor was generating sales of Rs 12 lakh a year, he had to hold 60 days of stock, i.e. Rs 2 lakh of sales. Rs 2 lakh in the business. Now by reducing the inventory to 10 days, the distributor's investment was not even Rs 20,000. But with the availability, his sales had become Rs 24 lakh. And if he had a 10 percent margin, he used to make Rs 1.2 lakh profit on Rs 2 lakh invested. Now, it is Rs 2.4 lakh on only Rs 20,000.

The company had told to its distributors, "*If my unavailability with you goes more than one day for an item, I will pay you penalty.*" This is the only company that is doing this. In some cases, it had paid penalty also. The management needs courage and commitment to implement such a scheme and perhaps such types of initiatives have provided the impetus for the rapid growth of ABC.

At the plant site

Earlier, the plant would produce those parts which were ordered by the

marketing department. And marketing would order those parts that had higher margins, but that might not be required by the market. So even if there was no real order the plant would produce and then marketing would dump it on the distributors. Now the distributor did not have the money to buy it, so marketing would extend the credit period and add a 2 percent scheme for the month end. Nothing was sold in the market while the production efficiency was cent percent. Company incurred expenses on the plant by running it without any orders and no revenues to show in return.

Present situation

ABC first classified its entire portfolio into two categories i.e. made-to-schedule (MTS)- the fast moving products and made-to-order (MTO)- those with a lead time of up to six months. A plant ware house (PWH) was inserted into the distribution chain from which the Clearing and Forwarding Agent (CFA) replenish the distributor's stock. For the made-to-order the suppliers, plant, plant ware house, CFAs, and distributors each have a tricolor (red-yellow-green or RYG) charts that display the stock level or buffer for each part.

At each link in the distribution channel, the entire stock is the buffer. When the stock falls below 33 percent it is in the red; if it is between 33 and 66 percent it is in the yellow band and a level above 66 percent is green.

There is no ordering any more. The distributor logs-on to the ABC portal at the end of each day and simply enters the details of how many parts he has consumed, provided the number of each part is a multiple of the minimum order quantity (MOQ). The CFA will ensure that his stock is replenished by that quantity, within 24 hours. The stock levels at each of the 30 CFAs & 103 distributors are monitored by a ‘war room’ at the plant ware house. The four ‘generals’ at the plant warehouse study the demand trends for each part number on the basis of the

data they receive at the end of every day, and also priority deliveries to distributors on the basis of their respective RYG statuses. If distributor X has sold one and Y has sold 10, then X would get priority if he is in the red.

The war room also prepares a daily consolidated buffer penetration report (BPR), that in turn determines the work order that is passed on to the plant for the next morning. If one buffer is constantly in the red that means sales of that part is going up. So the buffer would be resized. This is called dynamic buffer management.

The Final Result

The ultimate results are presented below

Table: 2

Parameter	2007	2013
Number of SKUs	300	600
Inventory	45 days	16 days
Receivables	40 days	11 days
Availability	80% (monthly order fulfillment)	99% (availability at distributors on a daily basis)
Number of distributors	60	147
Area covered by each distributor	No area demarcations	Area demarcations- not more than 3 districts per distributors
ROI of distributors	More than 45 days of stocks. ROI of about 20%	Less than 15 days of stocks. ROI of over 80% (Margins kept same as before and trade schemes were discontinued)
Retailers covered	5000	43000
Mechanics under loyalty program	Nil	45000
Sales officers	26	70
Number of mechanic sales representatives	18	220

Sales increases 9 times in 6 years since 2008

Source: www.vectorconsulting.in

Conclusion

The above table tells the success story of ABC Filters after implementing the unique innovative push pull strategy in the aftermarket of auto parts sector. As per the suggestion of Vector Consultancy ABC had increase the range and reach (distribution) of its products. The SKU has increased twice from 300 to 600, number

of distributors from 600 to 147 and dealers from 5000 to 43000. This has been translated in the sales figure which has increased 9 times in 6 year after implementing the innovative distribution strategy. The strategy helped the company not only to sustain in the market but also to be number one player in the aftermarket of filter in auto parts industry.

Exhibit 1

ABC Products

1	Air Intake System	6	Lube Filters
2	Air Cleaner Assemblies	7	By Pass Filters
3	Air Filters	8	Hydraulic Filters
4	Fuel Filters	9	Water Filters
5	Fuel Water Separators	10	Coolant

Source: Company website (www.abc-filtrum.com)

Exhibit 2

OEM list of ABC

1	Ashok Leyland Ltd	11	Kirloskar Oil Engines
2	AtlasCopco Ltd.	12	Ingersoll Rand
3	Asia Motor Works	13	Cummins India
4	Caterpillar	14	Telcon
5	Cooper	15	L&T
6	Cummins filtration US	16	Tata Motors Ltd.
7	Dossan	17	BMEL
8	Eicher Motors Ltd.	18	Volvo
9	Elgi Equipments	19	John Deere, India
10	Isuzu Motors, Japan	20	Tata Cummins Ltd

Source: Company website (www.abc-filtrum.com)

Exhibit 3

Sample of Mechanic Loyalty Program passbook

ABC Humsafar... Mechanic Loyalty Program		Pass Book No.		
Date of MSR Visit	Part No.	Batch No.	Points	Cumulative Points
Redemption Request				
Total Points	Redeemable Points	Gift Opted for	Sign Mechanic	Sign MSR

Source: Obtained from Mechanics

Exhibit 4
Redemption Table

Total Points	Redeemable Points	Option 1	Option 2	Option 3
1875	1500	Dungarees-Mechanic Dress	Titan Sonata Wrist Watch	School Kit for Child(Bag)
3750	3000	Basic Tool Kit	Kodak Camera	Steel Dinning Set
6000	4800	Hero Cycle	Desert Cooler	Phillips DVD Player
9000	7200	Nokia Cell Phone	Maharaja Juicer Mixture	Medical Insurance for wife 1 year
12500	10000	Water Purifier	Phillips music System	Steel Almirah
18750	15000	Vacuum Cleaner	Sofa cum bed	Luminous Inverter
28125	22500	Factory visit Pune	Sony 21" TV	Dining Table Set
37500	30000	Gold Chain	LG washing machine	LG Refrigerator 300Lt
50000	40000	Sony 29" TV	Carrier 1.5 ton Window AC	Mahabaleswar trip 3days-couple+2 kids
75000	60000	Hero Honda CD Dawn	Personal Computer	Goa trip couple+2 kids
12500	10000	Bajaj Pulsar 150cc	Singapore trip - Couple	Tanishq Jewellery Set

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Arunachalam Muruganatham: The Man who Sparked a Revolution Against all Odds

Ms. Smruti Rekha Sahoo

Asst. Professor, SAI International College of Commerce & Economics, Bhubaneswar
sahoo.smrutirekha@yahoo.in

Ms. Alaka Panda

Lecturer, Biju Patnaik College of Science and Education, Bhubaneswar
panda.alaka05@gmail.com

ABSTRACT

Uncertainty and ambiguity are a key challenge to every business organization existing today. Every individual should be equipped to build strategies that not only defends threats but also helps in taking advantage of the available opportunities. Obstacles and uncertainty must not prevent a person from doing things differently. Arunachalam Muruganatham is a person whose determination transformed all obstacles to his stride.

It's a tale of an inventor's obsession, in the face of ostracism, which ends in triumph, with Muruganatham's simple, low-cost machine for the production of sanitary napkin at a very affordable price that transformed the lives of several rural women across India. Muruganatham's decade long experimentation to create an affordable sanitary pad manufacturing machine for underprivileged women is the subject of a remarkable story.

Keywords: affordable low-cost machine, passion and women.

Introduction

Arunachalam Muruganatham, the founder of Jayashree Industries, is a social entrepreneur. His passion to bring about a change in the society resulted in a low-cost sanitary towel making machine that helped improving lives of women specially across rural India.

Looking at Muruganatham, it isn't immediately apparent that he is the man who patiently lived through public ridicule for about six years, or received a presidential award for innovation. Passionate about social change, he presents his deeply held convictions

without hesitation, which makes him a novelty in the conservative society.

It was indeed a very difficult task to spark a revolution as the subject itself is such a big taboo in India. However, this didn't deter him. After struggling alone for many years, his efforts bore the fruit. He received the Best Innovation award from Smt. Pratibha Patil. He founded a company named Jayashree Industries. He has been recognized as one of the hundred most influential people in the world for his accomplishments, by TIMES magazine in the year 2014. He has lectured at several institutes like IIT Mumbai, IIM Ahmedabad and at Harvard. His inspiring story was the subject of a prize winning documentary by Amit Varmani titled "Menstrual Man".

His life and struggle

The son of a handloom weaver, Muruganantham, grew up in poverty, after his father's demise in a road accident. As a child, he was interested in science but had to quit studies at the age of fourteen in order to support his mother.

Shortly after his marriage, Muruganantham discovered his wife Shanthi collecting filthy rags in a newspaper to use during her menstrual cycle. When asked about this unhygienic practice, she replied that she couldn't afford a sanitary napkin. Troubled by his wife's statement, he decided to make experimental pads. Initially he made pads out of cotton which were subsequently rejected by his wife and sisters and eventually they stopped co-

operating him and refused to be test subjects for his innovations.

He then bought the commercial product in order to analyse the raw materials used. Being from a handloom background, he thought he could make a cheaper one instead. Though his thought was noble, he had to pay a heavy price for it. Menstrual flow, a rather taboo subject in India, left him ostracized by family and community.

It took him a little more than two years to analyze that the commercial pads used cellulose fibres derived from pine bark wood pulp which not only helps to absorb but also retain its shape. Then he went on to devise a low cost machine that could be operated with minimal training.

After a struggle of over four years, he succeeded in creating a simpler version of the machine. Powered by electricity and foot pedals, the machine de-fibred the cellulose, compressed it into napkin form, sealed it with non-woven fabrics and finally sterilised it with ultra-violet light. The best part was that the entire process could be learnt in less than three hours.

An Achiever

The turning point for Muruganantham came in the year 2006, when he visited IIT Chennai to show his idea and get feedback. His idea won the award for the best innovation for the betterment of society. He also received Indian Presidential award for Innovation in the year 2009 by Dr. Pratibha Patil. This event

brought him to media spotlight and very soon he founded Jayshree Industries, which now markets these machines to rural women not only in India but also in different parts of the world.

Current Business Performance

The cost of the machine is rupees eighty thousand as against the machines used by MNCs costing three and a half crore rupees. Though the initial market acceptance of sanitary napkin machine as well as its penetration was very poor, a determined Muruganatham along with his wife started selling them to women in the local area of Coimbatore. Soon the two were unable to keep up with the demand. By 2009, the product was a success.

Jayashree Industries, as a company, sells the machines directly to women in rural areas with the help of bank loans as well as through NGOs and women self help groups. Though it is a 'zero employee' company but it has generated employment by empowering its customers with entrepreneurship. Its customers are those who aren't even privileged to have employment. The person who operates it can learn the entire process in three hours and can employ three others to help with processing and distribution. It is now being used in twenty-five states and across thousands of villages in India.

Aim

Muruganatham's aim was not only to create awareness and increase the use of sanitary napkins but also create jobs for rural women.

Conclusion

In a country like India, menstruation has always been perceived as a social taboo. The topic is seldom discussed due to which adolescent girls and even women resort to extremely unhealthy practices which includes the use of unsanitized cloth, ashes or sand resulting in Reproductive Tract Infections (RTIs) which is common more among women in rural India.

In such a scenario, the effort of Mr. Arunachalam Muruganatham is definitely commendable. Adverse conditions and limited resources didn't deter him from his aim. Today Muruganatham is hailed as a visionary who is empowering rural women across India. He is the hero who actually stood up for women and their issues. His vision is to make India a 100% napkin using country. His invention is not only creating awareness among women but also providing employment, whose lives were once confined to the walls of kitchen. Now they are independent, confident and leading a better life.

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World of e-Retailing Today: A VUCA Analysis

Sruti Sucharita

BTech (CSE), KIIT University Bhubaneswar

sruti.sucharita@gmail.com

ABSTRACT

VUCA is relatively a new concept; but when we look back, the world has always been that way. Only recently we are having a re-look at it, in a more scientific way. In our everyday life, we face some sort of:

Volatility—*as the pace and volume of change is relentless in one's life-time;*

Uncertainty - *regarding one's future performance, even when the present situation stable;*

Complexity - *in the different environment we pass through, with host of decision variables and stakeholders;*

Ambiguity—*of choice of source, means and methods, for achieving the desired outcome. Here, in this proposed paper, we shall study the VUCA aspect in the e-retailing sector, where India is fast becoming the centre of attraction for all the global giants, of this sector. The paper tries to discuss issues like how volatile and uncertain is the e-retail market today; how complex is the business-process and the whole operations of e-retailing.*

Introduction:

Imagine a business, now facing diminishing home markets; regulatory pressures; using the potentials to exploit new markets; considering an opportunity to merge or acquire; the challenges of sourcing, retaining and developing local talent across cultures and within virtual teams, combined with the escalating youth unemployment. The challenges for the stakeholders are multiple, with apprehensions of unpredictable outcome, because of very complex process.

Very anxious moments can be very well expected on the part of senior managers of any business, in any sector. Quite a similar situation can be also observed in the e-retailing business. We shall try to analyse this sector from VUCA perspective.

Let's first have a re-look at its past and present, then we shall discuss the complexity of its future from VUCA angle.

E-RETAILING Today: A brief overview

Newspaper, magazine and internet space is now a buzz with lot of stories on e-commerce, online shopping and e-retailing. Those who have access to internet are using e-mail, must have

received fabulous, seductive offers of very high discount from online shopping agencies, during this puja/Diwali. The story which we are going to present here is all about the latest trend in online shopping which is spreading across the globe like wild fire. India is now the center stage for this multi-billion dollar business.



Paradigm Shift:

The very definition and the concept of ‘sale’ or ‘shopping’ has undergone a paradigm shift, in this e-age. People are fast moving from the traditional brick and mortar form of shopping, to the convenience of e-commerce and e-shopping. Thus the traditional ‘**retail**’ is now being used and accepted as ‘**e-tail**’. In brick and mortar form, we had evolution and revolution in shopping industry, both in unorganized as well as organized sector. People had nice and convenient experience of shopping from super market, malls and departmental stores. Wal-Mart (owned by Sam Walton) from international sector and future groups (owned by Kishore Biyani, popularly known as **Big**

Bazaar brand) in India would come to our mind in this context.

Retail to e-tail:

Despite the clear advantages of mall and super markets, it has its own disadvantages too. When there is a need for a purchase, one may find it inconvenient to travel to a mall to buy that commodity. Inconvenience of time, distance and traffic and parking congestion may come as hindrance for such ‘purchase intentions’. Such inconvenience is not there in this new form of e-retailing. We simply place an order, anytime 24X7, and expect the thing the same day or the next day at our doorstep. Young generation is now more accustomed to this form of ‘novel’ shopping’.

Brief History:

Though the pioneering work of Michael Aldrich is considered as the beginning of online shopping (way back during 1979-80), the real e-retailing business started in a formal way only after the use of World Wide Web (WWW) during 1990/91. Initial innovators in e-shopping where Pizza- Hut (1994), Amazon.com (1995) and e-Bay (1995). They showed the path, less travelled, to other players to join and reap the harvest.

e-shopping in India:

Online shopping or e-retailing is now fast picking up in India. Considering the huge customer base in this Asian sub-continent, many national or international e-commerce giants have just entered the fierce battle of e-com space in India. Our own Indian MNC brand flipkart has

recently stunned everybody by its huge market valuation (its M-cap is now over \$7bn) surpassing retail brand future group/ Big Bazaar. It is interesting to note that the owners of Flipkart were earlier serving as employees in the world number-1 e-retailing company, Amazon.com. The Amazon boss, Jeff Bezos, has not taken lightly about the sudden rise of Flipkart. Jeff himself visited India recently, with his big plan of investing a huge amount of \$2bn, in India alone. He promises for bringing his new concept of 'everything store' to India through his Amazon.com. Amazon 'A to Z' or everything that one may want to buy. So we can expect very soon a big revolution in e-retailing in India and a new experience for the ever growing population of e-shoppers. What will be its future? Will the customer really benefit out of this mega-war?

**Arrival of alibaba:**

The other important news in the global arena is about the arrival of Chinese e-retailing giant Alibaba in International field. Recently it made history by raising record breaking fund from the global

market and clearly emerging as a threat to other global giant Amazon.com. India's huge customer base has also attracted Alibaba. Alibaba is in talks with Snap-deal to enter India. Snap-deal is now a \$4bn company.

Who's who of retailing giants

Company	Founder	Founded in	Head-quarter
Amazon.com	Jeff Bezos	July 5,1995	Seattle, USA
Alibaba.com	Jack Ma	1999	Hong Kong/ Hangzhou, China
Snap-deal	Kunal Bahl, Rohit Bansal	Feb 2010	New Delhi, India
Flip-kart	Sachin Bansal, Binny Bansal	Sept 5,2007	India/ Singapore

Present comparison among the leaders:

Company	Valuation/M-cap (\$bn)	Gross merchandise value (\$bn)/ Approx
Flipkart	7	2
Amazon	147	1
Snapdeal	1	1

(Source: Times of India, Dt. 29/9/14)

Market leader will put up exclusive products and offer heavy discounts while rival Amazon.com may introduce drone delivery in the country as Diwali season is when most number of Indians try out online for the first time. The four to five weeks until Diwali brings the largest sales spikes for online sites. The online retail industry has grown rapidly in the industry in the past few years. While the overall industry was at \$1bn a couple of weeks ago, just the top three market places in the country- the flip-kart, Snap-deal and Amazon are estimated to cross \$4bn in sales this fiscal.

High Uncertainty of a Volatile Market

Amidst this huge ad-war of online shopping giants, the traditional retailers maintaining a low profile, at least for the time being. But according to them, the traditional brick-n-mortar form of retailing is definitely going to stay and can bring back customers' faith in larger magnitude. There is also concerns from tax-sleuths and

regulating bodies on such extremely very high growth of e-tailing business. Will the customers' right and interest be ever protected? Can we expect the same quality, as attractively advertised, to be delivered always? Customers are ever conscious and right in having their own suspicion.

But one thing can be said for sure that, the huge investment that is now in pipeline, is going to create lot of business activity, leading to employment generation, technology development and infrastructure development. A smart customer is advised to join e-tailing smartly and carefully and not to get swayed or lured by attractive ad-campaigns, now very much surcharged by media hype. Investors are definitely taking a big gamble in this field of business.

Ambiguity & Complexity Factors:

These are the two factors faced by not only the sellers but also the buyers. As the world is moving rapidly, people like we the youngsters of gen-next want everything faster, smarter and better. So the competition increases everywhere. When Amazon declared the big billion day, Snapdeal had no other option to apply the seasonal discount on its product keeping

a wafer thin margin of profit on the same day. Not only in India but also in US a similar incident took place. After Halloween and thanks-giving day (by Amazon), “back friday” is being newly introduced where, the US citizens get heavy discount on almost all the products on every Friday. On such days the actual sales exceed the estimated sales, which leads to stampede in the shopping malls where, millions of educated families join the mad rush. This craziness sometime end with anger because they fail to satisfy their customers or CRM (Customer Relationship Management). Like on big billion day, when millions and millions of hungry customers were trying to access through internet, the system was overloaded leading to server crash. This complexity and ambiguous situation is not only faced by the leading companies but also the potential buyers. As a customer before buying a product we have to answer many questions such as:

- Whether to go for e-shopping or not?
- Whether the quality of the product will be good or not?

When we see so many e-retailers we get confused to choose our desired product from which e-retailer, so that we can get better product at a cheaper rate.

Conclusion:

So instead of making it more volatile, complex an ambiguous, we come up to a

conclusion that we need to focus on the following:

- Leadership more than management
- Strategic sense-making more than operational problem-solving
- High levels of trust
- Devolved responsibility more than control
- Collaborative working - an organizational appetite for flexible, decentralized empowered networks
- Organizational and individual learning from live experience
- High tolerance for uncertainty and ambiguity
- Questions about *what if...* rather than statements of prediction.

In a VUCA environment, organizations are actively seeking out what really works in helping increase organizational effectiveness, strategic thinking, productive change, resilience and sustainability.

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Winning by Banking on Technology and Innovations: A Study of Select Indian Banks

Srihari Subudhi

Ph.D. Scholar, All India Management Association, New Delhi
Senior Manager (IT), Oriental Bank of Commerce, Head Office, New Delhi
Email: sriharisubudhi@gmail.com

ABSTRACT

Advances in information and communication technologies have transformed the way banks do their businesses. All the banks in India are now reaping the benefits of Core Banking Solutions (CBS), thereby providing their valued customers anywhere banking, National Electronic Funds Transfer (NEFT), Real-Time Gross-Settlement (RTGS), Phone Banking, Internet Banking, Mobile Banking, Cheque Truncation System (CTS) etc. Technology-enabled disruptive business models, progressive regulatory environment and changing customer needs are forcing the banks to be innovative. This study tries to find out the various innovative banking products/services recently introduced by select banks in India. This study also examines how banks can win in offering innovative products/services in the future by leveraging various technologies. In this study, for secondary data, we have referred various Reports/Research Papers/Web sites of Reserve Bank of India, Institute for Development and Research in Banking Technology (IDRBT), Unique Identity Authority of India (UIDAI), various banks etc. The paper reveals that apart from having a large branch network, ATMs, POS Terminals, micro-ATMs and Business Correspondents, banks in India have recently introduced various innovative products/services like TV Banking, Facebook Banking and Self-Banking, Tab Banking and Video Banking, etc. The leaders in banking on technology and innovations are SBI among the public sector banks and ICICI Bank among the private sector banks. India's Unique ID card (Aadhaar Card) based biometric authentication can be a real game changer for the banking sector in the future. Banks having a solid technology platform coupled with innovations can go a long way in winning in the future.

Keywords: Innovation, Technology, Indian Banks, ICT

"Knowledge drives innovation, innovation drives productivity, productivity drives our economic growth". -William Brody

INTRODUCTION

Innovation distinguishes between a leader and a follower. - Steve Jobs

The Indian banking industry has evolved rapidly during the last two

decades. Advances in information and communication technologies have transformed the way banks do their businesses. Almost all banks in India have

been using high-end technology platforms to deliver world-class banking products and services to their esteemed customers. Now all banks, both private sector banks as well as public sector banks, provide banking services like Real-Time Gross Settlement (RTGS) for large value fund transfer and National Electronic Fund Transfer (NEFT) for fund transfer, Electronic Clearing Service (ECS) Debit and Credit for multiple payments, Cheque Truncation System (CTS) for faster cheque clearing service, Phone Banking/call centre, Internet Banking, Mobile Banking etc. Apart from these services, some banks also provide innovative products/services such as Tab Banking, Facebook Banking, Video Banking/Branch, Cardless Cash Withdrawal from ATMs, e-Locker etc.

With the innovative services offered by various banks the customer has a number of options with him to do banking as convenient to him. Take for example, today a bank customer in India can get his account balance by any of the following methods (subject to respective bank offering the service):

1. By going to the Branch (Brick and Mortar) & asking over the inquiry counter
2. By sending an sms from his registered mobile number (in a prescribed format to a given number)
3. By Phone Banking – IVRS System
4. By Phone Banking – Talking to an executive
5. By Internet Banking
6. By Mobile Banking (Through Mobile Banking App)
7. By Mobile Banking - USSD Service (*99# from his registered mobile)
8. By giving a missed call to a particular number (Missed Call Banking Service) from registered mobile number
9. By using ATM/Mobile ATM/Branch on Wheels
10. By Making a Video Call to his Bank (Video Branch)/Video Conferencing
11. Recently some banks have started offering Missed Call Banking service, wherein a bank customer can get the balance of his bank account by just giving a missed call from his/her registered mobile to a predefined mobile/landline phone number of the bank.

BENEFITS OF TECHNOLOGY IN BANKS

The use of technology in banks have not only helped banks in improving operational efficiency, transparency, speed and accuracy in banking transactions, it has also helped all other stake-holders like customers, the regulator and the Government. Customers benefit by getting a number of options to access their bank accounts across a number of delivery channels to suit his requirement. The Regulator gets the benefit of better monitoring through faster reporting by the banks through automated data flow and/

or use of E-mail/Internet etc. Government gets the benefits of faster collection of various direct and indirect taxes across the country and better tracking of large value transactions. The Government is able to make the payments to the beneficiaries directly in their bank accounts under various social welfare schemes. Businesses get the benefit of faster realisation of their receivables from their clients & faster payment to their suppliers.

OBJECTIVES OF THE STUDY

1. To appreciate the various innovative banking products/services being offered by the banks in India.
2. To find out the leaders in banking innovations among public sector banks and private sector banks in India.
3. To examine the various technologies that can help banks in offering various innovative banking products/services in the future.

RESEARCH METHODOLOGY

For this study, we have extensively referred various Reports/Research Papers/ Web sites of Reserve Bank of India, Institute for Development and Research in Banking Technology (IDRBT), Unique Identity Authority of India (UIDAI), Indian Banks Association (IBA), Indian Institute of Banking and Finance, various banks in India, and various social media sites like Facebook, YouTube, Twitter etc.

The primary data was collected from 50 bankers and bank customers from

both public sector banks and private sector banks through structured telephonic interview. Bankers and customers were selected through convenience sampling from ICICI Bank, IndusInd Bank, State Bank of India, Union Bank of India and Oriental Bank of Commerce. The interviews were conducted during Sep. 2014.

The Bankers and bank customers were asked questions on the various innovative products/services they offer/use (as applicable), whether the customer experience with the banks services with respect to such innovative products/services is good enough, whether the customers are happy with so many options of accessing their bank accounts from the banks, whether customers are afraid of various online frauds/skimming/hacking etc. whether there is enough awareness among the customers about the various product/services their banks offer, whether they follow their banks on social media sites, what customers expect from their banks on social media and how banks can further improve their customer service, whether Aadhaar (Unique ID) can provide more opportunities for banks to innovate etc.

LETERATURE REVIEW

Internet and mobile penetration in India in the last few years have led to a shift in the consumer behaviour towards online tools and products and service delivery preferences. The banking sector has been no exception to this. Customers started looking for options for “transacting

and interacting” for their banking needs beyond conventional branches. Simple, Effortless & Convenient banking became the theme and it was evident that Banks, which leveraged technology to provide innovative products/services, would have a competitive advantage. Sensing the changing market dynamics and the shift towards online banking usage across all segments, the banks capitalized on the opportunity of providing a unique service to their customers by launching various innovative products and services, specially using the platform of Internet, Mobile, ATM, Social Media etc.

According to Dr. Raghuram Rajan (2014), technology, with its capacity to reduce transaction costs, is key to enabling the large volume low ticket transaction that is at the centre of financial inclusion. By collecting and processing large volumes of data easily, technology can also improve the quality of financial decision making.

India has been known for its technology and process innovations in the area of Information Technology, particularly Application Software Development. The well known Banking applications like Finacle from Infosys Ltd, Flexcube from Oracle and BaNCS from TCS are some of the good examples of India’s capability in the application software development. Time and again, India has proved to be a hub for various innovations.

In his study Raghavan R S (2006) noted “Technology has played a vital role

in the evolution of banking sector, through speed creation, accuracy and efficiency of operation and reduction in the transaction cost. Banking services are now oriented to “anyhow, anywhere, anytime and any type” banking”.

Sreelatha, T and Sekhar C (2012) observed in their study that the banks were quickly responded to the changes in the industry; especially the new generation banks. The continuance of the trend has re-defined and re-engineered the banking operations as whole with more customization through leveraging technology. As technology makes banking convenient, customers can access banking services and do banking transactions any time and from any ware.

In his study, Pearson, M (2012) pointed out that the capabilities of Internet technology are somewhat in advance of what most banks have been able to implement in their online banking to date. It is also the case that a number of features need to be brought together with efficient back office processes to create an exceptional customer experience, so it is not sufficient just to add one or two features.

Harish V (2014) in his study argues that Information Technology (IT) has revolutionized the entire banking business spectrum and banking is no exception. IT can be suitably used in brick/mortal as well as virtual set up. IT has in short become the lifeline of banking.

Banking is just mobilising surplus funds and lending to the needy borrowers. Technology has changed the very concept of banking in terms of its scope, structure and the size of various banks in India. The Banks which could implement robust core banking solutions grew in size and business very rapidly. Union Bank of India with appropriate technology coupled with innovation has enabled it to grow from small bank to large bank within few years.

The technology landscape is undergoing unprecedented changes and the customers are embracing a range of technology options such as mobility, Internet and social media at a rapid pace. What took the Internet 15 years to do, mobile only took 5 years. Financial services are no exception. Gradually banks offer very innovative products/services based on Internet, Mobile and Social Media. Some of the greatest innovations in the Banking Sector in India as offered by various banks can be discussed as follows:

Innovative Banking Products/ Services by Banks in India - In recent years banks in India have launched many innovative banking products and services such as Tab Banking, Facebook Banking, TV Banking, Self-Banking, Cardless Aash Withdrawal from ATM, Video Branch, e-Locker etc. These innovative products/services have been mostly conceptualised by the new generation private sector banks and subsequently followed by the public sector banks.

Tab Banking:

Banks offer its valued customers the facility of opening accounts at their door step through Tab Banking. The sales staff of the banks visit the customers at their home and using the tablets get the formalities completed for account opening like details of KYC and photographs of the applicant(s). The data from the Tablet are uploaded to Bank's core banking system in real time. Bank's Tab Banking provides the convenience and time saving to the customers for opening accounts. Presently ICICI Bank, SBI, Union Bank of India offer Tab Banking in India. It is Tab banking that brings the Bank to the home of the customer. It is something like banking services home delivered! ICICI Bank has opened half a million accounts in about eight months through Tab Banking, says a press release by the Bank.

TV Banking

“A bank in every home”, goes the tagline of ICICI Bank TV Banking. Since the majority of Indian households have a TV set, and with the DTH revolution, more and more Indians are jumping on to the bandwagon. ICICI Bank leveraged this fact to deliver financial services to a wider audience. Even in places where it is difficult to set up a branch. With the intention of giving banking access to every home, ICICI Bank launched this first-of-its-kind 24-hour initiative that enabled customers to browse through information on various banking products, learn about regulations, guidelines, eligibility criteria etc. and make an informed decision while banking.

Customers could also learn about loans, accounts, deposits and even access calculators for loans using their remote controls. This has greatly impacted the lives of several Indians, as it brings banking into their living rooms; it makes it very convenient for people to make informed decisions without having to visit a branch. TV Banking service is currently available on satellite DTH platforms like Dish TV and IPTV platforms like My Way.

Cardless Cash Withdrawal from ATM

Cardless Cash Withdrawal from ATM is a simple and safe mode for the Bank customers to send cash, 24x7, to any mobile number in India. All the bank customer needs need is to login to bank's Internet banking with his/her Internet Banking user ID and password and initiate a Cardless Cash Withdrawal transaction. The recipient need not have any bank account and can withdraw cash from any ATM of the respective bank across India, without any ATM card, using the details received through SMS. Such service is being offered by ICICI bank, IndusInd Bank, Bank of India etc. In case of IndusInd Bank, the service is called "Cash-on-Mobile", in which Customers can initiate a Cash-on-Mobile transaction from either select IndusInd Bank ATMs or through the IndusMobile Application.

Advantages of Cardless Cash Withdrawal from ATM -

- 24X7 service to send and withdraw cash, anywhere in India

- The recipient need not hold a bank account
- Safe and secure mode of cash transfer using Internet Banking
- Obtain the cash instantly without any ATM card
- Innovative application of Internet Banking, ATM and Mobile Phone

Facebook Banking

Facebook Banking, called Pockets by ICICI Bank, offers its customers the convenience of banking on Facebook and smart phones. The first-of-its kind app uses Facebook credentials to log into your account on Facebook and mobile to make banking fun and social. Through Facebook banking, icici bank customers can do the following:

1. To see summary of all accounts (deposit/loan/credit card/demat etc.)
2. Balance Check and last 10 transactions
3. To view Credit Card statement and other details
4. To apply for Fixed Deposit or Recurring Deposit
5. To apply for new cheque book
6. To stop cheque payment
7. To Pay utility bills
8. Transfer funds to linked accounts
9. To apply for e-statement
10. To transfer funds to friend's account in icici bank

Account Number of Customer's Choice

Offered by IndusInd Bank under name "My Account My Number". Here the customer has the freedom to choose the number of his/her choice for the account he/she opens in IndusInd bank. The chosen account number may be a specific pattern, a lucky number, date of Birth etc., a favourite combination or just something simple to remember like 12345678910, etc. !

Video Branch

This innovative offering enables the customers to do a video conference with the bank staff. Customers can schedule a Video call with the Branch Managers/ Relationship Mangers or Branch instantly. This is to interact with the Video Branch at their own convenience either from his desktop/laptop computers or Apple and Android smart phones on 24x7 basis. IndusInd Bank Video Branch is yet another new service under the Bank's theme of Responsive Innovation to offer innovative and unique banking experience to all customers, while keeping the convenience in mind. Customers can enjoy all the banking services which are offered on the IndusInd Bank Phone Banking and additionally, perform transactions, from anywhere in the world, like opening a Fixed Deposit or Recurring Deposit, transferring funds through NEFT, RTGS.

This service is made available for all Android (2.3 and higher) and Apple mobile devices (iOS 6, 7 and higher).

Similar service is also offered by ICICI bank (E-Branch) and SBI (InTouch) under different names from their self-service banking halls.

Check on Cheque

IndusInd Bank offers this service in which a customer can keep a record of all the issued cheques. Customers can get access to copies of their cheques on statements or through IndusNet – Internet Banking, never to lose track of the cheques.

Denomination Selection in ATM

Customers (of any bank) can choose the denomination(s) of Cash Withdrawal from a mix of 100, 500 & 1000 rupee denomination from IndusInd Bank ATMs. This service is being offered only by IndusInd Bank.

Direct Connect

Jump the queue!!! With IndusInd Banks Direct Connect service customers can directly speak to a bank executive directly without having to go through an IVR (Interactive Voice Response). Hence no waiting or choosing of any options needs to be done by customers. All a customer needs to do is to call the Bank's phone banking from his registered mobile number.

Micro-ATM

It is not an ATM. Micro-ATM is a POS Terminal with fingerprint scanner. Micro-ATMs are widely used by business correspondents (BCs) appointed by the

banks to provide banking service in remote areas as a part of financial inclusion measure. A micro-ATM with biometric authentication through Aadhaar is a big innovation to provide banking service in unbanked remote areas in India.

SBI InTouch

SBI aims to transform the customer experience by delivering world-class service through all of its customer channels. Its new branches, branded as sbiINTOUCH, are equipped with interactive wall and table displays; remote experts that can be reached instantly via high-definition videoconferencing; and multi-function kiosks that provide services such as instant account opening with personalized debit cards, and instant in-principle approvals for home, auto or education loans.

Self Banking Service

ICICI E-Branched/SBI e-Corner/OBC e-longue/Bank of India e-Gallery, etc:

Essentially these are banking terminals, which will do away with full service staff and provide customers with facilities such as ATM, cheque deposit machines, cash deposit machines with instant credit, Passbook printing etc.

E-Locker from ICICI bank

ICICI Bank's E-Locker is a virtual online locker which is available on the ICICI Bank internet banking

platform. The E-Locker can be used to safely store electronically scanned copies of important documents like legal agreements, policy documents, degree certificates and bank statements in various formats. The facility serves as a backup and retrieval tool for important documents and offers a storage space of 1 GB per customer. The E-Locker can be availed at no additional cost by wealth customers.

ICICI Bank's Unifare Card

ICICI bank has recently launched, in collaboration with Delhi Metro Rail Corporation (DMRC) a "Unifare Card" which acts as the Delhi Metro Card along with ICICI Bank's Debit Card or Credit Card. Whenever the balance of Delhi Metro card goes beyond a predefined limit (say, Rs. 200), then it gets recharged automatically from the Debit Card or Credit Card.

MAJOR FINDINGS & DISCUSSIONS

Banks offer various technology enabled products and services on platforms of Internet, Mobile and social media, which are very widely used by the bank customers, particularly the young customers. With the growing number of delivery channels, the cases of frauds like involving Internet Banking, mobile banking, Debit/Credit cards etc. are also rising. Aadhaar (India's Unique Identity Card Project) can prove to a game-changer for the banking industry. At present many banks, NBFCs and Insurance Companies etc are accepting e-KYC (Know-Your-

Customers)- a service offered by Centralised Aadhaar Repository of Unique Identity Authority of India. Since Aadhaar has the capability to establish one’s identity that he claims to be; based on his Aadhaar no (alternately his mobile number or bank account number or Debit Card number etc.) along with his/her fingerprint or retina for online authentication, it will provide a huge opportunity for banks as well as the Government for e-Governance initiatives. Not only Banks in India, even India herself can bank on Aadhaar authentication for offering faster, accurate and risk-free service to the citizens of India.

Presently India has more than 1, 10, 000 Bank branches, 1,66,894 ATMs (as on June 2014) and 10,81,175 POS Terminals (as on June 2014) across the country. India has 1.94 Crore credit card customers and 40.9 Crore Debit cards customers as on June 2014, as per statistics of Reserve Bank of India. The number of transactions and volume of transactions for both NEFT and RTGS are steadily growing. During the month of Aug

2014, the total number of RTGS Transaction were – Interbank Transactions-346801 and customer transaction-66,21,046. Volume of Interbank RTGS transaction was 9024.57 billion rupees and customer RTGS transactions was 46545.69 billion rupees. Similarly, the total number of NEFT transactions during July 2014 was 71.67 million and Amount transferred was 4577.84 billion rupees.

During recent years banks in India have been seen using social media sites like Facebook, YouTube, Twitter, LinkedIn etc. very aggressively. It is not just the foreign or new generation private banks in India, even the old-fashioned public sector banks have been using social media sites very actively. SBI is seen to use social media sites to create awareness among its customers on various features of Internet banking by providing details on Facebook and appropriate tutorial video in Hindi on YouTube. Recently SBI shared YouTube Videos on its Facebook page on how to use the various feature of Internet Banking like opening an online fixed deposit or breaking the online FD.

As on 10th Sept 2014, the number of Facebook likes for select Indian banks were as follows:

Private Sector Banks		Public Sector Banks	
Bank Name	Number of Likes on Facebook	Bank Name	Number of Likes on Facebook
ICICI Bank	3.1 Million	SBI	3.59 lac
HDFC Bank	2.2 million	PNB	29k
IndusInd Bank	62 k	Canara Bank	19k
Yes Bank	1million	Union Bank	18k

Table - 2 : Number of Likes of various Banks, Source : Facebook, as on 10.09.2014

Findings on Primary Data

1. 60% respondents (bankers & customers) believe that their banks offer very innovative products and services and these services are relevant to their customers.
2. 80% respondents (bank customers) agree that they have not tried all products/services that their bank offers.
3. 40% bank customers agree that they are not using Internet Banking or Mobile Banking as they are not sure enough on Bank's safety measures.
4. 60% Bankers feel banks will introduce more and more innovative products/services in the near future.
5. 76% respondents (bankers and customers) agree that Aadhaar related banking services can lead to more innovative products/services in the future.
6. 78% respondents (bankers and customers) feel that Social Media can play a significant role in making banks understand customers requirements & customers understanding Bank's products/services in a better way.
7. 66% users feel that banks should educate more on their innovative products/services through TV Commercials, YouTube Videos, Facebook etc.
8. 54% respondents agree that there has been substantial increase in number of complaints related to technology related products/services if the banks.
9. Banks can provide more innovative products/services by utilising various combination of customer credentials of more than one channel, such as Debit Card & its PIN along with Internet Banking or Mobile Banking, etc. Credentials of one channel may be instantly acquired by customer through other 2 or 3 channels. Internet Banking password can be reset by the customer by using Debit card, its PIN along with Mobile banking PIN.
10. With smart phones presently being available in India at a rate of just Rs. 2000/- along with very cheap mobile call rate, there is huge scope for the banks to leverage mobile technology based innovative products/services in the future.

Future of Banking on Technology and Innovations

India's Aadhaar (Unique Identity) project can be a game-changer for the banking industry. Since Aadhaar has the capability to uniquely establish the identity of a person based on his Aadhaar card number and his biometric information, this can be leveraged by the banks to establish the true identity of the customer for high value transactions at the branches, for disbursing loans and for various risk management practices. Similarly, banks can leverage the IMPS (Immediate Payment Service) of National Payment Corporation of India (NPCI) to offer mobile based payment services. Banks can leverage on various wireless

technologies like Bluetooth, Near Field Communication (NFC) etc. to offer innovative banking services. Further banks can explore to provide a single chip based card (a debit card or credit card) which can serve multiple puposes, like ICICI Bank's "Unifare" card, thereby eliminating the pain of customers carrying multiple cards (Debit card/Credit Card/Metro Card/PAN Card/Driving Licence etc.). As a smart phone now costs only Rs. 2000/- in India, there is huge scope for the banks to leverage mobile technology based innovative products/services in the future.

A large section of the population in India is still deprived of banking services. Banks can reach to this vast "unbanked mass" by very innovative cost-effective technology-based solutions like micro-ATMs, POS Terminals with Biometric validation (preferably through Aadhaar Database), etc. Soon it may become a reality that a customer calls to a bank mobile number and say "please debit my account no 12345678910 and pay to my friend "Sikha Sunam" Rs. 10,000/-". Such voice command after appropriate validation may be carried out by the bank and bank debits customer's account no. 12345678910 by Rs. 10,000/- and credit the amount to account of Ms. Sikha Sunam.

CONCLUSION

Banks in India have proved themselves to be the leaders of innovative products/services. Mostly the new generation banks led by ICICI Banks and

IndusInd Bank are performing extremely well in providing very innovative banking products/services in India. Even the public sector banks like State Bank of India, Union Bank of India are also very innovative in their product offerings. ICICI Bank among the private sector banks and SBI among the public sector banks are the leaders of banking innovations in India. Other banks should follow their foot prints. Today social media plays a great role for the banks to understand the customers' requirements and provide them the appropriate products/service they dream of. Gone are those days when customers came to the bank branch for getting various banking products/services, now the banks are trying their best to reach their customers and provide them the banking services at customer's home/office or even in their hands (through Mobile!). Banks in India will have a very exciting time ahead; there is huge scope and reason for the Banks to be innovative in their products/services. Innovations in Banks by leveraging various technologies will benefit not just the bank customers, but all the stake holders in the banking sector.

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Customer's Perception: Services Provided by Organized Retail Sector, Odisha, India

Swaroop Mohanty,

FMS, Sri Sri University, Cuttack, Odisha, India,

Email: swaruniv@gmail.com

P. C. Panda,

KSOM, KIIT University, Bhubaneswar, Odisha, India,

Email: prashanta.panda@kiit.ac.in

ABSTRACT

The positive interactions between the purchasers and frontline employees help them in reworking with the skeptical folks into robust and committed complete followers or customers. The solution lies in the activity and standard of services provided at the instant of discussion that is one of the precise moments, once your employee interacts with a client. This paper relies on the study by personal interview and survey of the purchasers (respondents), dispensed in and around the malls, housing organized retailers of food product, apparels, fast-paced trade goods and durable goods in capital region of Odisha. This survey brings out on however {the clients |the purchasers |the shoppers} approach the distributor for getting customer service, while experiencing the role of technology usage in client services etc. However, typically the retailers are able to meet the expectations of the purchasers.

Key Words: Technology, Waiting time of customers, Customer expectations, Customer service, Customer's Perception, Retail, CRM.

INTRODUCTION

In recent years corporations with far away network of frontline sales staff, operating in these sectors such as banks, retailers, airlines and telecommunication suppliers have devoted slew of cash and energy to retain their current customers.

But historically loyalty programmes, client relationship management (CRM), technology and normally service quality enhancements come short of increasing the breadth and depth of client relationships.

Translating the ensuing loyalty into higher sales including healthier bottom line is an important functionality of CRM software's. Therefore it is required to find a way to produce a spark between the client and frontline staff. So that it helps remodel skeptical individuals into robust and committed followers. The solution lies in estimating the standards of service at the “**moment of truth**” i.e. the precise moment once your staff interacts with a client from **United Nations** agency, if he has lost a Master Card, complained concerning off flight, discontented along with your service or product.

Recession had placed brakes on the expansion of organized selling. When certain time bound shoots of economic recovery. Introductory measures are taken by GOI and RBI; it has ensured the growth of organized retail, due to demand and supply optimality. At the geographical point of the organized retail “**The client Satisfaction**” points towards the growth of footfalls taking place in the Retail Outlet. “Retailers understand that the glad customer square foot print left for other win-win scenarios to follow, measures loyal customers compatibility. Consequently, retailers should develop methods meant to make relationships that lead to customers returning for repeat purchases”. All the retailers square measures that their survival depends on what number of footfalls square measures reborn into tickets and the way many

shoppers square measure progressing to offer them the repeat business. Client goes to be the motive force of the expansion within the retail sector. Volumes are one in all the key factors for the success of organized retail and these are derived from the shoppers.

Survey: **Factors Influencing Customer Satisfaction in Organised Retail**

A survey by the author of this Paper:

A survey has been allotted in social media networking sites (Facebook and LinkedIn members in Bhubaneswar) and also with the respondents in and around the malls of Bhubaneswar, by the author of this paper.

Total sample size was **350**. 160 folks interviewed were residents of Cuttack, 166 from Bhubaneswar and 24 were from other cities. 204 interviewed were male and 146 were feminine. 240 were married and 110 respondents were unmarried. Twenty one respondents were PhD, 109 were post graduate, 193 were graduates, twenty four were twelfth pass and three were beneath twelfth category.

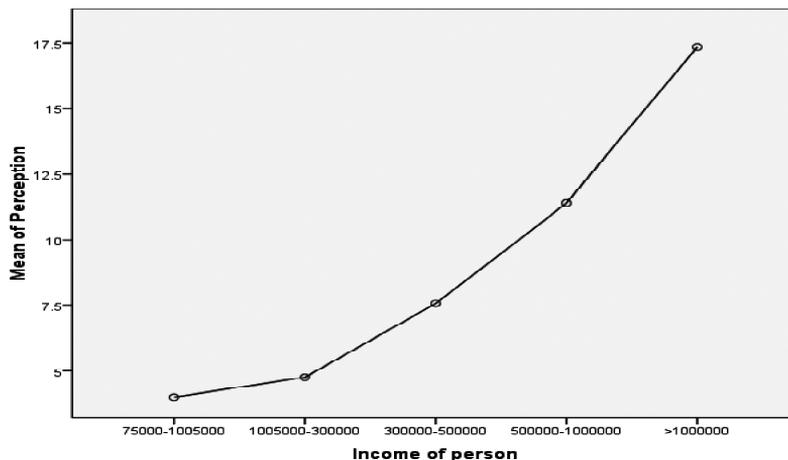
Annual incomes of the respondents were:

1. 51 earning more than 10 lakh,
2. 99 respondents earning 5 lakh to 10 lakh,
3. 90 respondents earning 3 lakh to 5 lakh,
4. 80 respondents earning 1.5 lakh to 3 lakh
5. 30 respondents earning 75 thousand to 1.5 lakh

Table A:

Income Level Vs Perception					
	N	Mean	Std. Deviation	F	Sig.
75000-1005000	30	4.00	.000		
1005000-300000	80	4.75	.921		
300000-500000	90	7.57	.780	900.783	.000
500000-1000000	99	11.39	1.894		
>1000000	51	17.35	1.730		
Total	350	9.13	4.518		

Income levels are also having a significant impact on the perception of the customer.



Factors influencing customer satisfaction and their subdivision:

CLIENT SERVICE

- Client service is provision of service to the shoppers. “Customer service is series of activities designed to reinforce the amount of client satisfaction.
- Retail stores typically have a table or counter dedicated to addressing returns, exchanges and complaints or can perform connected functions at the purpose of sale; the perceived

success of such interactions being enthusiastic about workers, “WHO will comply with the temperament of the customer”.

- Client service plays a crucial role in associate organisation’s ability to get financial gain and revenue. From that perspective, client service ought to be enclosed as a part of associates overall systematic improvement. A client service expertise will do amendment of the whole perception the client.

Survey Inference: How Do Clients/Customers Seek Client/Customer Service

Q1. How Do Customers Seek Customer Service?

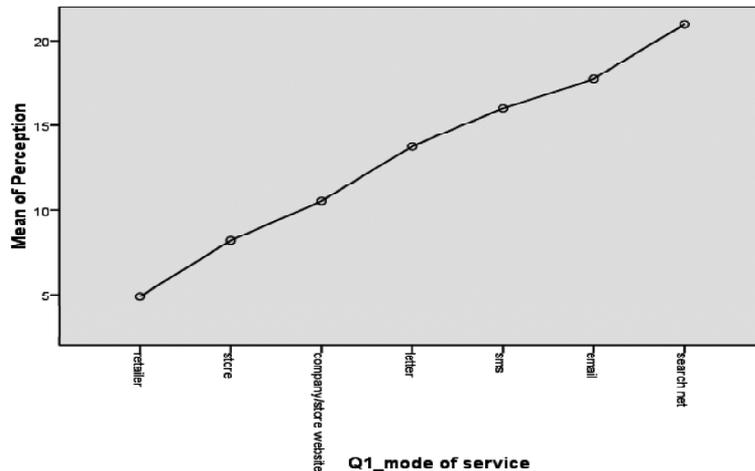
In this question customers were asked that when they require the customer service how do they go about acquiring the assistance from the retailer?

Table B:

Mode of Assistance/Service Vs. Perception					
	N	Mean	Std. Deviation	F	Sig
retailer	135	4.89	1.077		
store	80	8.20	.403	1823.214	.000
company/store website	50	10.52	.580		
letter	35	13.77	.877		
sms	23	16.00	.000		
email	20	17.75	.550		
search net	7	21.00	.000		
Total	350	9.13	4.518		

Inference 1: There is a significant impact of various modes used or available to the customer on the Perception of the customer for using it.

- 39% said they would call the retailer,
- 22.9% shall personally visit the store,
- 14.3% said shall browse company/store website,
- 10% said would write a letter,
- 5.7% said would send sms and 5.7% would send email.
- Live chat and tapping blog 0%.
- 2.1% would search net.



Q2 - Increase Use of Technology Has Increased the Customer Service Significantly , Customers were asked if the increased use of technology has improved the customer service significantly like emails, on line help desks.

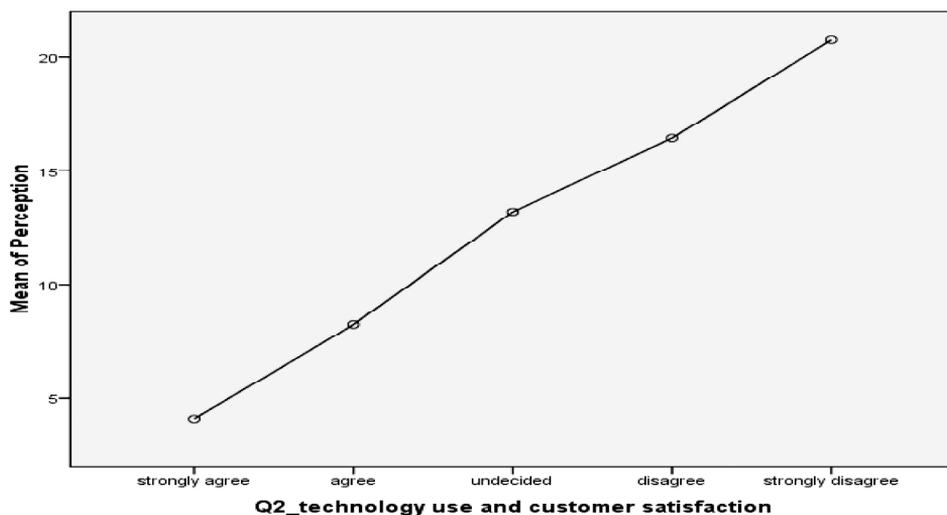
Table C :

Use Of Technology Vs Perception					
	N	Mean	Std. Deviation	F	Sig.
strongly agree	84	4.10	.295		
agree	179	8.23	1.646		
undecided	27	13.19	.557	1011.424	.000
disagree	52	16.42	1.073		
strongly disagree	8	20.75	.707		
Total	350	9.13	4.518		

Inference 2: There is a significant impact of Usage of technology on the Perception towards customer satisfaction towards improved services as concluded from the F test value and significance value.

- 24.4 % strongly agree,
- 51.1% agree,
- 7.6% undecided,

- 14.5% disagree and
- 2.3% strongly disagree that the technology as improved the quality and response time of the service provider.
- Overwhelming 75.6% strongly agree and agree that technology has improved customer service significantly.



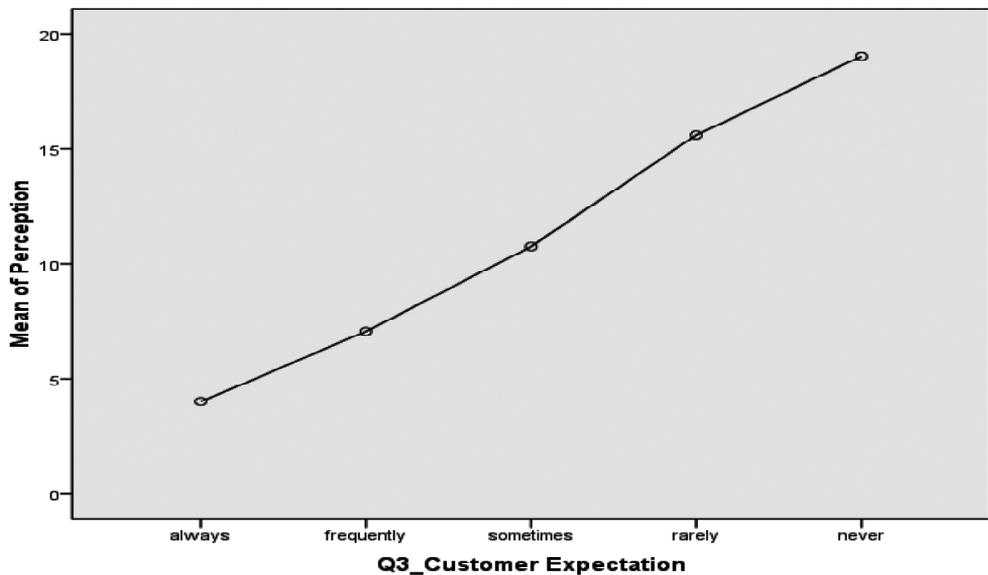
Q3 - How Often Do Retailers Meet Your Expectations, Customers were asked how often retailers meet their expectations.

Table D:

Retailers Expectation Vs Perception					
	N	Mean	Std. Deviation	F	Sig.
always	76	4.00	.000		
frequently	123	7.06	1.058		
sometimes	84	10.76	1.385	1557.403	.000
rarely	46	15.61	.906		
never	21	19.05	1.431		
Total	350	9.13	4.518		

Inference 3: There is a significant impact of Retailers Expectation on customer perception regarding satisfaction as conclude from the F Test Value and Significance Value.

- 22% said always,
- 35% said frequently,
- 24% sometimes,
- 13 % rarely and
- 6% said never.



Q4 - What Do You Do When You Have a Bad Shopping Experience: Shoppers were asked how they respond to a bad shopping experience or when retailer fails to meet their expectations.

Table E:

Bad Shopping Experience Vs Perception					
	N	Mean	Std. Deviation	F	Sig.
formal complaint	125	4.72	.930		
quit doing business with that score	116	8.50	.937	963.815	.000
undecided	109	14.84	2.852		
Total	350	9.13	4.518		

Inference 4: As observed from the F value and Significance value, it is inferred that there is a significant impact of Bad shopping experience and customer reaction on perception of customer towards the retailers.

- 36% responded that they would send formal complaint,
- 33% percent would quit doing business with that store and
- 31% were undecided.



Conclusion

The Author concluded that, the happiness or satisfaction index of customers is increasing, as retail industry is becoming better organized, by facilitating best in class services to its customers.

The technology evolution and rise in income is also helping the Industry to meet the Customers Expectations.

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KIIT School of Management
KIIT University

Campus-7, Bhubaneswar-751024, Odisha, India
Tel: 0674 – 2725 713, Tel (Fax): 0674 – 2725 278
Email: editor@ksom.ac.in Website: www.ksom.ac.in