

RNI – MPENG/2011/46472

ISSN-2249-9512



## Journal of Management Value & Ethics

(A quarterly Publication of GMA)

Editor-in-Chief/ Managing Editor

**Dr. Prabhakar Singh Bhadouria**

Editor

**Dr. A.K. Jha**

Associate Editor

**Dr. Sol Bobst**

University of Houston-Victoria, Texas U.S.A.

### Editorial & Advisory Board

**Dr. Umesh Holani**

Professor, SOS in Commerce,  
Jiwaji University, Gwalior (M.P.)

**Dr. Sandeep Kulshreshtha**

Director  
IITM, Gwalior (M.P.)

**Dr. Khamidov Obidjon**

Head, Tourism Deptt. University of Economics,  
Uzbekistan

**Dr. K.S. Thakur**

Professor & Dean, SOS in Commerce. Jiwaji  
University, Gwalior (M.P.)

**Dr. Manoj Patwardhan**

Associate Professor, ABV-IIITM,  
Gwalior (M.P.)

**Dr. Ajay Wagh**

Head, Deptt of Business Management, IGNTU,  
Amarkantak (M.P.)

**Dr. Bateshwar Singh**

University of Delhi

**Dr. S. P. Bansal**

Vice-Chancellor, Maharaja Agrasen University,  
Solon (H.P.)

**Dr. S. Rangnekar**

Head, Deptt. of Mgmt. Studies, IIT, Roorkee,  
Deharadun (Uttarakhand)

**Dr. D.A.C. Silva**

Director General of SLITHM Colombo,  
Sri Lanka

**Dr. Harish Kumar Agrawal**

Professor, Deptt. of Commerce K.R.G.  
College, Gwalior (M.P.)

**Dr. S.K. Singh**

Professor, SOS in Commerce, Jiwaji  
University, Gwalior (M.P.)

**Dr. Avinash D. Pathardikar**

Head, Deptt. of HRD. V.B.P. University,  
Jaunpur (U.P.)

**Dr. Md. Kamalun Nabi**

Jamia Millia Islamia University, Delhi

### Editorial Team :

Dr. Ravi Jain, Principal, The City College, Gwalior (M.P.)

Dr. Lilambeswara Singh, Professor V.S. Institute of Mgmt. & Tech. Chittoor (A.P.)

Dr. Mukesh Singh Tomar, Head, Deptt. of Mgmt. B.V.M. College, Gwalior (M.P.)

Mr. Mohit Sharma, Asst. Professor, I.M.S. Greater Noida

Dr. Rumki Bandyopadhyay, Asstt. Professor, IIMT Oxford Brookes University, Gurgaon

Dr. Gaurav Jaiswal, Asst. Professor, Prestige Institute of Mgmt., Gwalior (M.P.)

Dr. Mr. Rahul Pratap Singh Kaurav, Asst. Professor, Prestige Institute of Mgmt., Gwalior (M.P.)

Mr. Ruturaj Baber, Asst. Professor, Prestige Institute of Mgmt., Gwalior (M.P.)

**Dr. Deepa Arora, Language Editor**

Editorial, Advertisement, Administration, Publication, Circulation & National office :

**Executive Director GMA**

C-17 Kailash Nager, Near New High Court, Gwalior-M.P. 474006 (INDIA)

Phone No. 0751-2230233, 9425121133

# CONTENTS

Vol. 5 No. 2

Apr-June 2015

S.No.	Articles	Page
1.	THE WAYS OF IMPROVING THE PRODUCTIVITY OF "FROM GARDEN TO TABLEMATE" THROUGH DIFFUSING SYNERGETIC ADVANTAGES Olim Pardayev, Bobur Sobirov	4
2.	UTILITY OF MANAGEMENT ACCOUNTING TOOLS & TECHNIQUES FOR THE SUCCESSFUL RETAIL OPERATIONS-A THEORETICAL FRAMEWORK Dr. Mohammed Nazeer Ahmed	22
3.	EMOTIONAL INTELLIGENCE AND ITS IMPACT ON JOB SATISFACTION Vivek Pachauri, Dr. Vandana Bharti	36
4.	NEW FDI POLICY FOR INSURANCE SECTOR: A POWER BOOSTER FOR THE INDIAN ECONOMY Dr. Nitin Kishore Saxena	45
5.	AUTOMOBILE INDUSTRY IN INDIA: AN ANALYSIS Vikas Singh Bhadauriya, Prof. Sanjeev Gupta	50
6.	MANAGING OCCUPATIONAL STRESS - A CRUCIALFACTOR FOR HIGHER EDUCATIONAL INSTITUTION'S GROWTH AND DEVELOPMENT Priyanka Sharma, Dr. Manisha Agrawal	58
7.	E-TAILING – HARNESSING THE POWER OF DIGITAL MEDIA Dr. Sugandha Agarwal, Nisha Agarwal, Saumya	71
8.	HUMAN RESOURCE DEVELOPMENT IN TOURISM INDUSTRY IN INDIA Vivaswan Singh, Vinod Kumar Yadav	86
9.	EMOTIONAL BRANDING: - A NEW WAY TO CREATE BRAND LOYALTY FOR FMCG COMPANIES Astha Joshi, Dr. Geeta Nema	93
10.	A SIGNING OFF FROM THE AIR OF UNETHICAL ATMOSPHERE -A CASE OF G.S.T MOTORS PVT LTD Dr.Swarna Parmar, Shubhangi Chaturvedi, Prof. Sneha Rajput	103

**Legal Instructions :** The GMA is publishing a Journal of Management Value & Ethics from times a year in January, April, July, and October.

§ No part of this publication may be reproduced or copied in any form by any means without prior written permission.

§ The views expressed in this publication are purely personal judgments of the authors and do not reflect the views of GMA.

§ All efforts are made to ensure that the published information's is correct. GMA is not responsible for any errors caused due to oversight or otherwise.

§ All legal disputes jurisdiction will be Gwalior.

All rights reserved, reproduction in whole or part from this journal without written permission of GMA is Prohibited. The views expressed by contributors are necessary endorsed by GMA. Unsolicited manuscript shall not be returned even if accompanied by self addressed envelop with sufficient postage.

*Publisher/Printer/Owner/Editor-in-Chief :Dr. Prabhakar Singh Bhadouria,*

**Gwalior Management Academy**

Regd. Office: C-17 Kailash Nagar Near New High Court Gwalior M.P. INDIA-474006,

e-mail : [jmveindia@yahoo.com](mailto:jmveindia@yahoo.com), [www.jmveindia.com](http://www.jmveindia.com)

Annual subscription Rs.2000.00 (India) \$ 170 & euro 150 (foreign Airmail)

Printed at: Sai offset Throat palace, Lashkar Gwalior(M.P.)

Graphics & Designed: **Shivani Computer Graphics, Gwalior (M.P.) #9826480017**

## Message

*Editor in Chief / Managing Editor*



Dear Academicians & Research Scholars,

Congratulations; now our referred research journal listed with the **Global Impact Factor** organization belong to Australia. The motive of the “**Journal of Management Value & Ethics**” is publishing worthy and an original research papers after double blind peer review process. There is no misunderstanding that today we are spreading our recognize an internationally floor. Last five years of our journey, you can see there are so many research papers, case studies, book reviews coming from across the world, in the field of management. Many academicians, research scholars & students have approached from different countries like USA, Thailand, Indonesia, Saudi Arabia, Iran, Spain, Nigeria, Nepal, Pakistan, Sri Lanka to publish their research work in our esteemed International research Journal. We have considered most of them to publish after peer blind review process. We have also published many research papers from different management institutes of our country and they are sending regularly for publication in our upcoming issues. In addition to, it there are many academicians, research scholars and institutes subscribing for our journal for reading by students and faculties. There are so many academicians who are approaching for being associated with our editorial & advisory board or as a reviewer expert. We have selected some of them from foreign countries like USA, Nigeria, Uzbekistan and Sri Lanka. The standard of our all research papers like empirical, conceptual, book review and case study is increasing popularity of this Journal day by day. Our renowned editorial & advisory board is a real mile stone of our success. We thank our board members and editorial team, who are experts from different fields and contributing their valuable experience with us.

Today, nothing is possible without research. Research based study always support academicians & scholars to upgrade their innovative skill and academic profile as per UGC and AICTE norms. I would also like to request, those, who are interested to get their research papers published in the field of Retail, Tourism, Hospitality, Event Management, Import and export, HRM, Finance, Marketing, Advertising, Accounting, Economics, Aviation, and IT etc. to send their research papers through email.

With best wishes to all

**Dr.P.S.Bhadouria**

## THE WAYS OF IMPROVING THE PRODUCTIVITY OF “FROM GARDEN TO TABLEMATE” THROUGH DIFFUSING SYNERGETIC ADVANTAGES

Olim Pardayev<sup>1</sup>, Bobur Sobirov<sup>2</sup>

---

### ABSTRACT

*This article empirically highlights the ways of evaluating the advantages of “From garden to tablemate” method of planting, keeping and realizing of food products, particularly focused on vegetables and fruits, which provide relevant results of experiment, implemented in two food storage enterprises. Moreover, it also determines the effect of synergetic capacity and productivity on food storage industry.*

### Keywords

*Infrastructure, evaluation, storage services, merchandizing services, carrying services, productivity, synergetic, synergetic efficiency, synergetic benefit, systematically influence.*

---

### Introduction

There are many illustrations worldwide of the significance of comprehensive food strategies, which include interventions from production to protection in the agricultural sector. They are a central component in the efforts of most of the countries that have already reached the vital target of halving the proportion of undernourishment. Between the early 2000s and today, Uzbekistan as one of the Central Asian country, has accomplished significant progress in food production. One of the main reasons for this significant improvement is the proliferation in agricultural production and productivity (‘FAO - detail: International Conference - The most important reserves of implementing the Food Program in Uzbekistan’).

From the first days of independence, Uzbekistan chose its own way of development and of integrated and wide-ranging reforms in all spheres, directed at building a democratic state with a rule of law and a socially oriented market economy. In this regard, one of the principal directions in the socio-economic enlargement of the country was to address issues in food supply, accessibility of foodstuffs in accordance with rational norms of healthy nutrition, along with the achievement of high quality and security of food products consumed by the population. Thus, measures were taken in the state to accelerate economic reforms in agriculture built on the priority promotion of farming enterprises. The measures taken were

---

<sup>1</sup> Senior researcher of economics chair, Samarkand Institute of Economics and Service, Samarkand, Uzbekistan

<sup>2</sup> Service and Tourism Faculty, Samarkand Institute Economic and Service, Samarkand, Uzbekistan  
Email: [mrolimpardaev@gmail.com](mailto:mrolimpardaev@gmail.com) , [mrbobursobirov@gmail.com](mailto:mrbobursobirov@gmail.com)

aimed also at improving the production relations in rural areas, at introducing an organizational structure in the management of agricultural production that corresponds to market principles, consolidating the freedom of producers of agricultural goods and providing for their dependable legal fortification ('Food Independence Important Factor of Wellbeing, Stability, Prosperity', 2014).

The ground for the expansion of farmer movement in Uzbekistan was laid by the decree of the head of our state "On Further Consolidation of Dehkan (Farmer) Enterprises and State Support for Entrepreneurship in the Republic of Uzbekistan" signed 29 November 1991. The adopted Land Code, laws "On Framing Enterprise", "On Dehkan Enterprise" and the one "On Guarantees of Freedom of Entrepreneurship" have shaped a robust normative foundation and system of guarantees for the enlargement of farming, economic and financial independence of farmer enterprises ('FAO Director General considers the Food Conference in Uzbekistan as a landmark event in the expansion of agricultural production - Uzbekistan News - UzReport.uz', 2014).

Moreover, a complex of procedures were taken to boost the economic and technical capacities of farming enterprises, optimize the land lots that helped secure a gradual growth in production volumes, effectiveness and profitability of farming enterprises. Currently, a current production and market infrastructure has been formed and being perfected and that provides farming enterprises with a whole range of essential services.

A logical extension of reforming the agricultural sector of the country was the decree of President of the Republic of Uzbekistan "On Measures to Further Refine the Arrangement of Activities and Develop Farming in Uzbekistan" inked 22 October 2012 that is dedicated to the elevation of effectiveness of farming enterprises, expansion of their rights and powers, reinforcement of the role in the rational use of land and water resources and in the creation of production capacities, the dynamic development and beautification of rural areas, provision for employment and growth in the wellbeing of the population ('Information Agency "Jahon"', 2015).

In accordance with this document, the Council of Farmers of Uzbekistan and councils of farmers in regions and districts were established to safeguard the rights and legitimate interests of farmers both in relations with government and management bodies, local government bodies, and with stocking, supplying and servicing organizations, as well as during cases in courts.

In excess of 73 thousand farming enterprises are operating currently in Uzbekistan, more than 28 thousand of which are diversified in their form and activities. Thus, farmers have become one of the major producers of agricultural goods ('Ministry of Foreign Affairs of the Republic of Uzbekistan — Uzbekistan and international organizations', 2015).

Organized at the initiative of country's President Islam Karimov, the international conference "On Vital Reserves in the Realization of Food Program in Uzbekistan" which took place June 6 at the Palace of Symposia in Tashkent in 2014, stressed on the deployment of sector. Officials of eminent international organizations and financial institutions, including the World Health Organization, the Food and Agriculture Organization of the United Nations, the International Fund for Agricultural Development, the World Bank, the Asian Development Bank, and the Islamic Development Bank, attended the forum. Moreover, chiefs of diplomatic missions, leading experts and business people from more than 40 countries of the world, including United States of America, China, South Korea, Japan, the United Kingdom, France, Germany, Austria and others ('President Karimov Meets with FAO Chief', 2014).

Uzbekistan is considered as an enthusiastic participant of the global process in furthering the Millennium Development Goals and has been systematically implementing the objectives set before the nations of the world in 2000 at the Millennium Summit, in specific field of cementing food security where it has a tremendous production potential by Director General of the Food and Agriculture Organization of the United Nations (FAO) Jose Graziano da Silva ('FAO Director General considers the Food Conference in Uzbekistan as a landmark event in the expansion of agricultural production - Uzbekistan News - UzReport.uz', 2014).

In addition, it was noted that the growth in the production of agricultural goods secures the high rates of development of enterprises in the food industry. Today, they number around 7 thousand across the country. They supply the domestic and foreign markets with quality food products. As a foundation for bolstering the activities of food industry enterprises for the nearest future is served by the Program of Measures to boost and advance the food industry for 2012-2015 as well as the Program of Additional Measures to enhance reprocessing the agricultural crude, increase the volumes of production and expand the range of food products for 2012-2015.

It has brightly demonstrated that Uzbekistan has been taking all the necessary measures to step up the production of foods, draw foreign investments into the sphere, introduce high technological equipment, and boost the export potential. This allows for ensuring food security as a component part of socio-economic development, for creating all the needed conditions for a dynamic development of domestic agricultural industry complex that has an enormous production potential, and thus facilitating steadfast elevation of the wellbeing, stability and prosperity of the country ('Ministry of Foreign Affairs of the Republic of Uzbekistan — Uzbekistan and international organizations', 2014).

## Methodology

In the century of innovative technology, several ways of food storage implementations have diffused dramatically. One of them is synergy, the way of storing that considered as a main advanced technique from different perspectives. According to recent researches, this approach of food storage is deliberated as a low-cost consuming while comparing with other practices. However, it is not yet defined the term of “synergetic”, “synergetic efficiency” and “synergetic benefit” from economical literatures and scientific papers globally. In this case, research has been carried out on methodological analyzes, based on different fundamental literatures, various dictionaries and specific analyses.

One of the listed research sources is Russian encyclopedia - “Большая экономическая энциклопедия” in which was not stated scrupulous definition of the word – “synergy” (‘Большая экономическая энциклопедия’). Nonetheless, according to “Synergetic effect”, classification of “Synergy” indicated next – “Growing productivity by integrating disjointed fragments into common system with the help of sequenced actions”. From this perception, it could be determined that, collaborated engagements are more effective equating with detached ones.

Origin of “synergy” is reflected in Attic Greek language, with the root of “synergic” with the significance of “uniting” and “collaboration” (‘Search results’, 2015). As well as, term of “synergist” also listed on mentioned source but the meaning of it was not clear. Nevertheless, the implication and description of this word directed on biological feature of human being. Expression of “Synergy” first used on dictionary “Словарь иностранных слов” in 1988. In 1999, A.N. Azrilyan used this term in his “Большой экономический словарь” manuscript under his revision (‘Словарь иностранных слов. Редкие и современные словари иностранных слов’). Economically this term was identified, but definition of “Synergy” could not be illustrated with clear description. “Collaborative working has better efficiency rather those individual tasks”.

Nowadays, “Synergetic productivity” is diffusing in economy as method directed to raising productivity in it. In this term, there are some highlighted researches where this term used. One of them, M.B. Hamidulin in his research highlighted core usage in financial sector of economy, particularly in stock exchange market and produce some suggestion. While another researcher, X.R. Turobov tried to prove of applying this term in cooperation of agriculture. It evidences that novel term in one subject could be straight forwardly transferred to others. In the original world, synergy is the phenomena, which considered as an omnipresent, ranging from diverse academic subjects like physics (for example, the different blends of quarks that produce protons and neutrons) to chemistry (a salient example is water, a compound of oxygen and hydrogen), to the cooperative acquaintances among the genetic factor in genomes, the division of work in bacterial colonies and so on. Even the apparatuses and technologies that are prevalent in the natural world represent significant sources of



synergistic effects. As these terms and ways were first used in natural sciences, particularly in medicine and physics, in the 21st century it also started to use in economics. We would like to prove that it could be also used in one of the branches of economy – in food storage and merchandizing.

Provided that, this term is used in the service sector, food storage and merchandizing process in whole, it is remarkable that the enlargement and advancement in productivity lie down into two phases.

- Firstly, the powers and efforts of the similar companies, which are dedicated on one sector, integration toward one direction should be supported.
- Secondly, ensure cooperation and consolidation of operating subject from other industries that is related to each other.

Obviously, terms like synergetic, synergetic productivity and synergetic efficiency need to clarify. Notwithstanding, sources and literatures dedicated on this purpose have not made exact definition of stated terms. For this reason, studies need to be addressed to generate theoretical perspective of the issue.

Moreover, R. Buckminster Fuller, who analyzed some of synergy implications, refined this into synergetic, with the following categories ('R. Buckminster Fuller's Synergetic'):

- A dynamic state in which collective action is favored over the difference of individual component actions.
- Behavior of whole systems unforeseen by the behavior of their parts taken distinctly, known as emergent behavior.
- The cooperative action of two or more stimuli, resulting in an altered or greater reaction than that of the individual incitements.

In the framework of corporative behavior, following the view that a unified group is more than the integration of its parts, synergy is the capability of a group to overtake even its best individual member. These suppositions are derived from the studies accompanied by Jay Hall on a number of laboratory-based group grade and prognosis tasks ('John Jay Hall', 2014). His researches show that productive groups vigorously looked for the points in which they distressed and in consequence fortified problems amongst the members in the early stages of the discussion. In contrast, the counterproductive groups handled a need to create a mutual view quickly, used basic decision-making methods such as equaling, and stressed on finishing the task rather than on discovery resolutions they could agree on. Meanwhile, in a technical context, its meaning is an establishment or accumulation of different features working together to crop results not attainable by any of the feature alone. The features, or parts, can include people, hardware or software, amenities, rules, documents: all things required to produce system-level results. The value added by the system as a whole,



elsewhere that contributed self-sufficiently by the fragments, is created mainly by the relationship among these fragments, that is, how they are interrelated. In core, a system institutes a set of interconnected constituents working organized with a common objective: gratifying some selected needs ('Food Independence Important Factor of Wellbeing, Stability, Prosperity', 2014).

If used this term in a commercial application, synergy empirically means that cooperation will produce in general better outcome than if each individual within the cluster were working in the direction of the same goal separately. Nonetheless, the notion of collective consistency needs to be considered. Collective consistency is that possessions that is conditional from the number and strength of common positive attitudes among members of the collective. As the group or collective becomes more consistency, its working is effected in a number of ways. First, the connections and statement between members rise. Mutual goals, welfares and small size all donate to this. In addition, collective member satisfaction increases as the group offers friendly bond and care against outside threats.

Obviously, human synergy relates to human interaction and teamwork is one of the real explanations of the sector. Synergy usually arises when two individuals with altered complementary skills cooperate. In business, cooperation of people with organizational and technical skills happens very often. In general, the most common reason why people cooperate is that it brings a synergy. On the other hand, people tend to specialize just to be able to form groups with high synergy.

### **Diffusion the synergy in particular sectors of economy**

Diffusion of the synergy and expansion of this method are used in various field of economy. The implementation of synergy with productivity and efficiency established worldwide.

The development of each term is strongly rely on scrutiny and making clear explanation of it. However, due to shortage of information and non-existing of this term in economic literature, we decide to make our own explanation according modern point of view and the nature of this subject: Synergy is the way of storing that considered as a main advanced technique from different points of view or dedicate all powers systematically to one direction in order to achieve to improve particular sphere. Moreover, it should be stated that in the today's condition of market relations, to achieve this goal seems more difficult. Because, the various form of properties is predominated in diverse divisions of economy, even more distinguishing there are many companies that compete each other within one sector. Notwithstanding, integrating endeavors is becoming concerned as a vital need as only cooperation among subjects leads to efficiency ('Cost Synergy Definition', 2015).

Fortifying, this characterization from economic perspective, we should mention that:

- It is pivotal to find out particular area of interest where all powers will be dedicated to enhance or augment the efficiency.
- In order to fulfill aforementioned target, majority of independent subjects should be unified.
- Working in a whole will make greater efficiency than the simple sum of its parts.
- With the help of a specific feature may be effected systematically in order to make productive rates.

In this case, number of examples of the food storage organizations and their selling procedures are believed as a prove. Investigation consists of following processes:

- Choose of food Storage Company, which dedicated on food storage was defined as a main example while implicating productivity process.
- In order to achieve aforementioned result independent subjects (like storage, communal services providers, and transport organizations) are integrated into one direction, within the supported collaborations.
- Efficiency that was contributed by different activity types will result better than any individual enterprises on this sphere. Hence, it will lead to advance the interest within working climate. We can witnessed that the benefit gained from individual organizations is lower than the benefit gained from consolidation of various subjects together.
- It is believed that, a feature should be directed from different point of view, systematically it will serve if it continuous in various segments.

To sum up, it is concluded that with the integration of different segments of activity companies will achieve better results. Efficiency gained by these practices proves synergetic productivity with clear results.

Above-mentioned statement, definition of synergetic efficiency could be framed. As it is rare to face term of synergy in economical literatures, research covered to offer definition of this notion.

Synergetic productivity - increasing productivity by integrating separated parts into common system with the help of collaboration, by covering necessary features or through directed way of tool while effecting systematically.

As an outcome of our research we offer the following synergetic productivity could be illustrated with mathematical equitation subsequently.

$$C_c = \sum_{i=0}^n K_i$$

*In the formula*

*C<sub>c</sub> - synergetic productivity*

*n – the quantity of powers, which should be integrated*

*K<sub>i</sub> - the name of i-powers (subjects)*

From the mentioned analyses, it is obvious that results contain total synergetic productivity features in it. Moreover, theory of this mathematic model specifies that specific sphere or particular procedure may achieve high results if subjects (organizations and providers of this activity) unify and cooperate with each other toward one direction to accumulate better achievement.

Model requires integration of various features in one direction by aggregating all components in one way. Collaborative progress will lead to better efficiency rather than individual acts. Briefly, investigations gained by procedure of integrations proves synergetic productivity, as mentioned above.

For instance, our case study of various organizations could be an example for this technique. Take as a sample, food storage Limited Liability Company “Bahmal Golden Apple” that showed 80 million UZS (sum) profit while working separately. However, suppliers of electricity and Gas Company which works for this storage company have more profit with 150 million UZS and 180 million UZS relatively. To sum up, profit for these three organizations has 113 million UZS (80.0+15.0+18.0). Nevertheless, in the same situation, stated three individuals managed to profit 130 million UZS with the help of collaboration. Their contribution on a total was 90.0 million, 18.0 million and 22 million, in UZS. Difference on synergetic productivity easily distinguished with 17 million UZS for the cited situations.

Briefly, a cost synergy refers to the opportunity of a combined corporate entity to reduce or eliminate expenses associated with running a business. From economic point, cost related synergies are realized by eliminating positions that are viewed as duplicate within the merged entity. Examples include the headquarters office of one of the predecessor companies, certain executives, the human resources department, or other employees of the predecessor companies. This is related to the socio-economic concept of economies of scale that make great collaborative efficiency in a community.

Stated features lead to synergetic efficiency, however the definition of this word was not investigated in economical literatures, research held on various sources made by the author lead to suggest synergetic efficiency.

### **Synergetic efficiency and its impact on total productivity. Mathematic evaluation of synergetic productivity**

Synergetic efficiency refers to the opportunity of a combined corporate entity, by accumulating numerous components in one direction while reducing or eliminating expenses, associated with running a business and achieving better results.

While research was suggested not only definitions of phrases, such as synergy, synergetic productivity and synergetic efficiency identified, but also mathematic models of them were implemented. In addition to this, association of these principles was indicated in the progression of food storage and distributing.

According to aforementioned statements, implicated three subjects with individual activity types made 420.0 million UZS expenditures while with collaborative style of working they showed 400.0 million UZS expenses. It is obvious that, integration of subjects show better synergetic efficiency.

In the first case, profitableness of expenses was 28,25 % ( $113,0 : 400 * 100$ ) while in the second situation this rate was equal to 30,95 % ( $130,0 : 420,0 * 100$ ). It means that synergetic efficiency was higher to 2,70 percent ( $30,95 - 28,25$ ).

Synergetic efficiency indicates net profit per thousand UZS that means profitableness of expenses. In order to find out synergetic efficiency we offer the following mathematic formula of this classification:

$$C_{cxp} = \frac{C\phi}{R_{xa}} * 100;$$

*In this formula*

**C<sub>cxp</sub>** – *Certain company efficiency, it means profitableness of expenses.*

**C $\phi$**  – *the quantity of productivity, it means sum of benefit gained in certain company*

$R_{xi}$  – The expenditure made in this subject.

Stated formula indicates efficiency for one subject, however cooperative integrated synergetic productivity measures by following model in our perspective :

$$C_{cxp} = \left( \sum_{i=1}^n C\phi_i : \sum_{i=1}^n R_{xi} * 100 \right)$$

In the following process of the investigation distinguished difference for synergetic efficiency. Equation of this model is designed like following one:

$$\Delta C_{cxp} = \left( \sum_{i=1}^n C\phi_{ix} : \sum_{i=1}^n R_{xi} * 100 \right) - \left( \sum_{i=0}^n C\phi_{ip} : \sum_{i=1}^n R_{xip} * 100 \right);$$

In this formula

$\Delta C_{cxp}$  – the differentiation of synergetic productivity ;

$C\phi_{ix}$  – the real quantity of synergetic productivity, when powers are united;

$R_{xi}$  – the real quantity of spending, when powers are united;

$C\phi_{ip}$  – the real quantity of synergetic productivity, when powers are not united;

$R_{xip}$  – the real quantity of spending, when powers are not united;

$(\sum_{i=1}^n C\phi_{ix} : \sum_{i=1}^n R_{xi} * 100)$  – the rate of synergetic productivity, when powers are united;

$(\sum_{i=0}^n C\phi_{ip} : \sum_{i=1}^n R_{xip} * 100)$  – the rate of synergetic productivity, when independent powers are not united.

It is obvious from conducted researches that, during storage and selling process, synergetic productivity and synergetic efficiency may be diffused in order to increase services efficiency.

During the process of storage and selling, quantity of synergetic efficiency with profitableness of expenses serve to define efficiency. This mathematic equation also helps to calculate per individual subject.

$$Cca = \frac{Q}{Sxa};$$

*In this formula*

***Cca*** – Efficiency of spending in certain subject;

***Q*** – the outcome during the reporting year, when powers are not united;

***Sxa*** – the spending of each subject, when powers are not united.

We identified that stated these mathemetaical formularas lead to find out model while intergerating in one purpose:

$$Cca = \left( \sum_{i=1}^n Q : \sum_{i=1}^n Sxa \right)$$

Mathematical equatation of this economic point proves the way of calculations based on above mentioned theories.

### **Analysing the case study in particular food storage enterprises**

There are many examples worldwide of the importance of comprehensive food strategies, which include interventions from production to protection in the agricultural sector. Our paper focuses on real examples of enterprises, which are actively contributing on the agricultural industry of the country.

Integrated cycle of collaborative tasks that make synergetic efficiency calculated in the example of limited liability Company “Bakhmal Golden Apple” company (Table-1).

**Table-1**

**Assessment of synergetic productivity gained by limited liability  
Company "Bahmal Golden Apple" in 2014<sup>4</sup>**

N	Subjects participated in process	Gained Synergetic Result, per thousand sums (profits gained from 1 ton of product)			
		Alone	Tosgether	Difference	Rate of change, %
1	Spending of product (potato) planters	875,6	875,6	-	100,0
2	Spending of manufacturer	97,8	X	+97,8	X
3	Spending of distributors	62,3	X	+62,3	X
4	Spending of keepers	124,7	X	+124,7	X
5	Spending of dealers	451,8	X	458,8	X
	Spending of distributing and keeping when efforts are united (2+3+4+5), in thousand sums	736,6	745,9	+9,3	101,3
	Total expenditure, in thousand sums	1612,2	1621,5	+9,3	100,6
	The quantity of sold products when efforts are united, in thousand sums	5739,4	6534,6	+795,2	113,9
	Synergetic productivity	3,56	4,03	+1,37	110,4

From provided details, it is evident that expenses of manufacturing farm was levelled off 875,6 thousand UZS. Four independent enterprises participated in the process from planting and selling. All of these companies acted and made respective expenditure on the process.



The amount of spending was 736,6 thousand UZS when they acted separately, and 745,9 thousand UZS when they acted together. However, the rate of growth was only 101,3%. While, the total amount of expenditure for selling 1 ton of potato was 1612,2 thousand UZS, when companies worked separately, and 1621,5 thousand UZS when powers were united, which higher to 9,3 thousand UZS. The rate of change levelled off 100,6%. Evidently, the spending per ton of product increased as the powers were unified. However, the quantity of sold products rose significantly. The rate of this change levelled off 113,9%. Synergetic efficiency was 1,37 thousand UZS per ton of potato respectively. The rate of growth levelled off 110,4%. It is clear that, during integration amount of expenditures go up, the total rate of sales amplified simultaneously too. According analyzes of the research stated that following features considered as principle ones. Paramount, during the storage of the products diffused efficient way of storing, also quality of the product preserved in a sufficient quality, last but not the least, distribution of the stored products and procedure of this make profit.

In the procedure of storage has been investigated refrigerators of Turkish cooperative company “OSC TARIM GIDA SOGUTMA” and Limited Liability Company “KONGRESS BARAKA AGRO”. Particularly, storage of the apple was chosen as a research element.

“From garden to tablemate” was conducted as a research method in 2013-2014 in the stated companies. Agricultural purposes like planting, distributing, storing and selling detected as a principle stage of the investigation.

In the initial procedure, in 2013-2014, technique of “From garden to tablemate” was diffused and analyzed in Turkish cooperative company “OSC TARIM GIDA SOGUTMA”. On this basis, from 10th of October, 2013 till 10th of March 2014 5,0 ton of apple stored in intensive garden which is situated in Bakhmal district of Djizzakh region. After have been stored during five month, it weighted and measured efficiency of the analyses. During the storage process, product lost 1,27% averagely. This research was conducted in a traditional style and distinguished significant difference with 18,56 % waste of the product. Results of the conducted investigation showed 17,29 % efficiency. After have been kept in a short period , apple was estimated with 9500 UZS while before it was only 5000 UZS with 1,9 times more profit (9500 : 5000). Storing service costs 420 UZS per kilo and per ton it was totally 420, 0 thousand UZS. Efficiency per a kilo apple showed 172,9 kilo (185,6 – 12,7). This trend for sum was 4379,35 thousand UZS  $\{(1000 - 12,7 * 9500) - (1000 * 5000)\}$ . Net efficiency per a ton of apple was 3959,35 thousand sum (4379,35 – 420,0). As a final point, stored kilo apple made 3,96 thousand profit in a results.

Second cycle of the research was conducted in refrigerator of Limited Liability Company “KONGRESS BARAKA AGRO” in 2013-2014 for the same agricultural purposes. “From garden to tablemate” technique was conducted in 20th September in 2013 and finished on 15 March in 2014. A ton of apple was dedicated on the storing procedure and it was maintained for 5 month and 25 day. As a result, 3,4% of apple was found out as waste rate of this

method. Traditional of storage lost 18,56 % of the product , while resulting 15,16 % (18,56 – 3,4) variance on comparison. Keeping product for further purposes made 2,2 times more profit for with dissimilarity of 2,2 thousand UZS to 4,8 thousand UZS with positive.

In this period, a ton of the apple got natural efficiency with 151,6 kilo (185,6 – 34,0) . This trend was 2436,8 {(1000 – 34 \* 4800) thousand UZS. Expenditures for storage was 350 UZS with 350,0 thousand UZS for ton. Net efficiency was 2086,8 thousand UZS (2436,8 – 350,0) . General way of storing showed 2,1 thousand sum with (2086,8 : 1000).

Concept of this model is considered that, after cultivation gathered crop should be sorted and through transport must be carried to refrigerators. During delivery also via transport product may be carried to final consume. On this way, preserved products could be maintained quality during 5-8 month. In some cases, planted apple in intensive gardens could be stored for 10 month.

From conducted analyzes, corporate synergy refers to a financial benefit that a corporation expects to realize when it merges with or acquires another corporation. Corporate synergy occurs when corporations interact congruently.

This form of synergy is a nearly ubiquitous feature of a corporate mergers and acquisitions and is a negotiating point between the buyer and seller that affects the final price both parties agree to.

### **Proposals based on integrated measurements in order to improve the synergetic efficiency further**

Implementation of the synergy is integrated in different areas of the businesses. However, the way of its transmission could show better results with further investments. Outcome of our research indicates following proposals on storing and selling researches settled with scientific and theoretical suggestions.

1. Identified evaluation component of effective storing and selling.  
Measurement of this trend calculated with following formula :

$$Cc = \frac{W}{Q} ;$$

*In this formula*

*Cc – the rate of efficiency of storage products ;*

*W – the benefit gained from food storage;*

*Q – the natural quantity of storage products .*

2. Sum of the profit (W) gained through storing of products also identified under investigations. Following mathematical measurement measures it.

$$W = \{((Q - F) * Ph) - (Q * Pb)\};$$

*In this formula*

*Q – the natural quantity of storage products.*

*F – the natural reduction of products during storage and selling process ;*

*Ph – the price of product after storage;*

3. Storing efficiency was chosen in order to identify efficiency. But from another perspective, transport expenditures should be calculated too. Nevertheless, strict system was not organized to calculate this feature. Carrying stored apple could be calculated by following including transport services.

$$Ccu = \frac{W - Tx}{Q} ;$$

*In this formula*

*Ccu – Overall rate of efficiency of storage food in term of storage;*

*Tx – the total quantity of spending of carrying apple from garden to storage, and from storage to distribution destination.*

Total efficiency (Wu) identified in the following stage with the diffusion of previous equation

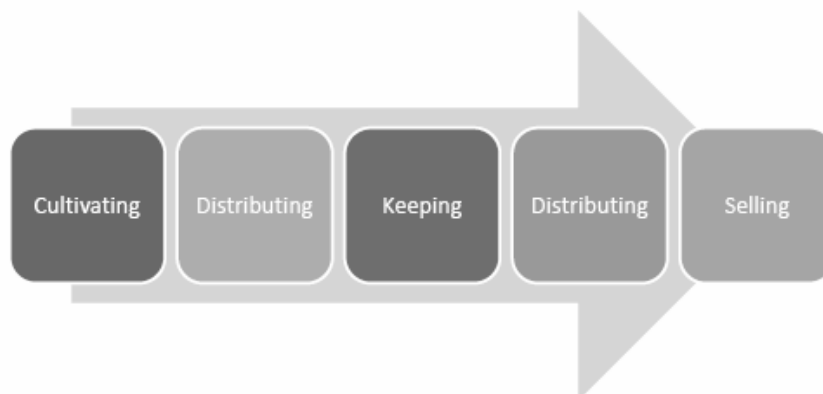
$$Wu = \{((Q - F) * Ph) - (Q * Pb)\} - Tx$$

Sequence of this mathematic formula could be calculated in a diverse excessively:

$$Ccu = \frac{Wu}{Q} = \frac{\{((Q - F) * Ph) - (Q * Pb)\} - Tx}{Q};$$

In the practical diffusion, these formulas could be calculated in order to classify rate of efficiency, which consequently lead to managerial decisions.

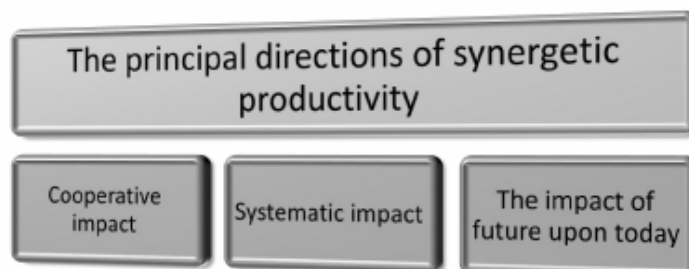
4. Analyzes which were conducted in the intensive gardens diffused “From garden to tablemate” technique. As it covered lots of steps, system of this method is designed in a 1-picture.



### 1-Picture. Sequence of “From garden to tablemate” system

Based on synergetic productivity definition, procedure is proved that integrated working style may lead to better results.

5. While gaining results of the analyzes synergetic efficiency and synergetic productivity were offered with different branches (2-picture).



### 2- Picture Directions of synergetic productivity

It is believed that each of the aforementioned directions possible to advance economic efficiency. Modifications on results derives concept of collaborative impact in synergetic efficiency. Conclusions and assumptions conducted in the article, proves integration of companies with the request of the collaboration. As it is obvious, providers of the services have different type of property and activity type of them is various, that proves complexation of this stages.

6. Synergetic efficiency is proved to be enhance with the concept of systematic impact. During planting and irrigation purposes of agriculture, implementation of systematic procedures made results. What paper means by this conclusion is systematic integration on various segments of the procedure.

7. Synergetic productivity diffuses impact of future upon today that is considered as one of the principle. This feature indicates the results of today's collaborative task for the upcoming purposes with better results.

Stated features addressed auxiliary deployment of synergy in diverse branches of economy with its positive influence. Studies on this direction will serve to identify major assumptions and techniques of implementations.

## Conclusion

In the sustainable development of developing countries, synergetic integration among individuals considered as a principle factor to acquire better results. In the way of deployment, economic efficiency of the enterprises could be increased with better results. Conducted analytical and theoretical investigations concluded various possibility of synergy with real examples. Synergetic definitions and their implications on rural regions of Uzbekistan have diffused on the paper. Better storage cycle through synergetic collaboration have applied on the mentioned case –“From garden to tablemate”. The way of planting in agricultural sphere and process of distributing to consumers could be organized with better efficiency while using synergetic integration among individuals and enterprises. Methods and mathematical equitation of the definition prove the need of this technique on economics. Further investigations of this method may easily identify the ways of it in a various sub-sectors of economy. Outcomes of this paper analyses could open new doors of opportunities for the further deployment of “From garden to tablemate” through academic perspective, that cover economics as whole. Suggestions may serve to further investigation of this term with better diffusion on economic life of individuals

## Bibliography

1. *Cost Synergy Definition.* (2015.). Retrieved 18 March 2015, from <http://www.investopedia.com/terms/c/costsynergy.asp>
2. *FAO - detail: International Conference - The most important reserves of implementing the Food Program in Uzbekistan.* (2014).
3. Retrieved 19 March 2015, from <http://www.fao.org/about/who-we-are/director-gen/faodg-statements/detail/en/c/234037/>
4. *FAO Director General considers the Food Conference in Uzbekistan as a landmark event in the expansion of agricultural production - Uzbekistan News - UzReport.uz.* (2014.).
5. Retrieved 19 March 2015, from [http://news.uzreport.uz/news\\_4\\_e\\_120826.html](http://news.uzreport.uz/news_4_e_120826.html)
6. Fuller, R. B., (1975), “Synergetic: Explorations In The Geometry Of Thinking”, in collaboration with E.J. Applewhite. Introduction and contribution by Arthur L. Loeb. Macmillan Publishing Company, Inc., New York.
7. *Food Independence Important Factor of Wellbeing, Stability, Prosperity* (2014).

8. Retrieved 19 March 2015, from <http://www.press-service.uz/en/document/4967/>
9. Goffee, R. & Jones, G. (2013). *Creating the best workplace on the earth*. Harvard Business Review, 99-106.
10. Hertzberg, R. C., and MacDonell, M. M. (2002). *Synergy and other ineffective mixture risk definitions*. Sci Total Environ 288, 31-42.
11. Information Agency 'Jahon'. (2014). Retrieved 19 March 2015, from [http://www.jahonnews.uz/eng/sections/economy/international\\_exhibitions\\_in\\_the\\_food\\_production\\_and\\_agricultural\\_industries\\_took\\_place\\_in\\_tashkent-46565.mgr](http://www.jahonnews.uz/eng/sections/economy/international_exhibitions_in_the_food_production_and_agricultural_industries_took_place_in_tashkent-46565.mgr)
12. John Jay Hall. (2014, December 4). In Wikipedia, the free encyclopedia. Retrieved from [http://en.wikipedia.org/w/index.php?title=John\\_Jay\\_Hall&oldid=636672819](http://en.wikipedia.org/w/index.php?title=John_Jay_Hall&oldid=636672819)
13. Ministry of Foreign Affairs of the Republic of Uzbekistan — Uzbekistan and international organizations. (2014.).
14. Retrieved 19 March 2015, from <http://mfa.uz/en/cooperation/international/1226/>
15. Media Synergy see Linden Dalecki's article in Northwestern's Journal of Integrated Marketing Communications (2008)
16. Peter A. Corning, *The Synergism Hypothesis: A Theory of Progressive Evolution*, New York, McGraw Hill 1983 ISBN 0-07-013166-X; Peter A. Corning, *Holistic Darwinism: Synergy, Cybernetics and the Bio economics of Evolution*, Chicago, University of Chicago Press 2005 ISBN 0-226-11613-1; Synergy and self-organization in the evolution of complex systems.
17. President Karimov Meets with FAO Chief. (2014). Retrieved 19 March 2015, from <http://press-service.uz/en/news/4966/>
18. R. Buckminster Fuller's Synergetics. Retrieved 18 March 2015, from <http://www.rwgrayprojects.com/synergetics/toc/status.html>
19. Search results. (2015, March 14). In Wikipedia, the free encyclopedia. Retrieved from <http://en.wikipedia.org/w/index.php?search=synergy+in+economics&title=Special%3ASearch&go=Go>
20. Stan Laura-Melinda, *The Necessity to Exploit the Economic Network's Synergistic Potential*, LAP LAMBERT Academic Publishing, Saarbrücken, Germany, 2011, p. 3-4
21. А.Н.Азрилияна. Большой экономический словарь // под ред. Институт новой экономики, 1999. – р. 906
22. Большая экономическая энциклопедия. Retrieved 18 March 2015, from <http://www.encyclopedia.ru/cat/books/book/9176/>
23. Хамидулин М.Б. Развитие финансового механизма корпоративного управления. Автореферат диссертации на соискание ученой степени доктора экономических наук. Т.: Банковско-финансовая Академия РУз, 2008. – р. 27

## UTILITY OF MANAGEMENT ACCOUNTING TOOLS & TECHNIQUES FOR THE SUCCESSFUL RETAIL OPERATIONS- A THEORETICAL FRAMEWORK

Dr. Mohammed Nazeer Ahmed<sup>1</sup>

---

### ABSTRACT

*Management accounting is an internal business function that identifies measures, records and analysis financial information. Management accounting assists in preparation of budgets, forecasting of costs and profits, cost allocation and presents the projected financial reports for proper decision making. Retail companies' use managerial accounting to forecast inventory needs, review profit margins and for taking business decisions based on the financial information processed through management accounting tools.*

*Retailers may create a management accounting system to track the costs of inventory and review vendors or suppliers to determine the availability of inventory at reasonable price. Retailers may also choose an inventory valuation method such as first in first out and last in first out, to use when reporting the inventory cost in management accounting reports for decision making.*

*Retailers may often create break-even analysis to determine the level of sales required to achieve every day to pay the operating costs of their company. Retail managers will use this information to determine profit margins needed to achieve a certain desired level of income. Most retailers earn income by volume sales, i.e. sale of goods in high volume for those products which are having lower profit margins, the focus on high-volume sales is to earn positive cash flow.*

*The aim of the paper is to focus how management accounting techniques assists the retail organizations for the successful financial decisions. The paper focus on the retailers' dependency on management accounting tools and techniques as the techniques are used for proper financial decision making the retail firms easier to achieve the departmental and organizational objectives.*

**Keywords:** Retail Financial Key performance indicators, Just-in-Time, Economic order quantity and Ratio analysis

---

### Introduction:

The main objective of the study is to focus the importance of the support offered by the management accounting to the retailers and the purpose to bring forth the significance of management accounting tools and its utility in retail operations for efficient managerial

---

<sup>1</sup> Faculty Member, Department of Business Studies, Salalah College of Technology, Sultanate of Oman



decisions and informed judgments. In this context it becomes essential to discuss first what is management accounting? What tools does it provide for measuring the performance of organizations? Subsequently, the paper presents the details with regard to retail, retailing and the retail management. The paper also emphasizes the role of the key performance indicators in retail businesses.

Key performance indicators are those financial and non-financial or metric that are used to evaluate the growth of the organization (i.e.) how successful it is. On most cases Key Performance Indicators (KPI) is used in a long term organizational goals. Key Performance Indicators (KPI) helps a retailer to analyst the mission, identify the stakeholders and define the goals. The Key Performance Indicators (KPI) is also known as Key Success Indicators (KSI).<sup>1</sup>

The study suggests that retailing is a dynamic industry and demands attention to utilize all functional areas of management. Retail businesses have to focus on the 'Retail Financial Key performance indicators' to know the performance of business, for which they have to calculate accurately the key performance indicators and then analyze it to draw conclusions, this will assists managers in achieving the desired objectives. Some of the important Retail financial key performance indicators used in retail sector to study the performance of retail businesses are accounts payable turnover, accounts receivables turnover, acid test ratio, cash conversion cycle, gross profit ratio, sales per square feet, stock turnover ratio, etc.

The results of the study present details that, management accounting tools and techniques offer the valuable support to the retail operations and the retail businesses success by and large depends on the analysis provided by the tools and techniques of management accounting. But the study also presents that management accounting has few inherent limitations. Therefore, managers shall understand the limitations associated with management accounting and shall be aware of those limitations, so that they can evaluate the information projected by management accounting in an accurate and unbiased manner.

### **Research Objectives**

The main purpose of this paper is to provide readers to know the importance of the support provided by the management accounting tools and techniques to the retailers and to bring forth the significance of management accounting tools and its utility in retail operations for the purpose of efficient managerial decisions and to arrive at informed judgments. The objective of this study is also to emphasize the role of the key performance indicators in retail businesses. The paper also attempts to present an analytical understanding to the readers and this will be the premise to understand how the management accounting assists managers in achieving the desired objectives of retail businesses.

### **Research Design & Methodology**

The paper is focused on providing insights to the professionals and academicians interested in having an analytical understanding of management accounting tools and techniques, particularly those techniques that are used or required in the retail sector. The efforts were made to present an analytical understanding to the readers. Data for this study were drawn from a review of secondary sources, consisting primarily of management research papers from reputed journals, books authored by reputed academicians, and several corporate websites & media reports related to the study sites. The paper will provide recommendations for the professionals that the management accounting tools and techniques are essential in achieving the retail performance objectives.

### **Definition of Management Accounting:**

American Accounting Association, the thought leaders in accounting defines “Management accounting includes the methods and concepts necessary for effective planning for choosing among alternative business actions and for control through the evaluation and interpretation of performances.”<sup>2</sup>

### **An understanding towards Management accounting:**

Management accounting provides information which is useful to managers in making intelligent decisions and to attain the organizational objectives. Management accounting provides information which is mostly internal to the organization; the information provided by the management accounting is not published for the general public’s information but used for managerial decisions. The information provided to the managers by management accounting is used to set goals for the organization, use to evaluate various means by which the management can achieve and select the best alternatives available. Management has to employ the scarce resources in the best possible manner and take care that there are no significant deviations from achieving the desired objectives, for this purpose management depend on the tools and techniques of management accounting.

Based on the above facts it may be concluded that the basic objective of management accounting is to provide necessary information to the management for formulating future plans and achieving the objectives.

Bhattacharya Debarshi (2011), enumerate the objectives of management accounting with regard to analysis and interpretation of financial statements as “Management Accounting collects, analyses and interprets the necessary data from the results shown by the financial and cost accounting system, and also provides necessary and relevant information to the management in a systematic and useful manner which are to be applied by the management in the process of its planning, control and decision-making, various tools like Ratio Analysis, Fund Flow Analysis, Cash Flow Analysis, Comparative Financial Statement, Common-Size Statement and Trend Analysis are widely used in Management accounting for analyzing and

interpreting those data so as to make them easily understandable and usable to the management.”<sup>3</sup>

In short management accounting uses the information provided by financial and cost accounting for analyzing and interpreting such data so as to help management in taking decisions.

### **Management Accounting Techniques:**

Management accounting takes the help of various tools and techniques to assist the management in taking decisions for its success.

The various popular techniques used in management accounting are as follows:

1. Analysis of financial statements
2. Funds flow analysis
3. Cash flow analysis
4. Ratio analysis

In addition to the above, the management accounting also takes the various cost accounting techniques for integrated results the techniques are:

1. Marginal cost analysis
2. Breakeven analysis
3. Cost volume profit analysis
4. Profit analysis
5. Analysis of variance
6. Just-in-time management
7. Inventory management
8. Economic order quantity

All the above mentioned tools and techniques of management accounting are not discussed in the study but however, all those techniques that are essentially used in retail businesses are analyzed for achieving the purpose of the study.

### **Introduction to Retail, Retailing and Retail Management:**

#### **Retail:**

Retail is referred to as sale of goods and services to the ultimate consumers in considerably small quantities for its use or consumption rather than for resale. In simple, it is referred as B2C i.e. Business-to-consumers, the retailers purchases the products from

manufacturers or wholesales and sells them to the ultimate consumers to gain profits. The retailers act as middlemen between manufacturers and consumers.

Examples, of products a retail business is involved in purchase and sale are:

1. Food products: - Rice, wheat, cereals also includes products stored in cold storage facilities etc.
2. Durable goods- Furniture, electronic apparatus, electrical accessories etc.
3. Consumable other than food products: Clothing, cosmetics, medicines, stationery, foot- ware etc.

The list consisting of products is an inclusive list and many more types of products are included in purchase and sale functions performed by the retail businesses.

Types of retail services are automobile rental services, child care centers, entertainment services, healthcare and fitness services etc.

### **Retailing:**

Michael Levy, Barton A Weitz, Ajay Pandit (2008), define Retailing as “Retailing is the set of business activities that adds value to the products and services sold to customers for their personal or family use. Often people think of retailing only as the sale of products in stores, but retailing also involves the sale of services”.<sup>4</sup>

Customers visit the retail stores to purchase products and to satisfy their personal needs. The personal needs could relate to food, clothes, and all other necessary requirements needed at home for the customers for their convenience. A retailer is an obvious reseller, the retail business purchase products from manufacturers or wholesalers in order to sell those to the ultimate consumers. From functional perspective, retailing is a distribution channel where retail organizations purchase products from manufacturers/wholesalers and even sometimes from suppliers and sells these to the consumers. But, in some cases manufacturers themselves operate their own retail outlets to avoid middlemen and to enjoy solely the brand advantages of the products.

### **A glimpse of Bata innovative retail strategy**

Bata (also known as Bata Shoe Organization) is a family-owned global footwear and fashion accessory manufacturer and retailer with acting headquarters located in Lausanne, Switzerland. The organization has a retail presence in over 70 countries and production facilities in 26 countries. Bata a manufacturer operates its retail outlets, under its brand name

through franchising and licensing. However, one of the units based in Netherlands also involve in B2B (Business-to-Business) operations.

“During the 70s, 80s and 90s, as Thomas G. Bata prepared to accept responsibility for managing world-wide operations, the father and son team began re-defining the organization using new, innovative strategies guided by Bata’s founding principles which focused on customers, marketing and employees. Branded products, innovative retail store concepts, lifestyle merchandising, and the addition of non-footwear products are just a few of the novel concepts Bata introduced. Today, Bata sells about 270 million pair of shoes through companies in more than 70 countries.”<sup>5</sup>

Basically, the retailer as a reseller offers many benefits to both the parties i.e. the consumers and the manufacturers/suppliers/wholesalers. For manufacturers / suppliers / wholesalers the benefits the retailer offer is to help them in reaching their target audience through retail promotions and also provide them the feedback about the sales performance of the products. Similarly, the benefits the retailers offer to the ultimate consumers is by offering discounts and providing wide range of assortment of products at a considerable price under single roof.

Retailers often buy the manufacturer’s products from the middle men known as wholesalers. In case of large retail businesses the mode of business between manufacturers and retailers is B2B (Business-to-Business) without the involvement of wholesalers; this is solely to avoid the middlemen. Large retailers bypass the wholesalers and purchase products directly from the manufacturers in order to make more profits. Retailers are referred as last stop in supply chain management functions. Some large retailers also manufacture products to achieve the economies of scale. This is referred as Vertical integration.

Kimberly Amadeo, US Economy expert, in Economic theory- A framework for understanding how US economy works, she clarifies that the “vertical integration is a business term that means a company controls its own supply chain. It achieves economies of scale by doing this, which gives it a competitive advantage over non-integrated companies.”<sup>6</sup>

It is important to have clarity that, not all retailing is done in stores a non store retailing is as popular as in store retailing. The non-store retailing includes the delivery of Pizza on an online order. The Dominos, online ordering has made pizza ordering and delivery more convenient with its online ordering platform.

### **Retail Management:**

The retail organization’s attempt to involve various processes, procedures, routes, methods etc. which help the customers to procure or possess the desired merchandised from the retail stores for the customer’s ultimate use, is referred as retail management. Retail management brings together various personnel on a common platform for achieving the retail organizational objectives. The personnel and the various functional areas are integrated for achieving the objective of satisfying the customers.

Neelesh Jain (2008) suggests that, 'Effective retail store management depends on satisfied, motivated and loyal employees who will be productive, maintain assigned work schedules and develop tenure with the firm. In order to attract and keep satisfied and productive employees, retail store manager must know which dimensions of the job are most important and most satisfying to employees.'<sup>7</sup>

The focus on the above information is on work-related dimensions required in retail store, the success of the retail store largely depend upon how employees are responding emotionally and what behavioral responses they show towards their jobs? The focus here is how best the managers can achieve the employee satisfaction that in return helps in achieving the customer's satisfaction. Retail management ultimately objective is to satisfy the customers so that the foot falls will increase and would results into increasing the profits.

**Top 10 Global Retailers: Name of the Company, Country's Origin and Retail revenues**

<b>Top 10 retailers worldwide, 2013</b>			
<b>Top 250 rank</b>	<b>Name of company</b>	<b>Country of origin</b>	<b>2013 Retail revenue (US \$mil)</b>
1	Wal-Mart Stores, Inc.	U.S.	476,294
2	Costco Wholesale Corporation	U.S.	105,156
3	Carrefour S.A.	France	98,688
4	Schwarz Unternehmens Treuhand KG	Germany	98,662
5	Tesco PLC	U.K.	98,631
6	The Kroger Co.	U.S.	98,375
7	Metro Ag*	Germany	86,393
8	Aldi Einkauf GmbH & Co. oHG	Germany	81,090
9	The Home Depot, Inc.	U.S.	78,812
10	Target Corporation	U.S.	72,596
			1,294,697

\*Metro changed its fiscal year from end of December to end of September. Fiscal 2013 results reported here include the 9 months ended 30 September 2013 plus the quarter ended 31 December 2013 to create a 12-month period equivalent to prior years.

Source: <http://www2.deloitte.com/gi/en/pages/about-deloitte/articles/consumerbusiness.html>

**A Brief understanding towards functions performed by retailers:**

K.V.S Madaan, (2009) highlights the following functions performed by retailers. He suggests that, the distribution channels perform three kinds of main functions:

1. Transactional: Buying, Selling and Risk taking
2. Logistical: Assorting, Storing and Sorting
3. Facilitating: Financing, Grading and Marketing Information.”<sup>8</sup>

**Usage of Management Accounting Techniques by Retail Businesses:**

Osmond Vitez, (2009) in **Demand Media, Inc-** an American content and social media company, specifies that, ‘Retail operations use managerial accounting to forecast inventory needs, review profit margins, and make business decisions based on financial information. Retailers may create a management accounting system to track the costs of inventory and review vendors or suppliers to determine if a lower-cost inventory is available. Companies may also choose an inventory valuation method, such as first in first out or last in first out, to use when reporting inventory cost of managerial accounting reports.’<sup>9</sup>

Osmond also of the opinion that, retailers often create break-even analyses to determine the level of sales to be achieved every day in order to meet its operating costs of their company. He is also of the opinion that, retailers earn income by volume sales, meaning when profits margins are lower on individual goods sales of such goods should be high or high volume sales should be achieved to earn positive cash flow.

**Usage of Management Accounting Technique Just in Time-JIT at Wal-Mart:**

Wal-Mart is a multinational corporation that runs a chain of discount departmental stores and warehouse stores.

"Just in Time (JIT) is a production and inventory control system in which materials are purchased and units are produced only as needed to meet actual customer demand." <sup>10</sup>

Retail logistic blog specifies the following benefits associated with JIT. The main BENEFITS of JIT are the following: <sup>11</sup>

1. Funds that were tied up in inventories can be used elsewhere.
2. Areas previously used to store inventories can be used for other more productive uses.
3. Throughput time is reduced, resulting in greater potential output and quicker response to customers.
4. Defect rates are reduced, resulting in less waste and greater customer satisfaction.

UK Essays, reports in the article title ‘Management accounting techniques of Wal-Mart Company’ that, “JIT system drive Wal-Mart more accurate costs to be allocated to their



products and define the cost of waste and ineffective operation. Using the JIT systems, Wal-Mart often required replenishing inventory and paying only when they sell the goods, minimizing the resources invested in stock and allows the retailer to focus on offering high-demand merchandise at attractive prices. (Susan V. Crosson, Belverd E. Needles, 2009) The JIT system of Wal-Mart policies is not to hold inventory therefore it leads Wal-Mart's suppliers to have more inventories. ([www.inventorymanagement.com](http://www.inventorymanagement.com)) Also Wal-Mart implements 'zero tolerance'. Policies for late shipments that means they require goods shorter lead times however they abide by received time.”<sup>12</sup>

**Economic order quantity: An essential technique for minimizing material carrying and ordering costs.**

Economic order quantity may be defined as that quantity of purchase which minimizes material ordering cost and material carrying cost. The exact quantity of any item of material to be purchased at a time is one of the fundamental problems faced by the purchase managers. Purchase of large quantities may avoid the shortage of stock but this may result into over stocking or excessive inventory, the excessive purchase will increase the cost of carrying. On the other hand, if quantities are purchased in small quantities to avoid the excessive stock this will reduce the carrying cost but it increases the ordering cost, because of this not only the ordering cost will increase it may also result into disruption of production due to inadequate inventory or disruption in sales due to inadequate merchandise.

Since inventory policy aims at minimizing total inventory costs, the exact quantity to be ordered at a given time is referred to as a sound decision. It is therefore, necessary to identify the quantity which equalizes the carrying and ordering costs for a given amount of quantity. Such a quantity is called Economic order quantity. The model and formula of EOQ was developed by F. Wilson Harris in 1913.

S.P. Iyengar (1990), explains, the Economic order quantity as “it is the order quantity which minimizes the balance of cost between carrying costs and ordering costs”.<sup>13</sup>

Sarita Harbour, Demand Media, “The Advantages & Disadvantages of Economic Order Quantity (EOQ)” suggests that, “Maintaining sufficient inventory levels to match customer demand is a balancing act for many small businesses. Another advantage of the EOQ model is that it provides specific numbers particular to the business regarding how much inventory to hold, when to re-order it and how many items to order. This smooths out the re-stocking process and results in better customer service as inventory is available when needed.”<sup>14</sup>

**Formula for Economic order quantity:**

$$EOQ = \sqrt{2 \text{ (Annual usage in units} \times \text{ordering cost} \div \text{Annual carrying cost per unit})}$$

In present times, EOQ is calculated in businesses using the ERP software, but however it is important to know how EOQ is calculated manually.

**Analytical understanding of 'Retail Financial Key performance indicators' to specify the support provided by Management Accounting Techniques to Retail Businesses.**

The below mentioned performance indicators comes under the broad category of Ratio analysis, which is one of the essential techniques of management accounting. Ratio analysis is a device to analyze and interpret the financial health of the business, in study the retail business.

- a) Accounts payable turnover,
- b) Accounts receivables turnover,
- c) Acid test ratio,
- d) Cash conversion cycle,
- e) Gross profit ratio,
- f) Sales per square feet,
- g) Stock turnover ratio

- a) **Accounts payable turnover:** This ratio gives the average credit period enjoyed from creditors and calculated as under:

$\text{Credit Purchases} / \text{Average Accounts payable (Creditors + Bills payable)}$

A high ratio indicates that, creditors are not paid in time while a low ratio gives an idea that the business is not taking full advantage of credit period allowed by the creditors.<sup>15</sup>

- b) **Accounts receivable turnover:** This ratio measures the accounts receivable (trade debtors and bills receivables) in terms of number of number of days credit sales during a particular period. This ratio is calculated as follows:

$\text{Net credit sales} / \text{Average Debtors (Debtors + Bills receivables)}$

This ratio is a measure of the collectability of accounts receivables and tells how the credit policy of the company is being enforced. Suppose, a company allows 30 days credit to its customers and the ratio is 45; it is a cause of anxiety to the management because the debts are outstanding for a period of 45 days.<sup>16</sup>

- c) **Acid Test Ratio:** The quick ratio or acid test ratio is a liquidity ratio that measures the ability of a company to pay its current liabilities when they come due with only quick assets. Quick assets are current assets that can be converted to cash within 90 days or in the short-term. Cash, cash equivalents, short-term investments or marketable securities, and current accounts receivable are considered quick assets.<sup>17</sup>

This ratio shows the firm's ability to repay the current liabilities with its most liquid assets.

- d) **The cash conversion cycle:** It is a cash flow calculation that attempts to measure the time it takes a company to convert its investment in inventory and other resource inputs into cash. In other words, the cash conversion cycle calculation measures how long cash is tied up in inventory before the inventory is sold and cash is collected from customers.<sup>18</sup>

The cash conversion cycle is calculated by adding the days inventory outstanding to the days sales outstanding and subtracting the days payable outstanding.

"This cycle is extremely important for retailers and similar businesses. This measure illustrates how quickly a company can convert its products into cash through sales. The shorter the cycle, the less time capital is tied up in the business process, and thus the better for the company's bottom line."<sup>19</sup>

- e) **Gross profit ratio:** Gross profit ratio (GP ratio) is a profitability ratio that shows the relationship between gross profit and total net sales revenue. It is a popular tool to evaluate the operational performance of the business. The ratio is computed by dividing the gross profit figure by net sales. When gross profit ratio is expressed in percentage form, it is known as gross profit margin or gross profit percentage.<sup>20</sup>

Gross margin is important because it shows whether the business sales are sufficient enough to cover the costs.

- f) **Sales per Square feet:** The Sales per Square Foot is one of the essential key performance indicators for retail businesses, it measures how much sales revenue the retail businesses are able to generate for each foot of retail space provided. The formula used for calculating the sales per square foot is

$$\text{Total Net Sales} \div \text{Total Floor Area}$$

Sales per square feet ratio is a popular retail sales key performance indicators because it clearly demonstrates how effective the store layout and retail personnel are at selling products.

- g) **Stock turnover ratio:** This ratio also known as inventory turnover ratio, establishes relationship between cost of goods sold during a period and the average amount of inventory held during that period.<sup>21</sup>

Formula is  $\text{Cost of goods sold} / \text{Average stock held during the period}$ .

Inventory turnover ratio is used to measure the inventory management efficiency of a business. In general, a higher value of inventory turnover indicates better

performance and lower value means inefficiency in controlling inventory levels. A lower inventory turnover ratio may be an indication of over-stocking which may pose risk of obsolescence and increased inventory holding costs.<sup>22</sup>

**Conclusions:**

The main purpose of this paper is to provide readers to know the importance of the support provided by the management accounting tools and techniques to the retailers. The study presents that, the management techniques such as JIT (Just-in-time) is production and inventory control system in which materials are purchased and units are produced only as needed to meet actual customer demand. This will assist the retail business to use the funds productively instead of allowing the funds tied up in inventories.

Similarly, another important technique of management accounting the economic order quantity facilitates the retail businesses in purchasing the merchandise in quantity that balances the carrying and ordering costs. If the economic order quantity is not known the company may attempt to control the ordering cost by purchasing large quantities of merchandise, this attempt may avoid the shortage of stock, but for sure results into over stocking or excessive inventory and the funds will be blocked in purchasing unwanted merchandise. Similarly, without knowing the EOQ the firm may attempt to avoid carrying cost and the firm may resort to purchase in small quantities, but this attempt will increase not only the ordering cost it also results into disruption in sales due to inadequate merchandise. EOQ balances both the carrying costs and ordering costs.

The objective of this study is also to emphasize the role of the key performance indicators in retail businesses. The paper also attempts to present an analytical understanding to the readers and this will be the premise to understand how the management accounting assists managers in achieving the desired objectives of retail businesses.

A high accounts payable turnover ratio indicates that, creditors are not paid in time while a low ratio gives an idea that the business is not taking full advantage of credit period allowed by the creditors. Similarly, the accounts receivable turnover ratio is used to a measure the collectability of accounts receivables and tells how the credit policy of the company is being enforced. It gives clarity to the retail business how debts are monitored and controlled and what necessary steps to be taken by the management to recover from the outstanding debts.

The acid test ratio shows the retail firm's ability to repay the current liabilities with its most liquid assets. The cash conversion cycle, calculation measures how long cash is tied up in inventory before the inventory is sold and cash is collected from customers this analysis will assist managers in cash management and planning. The gross margin is important for retail businesses because it shows whether the business sales are sufficient enough to cover the costs. The Sales per Square Foot is one of the essential key performance indicators for

retail businesses, it measures how much sales revenue the retail businesses are able to generate for each foot of retail space provided.

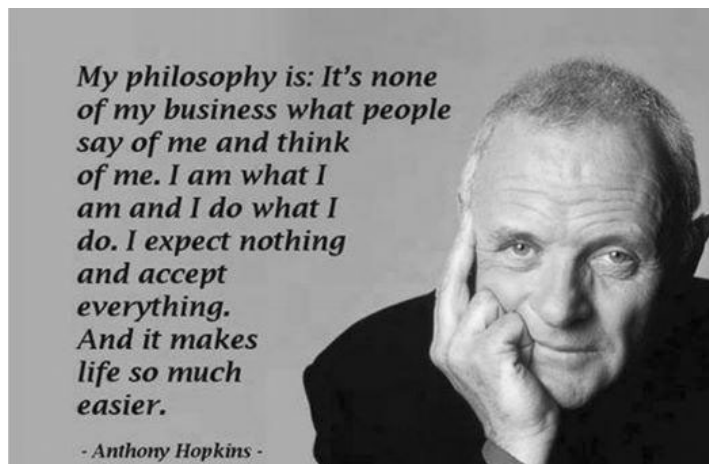
Importantly, the ratio analysis technique, through inventory turnover ratio also provides the support to retail businesses in handling the stock or merchandise. Inventory turnover ratio is used to measure the retail business efficiency in handling stocks. The inventory turnover ratio, if indicates higher value, the performance of retail business in handling inventory is considered better and if it indicates lower value it means the organization's inefficiency in controlling inventory levels. A lower inventory turnover ratio may be an indication of overstocking which may pose risk of obsolescence and increased inventory holding costs.

Though the analysis provided by the management accounting techniques benefits the retail firms in numerous ways, but the managers using the information provided by the management accounting tools and techniques should also be aware of limitations associated with the management accounting. The inherent limitations of management accounting is that it is concerned with the information contained in financial and cost records, if these records are not reliable, it will affect the effectiveness of the results. Further management accounting tools and techniques provides only data but not decisions. Decisions are to be taken by the managers based on the data provided by it. The interpretation of financial information depends on the personal judgment of the interpreter therefore; personal prejudices and bias may affect the objectivity of the decisions. In spite of some limitations management accounting is still considered useful to all businesses and it helps the retail business in managing resources better. Management accounting provides information which is useful to managers in making intelligent decisions and to attain the organizational objectives. It supplies necessary data to the management for formulating future plans. The data includes statements pertaining to past results and future estimates. Management accounting is rightly referred as useful to managers in making intelligent decisions and to attain the organizational objectives.

## References :

1. <http://retaildirectory.blogspot.com/2009/07/key-performance-indicators-kpi-in.html>
2. Dr. Sanjay Patnagar, ( July 2008), 'Management Accounting', Nirali Prakashan, page 1.7 available on <https://books.google.com.om/books?id=EEprUR3ObZwC&pg=SA1-PA7&lpg=SA1-PA7&dq>
3. Bhattacharya Debarshi (2011), "Management Accounting", Dorling Kindersley (India) Pvt. Ltd. (Pg.4), available from [https://books.google.com.om/books?id=3Ki8osgX90oC&pg=PA4&dq= importance+of+management+accounting+in+managerial+decision+making](https://books.google.com.om/books?id=3Ki8osgX90oC&pg=PA4&dq=importance+of+management+accounting+in+managerial+decision+making).
4. Michael Levy, Barton A Weitz, Ajay Pandit (2008), 'Retailing Management', , Sixth edition, TATA Mc Graw HILL.
5. <http://www.bata.com/our-history/>
6. Kimberly Amadeo, 'Vertical Integration- Advantages, disadvantages and examples', available from <http://useconomy.about.com/od/glossary/fl/Vertical-Integration.htm>.

7. Neelesh Jain, ( 2008), ' Retail management a realistic approach', Global India Publications Pvt Ltd.(pg.1)Available from [https://books.google.com.om/books?id=7V2LB\\_Dd0ZkC&printsec=frontcover&dq=retail+management&h](https://books.google.com.om/books?id=7V2LB_Dd0ZkC&printsec=frontcover&dq=retail+management&h).
8. K.V.S. Madaan, (2009), "Fundamentals of Retailing", Tata McGraw Hill, (pg.4), available from <https://books.google.com.om/books?id=fJahw9phSv4C&pg=PA4&dq=Functions+of+retailers>
9. Osmond Vitez, (2009), "What Types of Businesses Use Managerial Accounting?" Demand Media, available from <http://smallbusiness.chron.com/types-businesses-use-managerial-accounting-720.html>.
10. Just-in-time definition, [www.accountingformanagement.com](http://www.accountingformanagement.com).
11. Retail logistic blog, "Advantages and Disadvantages of Just-in-Time (JIT) Manufacturing and Inventory Control System", available from <https://ritalogisticsblog.wordpress.com/2010/04/12/advantages-and-disadvantages-of-just-in-time-jit-manufacturing-and-inventory-control-system/>
12. UKEssays, "Management accounting techniques of Wal-Mart Company" available from <http://www.ukessays.com/essays/management/management-accounting-techniques-of-walmart-company-management-essay.php>
13. S.P.Iyengar (1990), 'Cost Accounting', Sultan Chand & Sons, 5th Edition, Pg.75.
14. Sarita Harbour, "The Advantages & Disadvantages of Economic Order Quantity (EOQ)", Demand Media, available from <http://smallbusiness.chron.com/advantages-disadvantages-economic-order-quantity-eoq-35025.html>.
15. S.P.Jain, K.L.Narang, 'Financial Accounting and Analysis', Kalyani Publishers, (1999), Pg. 449.
16. S.P.Jain, K.L.Narang, 'Financial Accounting and Analysis', Kalyani Publishers, (1999), Pg. 448.
17. <http://www.myaccountingcourse.com/financial-ratios/quick-ratio>
18. <http://www.myaccountingcourse.com/financial-ratios/cash-conversion-cycle>.
19. <http://www.investopedia.com/terms/c/cashconversioncycle.asp>.
20. <http://www.accountingformanagement.org/gross-profit-ratio/>
21. S.P.Jain, K.L.Narang, 'Financial Accounting and Analysis', Kalyani Publishers, (1999), Pg. 448.
22. <http://accountingexplained.com/financial/ratios/inventory-turnover>.



## EMOTIONAL INTELLIGENCE AND ITS IMPACT ON JOB SATISFACTION

Vivek Pachauri<sup>1</sup>, Dr. Vandana Bharti<sup>2</sup>

---

### ABSTRACT

*The Increasing interest in the Emotional Intelligence within the Indian organization system has been attributed to the popularization of the construct of the Emotional Intelligence in the research area. The Emotional Development in the organizations assumes that, the emotional Intelligence is a trait which is associated with Employee's satisfaction with their job. This is because the satisfied employee will have a stronger desire to belong to the organization and is willing to display greater organizational citizenship behavior. The workplace is an environment filled with all kinds of people and personalities that come together and work for a common goal. Since it is rare that two people will have the same personality types, workers will always have different ways to solving problems and finding methods to complete tasks. Whether workers express how they are feeling openly or keep to themselves, emotions have an effect on job satisfaction. Both positive and negative emotions will affect how a person will describe their satisfaction with their job (Fisher 185). The objective of the current study is to determine the impact of Emotional Intelligence on job satisfaction of academicians.*

**Key Words:** *Emotional intelligence and job satisfaction*

---

### Conceptual Background

Organizations do tend to face challenges such as recession, cut-throat competition and information technological advances. Their survival is, therefore, dependent upon a loyal and committed workforce. The central role Human Resource Management (HRM) practices play in creating job satisfaction and maintaining commitment is critical. The management of human resources in organizations has made a transition since the 1980s from relative insignificance to strategic importance. Till the early 1970s, organizations operated in a relatively stable environment with distinct domestic markets and minimal complexities. The late 1970s to the present has been characterized by a dynamic global economy with cut-throat competition, information technological advances and the upsurge of emerging economies (Schuler *et al.*, 1993; and Anakwe, 2002). Therefore, as organizations continue to face a myriad of challenges, their survival will depend upon how effectively they manage their human resources and implement their Human Resource Management (HRM) practices (Anakwe, 2002). The importance of HRM practices on organizational outcomes such as job

---

<sup>1</sup> Research Scholar, School of Business, ITM University, Gwalior Email: [vivekpachauri@itmuniversity.ac.in](mailto:vivekpachauri@itmuniversity.ac.in)

<sup>2</sup> Associate Professor, School of Business, ITM University Gwalior Email: [vandana.bharti@itmuniversity.ac.in](mailto:vandana.bharti@itmuniversity.ac.in)



satisfaction has become an important topic for researchers. The workplace is an environment filled with all kinds of people and personalities that come together and work for a common goal. Since it is rare that two people will have the same personality types, workers will always have different ways to solving problems and finding methods to complete tasks. Whether workers express how they are feeling openly or keep to themselves, emotions have an effect on job satisfaction and commitment. Both positive and negative emotions will affect how a person will describe their satisfaction with their job. In Today's complex world of innovation, the relationship between Emotional Intelligence and job satisfaction in organizations specially in academic environment is a key topic of concern among managers and employees.

### **Review of Literature:**

#### **Emotional Intelligence:**

Daniel J. Syvanteck , (2002) investigated the relationship between Intelligence in Behavior in Organizations by focusing on the general intelligence construct. Gardener, (1983, 1999) and Stenberg, (2002) found that Emotional Intelligence is one of the specific intelligences on which the conceptualizations of Intelligence as an adaptive mechanism for Individuals residing within organizations is based. D.A. Adeyemo, (2008) investigated the relationship between demographic variables and emotional intelligence among workers. The results show that gender and working experience have significant predictive effects on emotional intelligence. There was also significant difference in the emotional intelligence mean scores of male and female. The direction of difference was in favour of female.

Rebecca Abraham , (2000) studied impact of Job Control on Emotional Intelligence where they found a significant impact. Belal A. Kaifi and Selaiman A. Noori (2010) studied on middle managers found that female middle managers have higher emotional intelligence skills when compared to male middle managers, and that those who have more managerial experience have had more time to enhance their emotional intelligence skills.

#### **Job Satisfaction:**

Locke, (1976) investigated that Job satisfaction has been defined as the “pleasurable or positive emotional state resulting from the appraisal of one's job or job experience”. Similarly Locke, (1976) and Yuzuk, (1961) studied and found that job satisfaction is one of the most enduring yet elusive constructs used in the study of industrial relations.

Cherniss & Kane, (1987) ; Bell & Weaver, 1967; Hatkman & Oldham, (1975) identified the Characteristics of the job such as pay, promotion, supervision, working conditions and relationships with co-workers have been shown to be components of job satisfaction. Price, (1997) concluded that Job satisfaction is one of the most heavily researched employee attitudes over the last 50 years. Researchers have measured job satisfaction as a ‘global’ measure, as well as by focusing on several constituents, or facets, of job satisfaction.

Muhammad Fawad Hanif & Dr. Yasir Kamal , (2009) endeavors to study the various factors of job satisfaction among different commercial bankers in Pakistan and found that pay has been considered as the major factor for job satisfaction however other related factors like promotion, recognition, job involvement and commitment are also taken into account. Job satisfaction is an attitude of an employee over a period of his job so the factors of satisfaction and dissatisfaction changes over the period. It is a relative term and is nowadays used as a key factor to gauge the performance of a particular employee and organization. Satisfied employees are more likely to be friendly and responsive which attracts customers. Dissatisfied employees can lead to customer dissatisfaction.

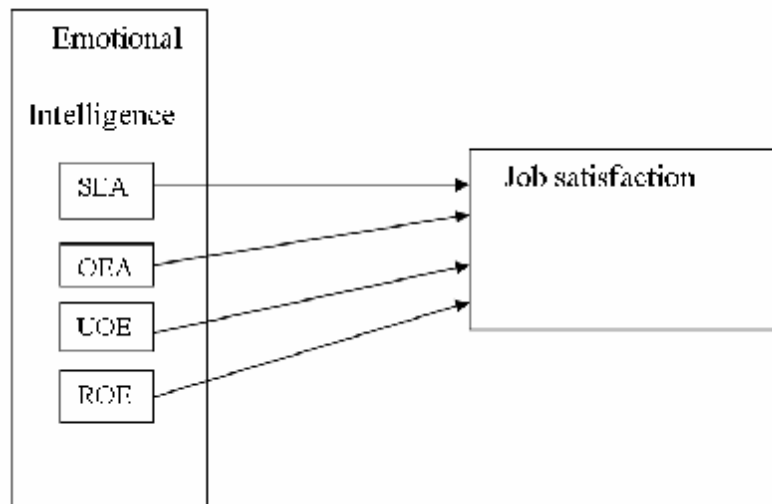
### **Emotional Intelligence and Job satisfaction:**

Chiva Recardo, Alegre Joaquin (2008) analyzed the relationship between emotional intelligence (EI) and job satisfaction, by taking into consideration organizational learning capability (OLC). The authors proposed that OLC plays a significant role in determining the effects of EI on job satisfaction. The most important implication is that job satisfaction is affected by the correlation between individual EI and certain working conditions. Under certain conditions (OLC), emotionally intelligent people are more likely to be satisfied. Konstantinos Kafetsios and Mary Loumakou, (2007) examined the associations of trait Emotional Intelligence (EI) and emotional regulation with affect and satisfaction at work. Emotion regulation had unique predictive power for affect and job satisfaction for the younger age group. There was minimal evidence for emotion regulation being a mediator between EI and affect at work in either age group. The study tested the extent to which positive and negative affect at work mediate personality effects (Emotional Intelligence) on job satisfaction. Results using structural equation modelling indicated that positive and negative affect at work substantially mediate the relationship between EI and job satisfaction with positive affect exerting a stronger influence. In males, affect at work fully mediated the EI effect on job satisfaction. Among the four EI dimensions, use of emotion and emotion regulation were significant independent predictors of affect at work. A group of researchers reveals that employees who are of high emotional intelligence are more satisfied with their work more than the employees who are of low emotional intelligence First, gender has insignificantly influences with job satisfaction, second, emotional Intelligence significantly influences with job satisfaction. Third, emotional intelligence and gender interact to influence with job satisfaction (Abdulazim Ghoniem, Sayed ElKhouly, Ghada Mohsen and Mohammed Ibrahim 2011).

### **Research Methodology**

#### **Objectives of the study:**

1. To Measure the Emotional intelligence level of Academicians.
2. To investigate the impact of teacher's Emotional Intelligence on their job satisfaction
3. To open new vistas for further research.

**Research Model:****Research Hypothesis**

**Hypothesis 1:** Academicians with Higher Emotional Intelligence will be more satisfied with job in the organization those with lesser Emotional Intelligence.

**Hypothesis 2:** There is significant impact of self emotional appraisal on Job satisfaction

**Hypothesis 3:** There is significant impact of Other's emotional appraisal on Job satisfaction

**Hypothesis 4:** There is significant impact of Use of emotions on Job satisfaction

**Hypothesis 5:** There is significant impact of regulations of emotions on Job satisfaction.

The Research was carried out in various private institutes in Gwalior and other regions of north India and the sample used in this study was composed of academicians of private institutes. A questionnaire was used to explore whether there is a relationship between emotional intelligence scores and scores from employee's job satisfaction in their organization for a sample of 182 academicians from different institutions.

The relationship was explored with the use of analysis of correlation and Regression and Annova.

## Measurement Instruments:

### Emotional Intelligence:

We used the Wong and Law Emotional Intelligence Scale (Law, Wong, and Song 2004; Wong and Law 2002). This 16-item self-report scale is consistent with Mayer and Salovey's (1997) definition of EI and has proven very reliable and valid in numerous studies in recent years (e.g., Law et al. 2008; Law, Wong, and Song 2004). Whereas the self-report approach is not the only way to measure EI (there are other scales based on managers' and peers' evaluations), it is today one of the most accepted (Wong and Law 2002). Our study follows this approach, and the scale consists of four dimensions: Self—Emotions Appraisal (SEA), Others—Emotions Appraisal (OEA), Regulation of Emotion (ROE), and Use of Emotion (UOE).

### Job Satisfaction

A scale on job satisfaction was used which is developed by Scott Macdonald Peter Macintyre, which could be used in a wide range of occupational groups. The scale was significantly related to work place factors such as job stress, boredom, isolation and danger of-illness or injury.

### Type of research:

The study is descriptive in nature because we are following a set of procedure and we are testing a certain phenomenon through data analytics. Further the method of study is deductive in nature as we are following this sequence:



The same sequence is being followed in research. There are two theories that are Emotional Intelligence and Job satisfaction. The hypothesis has been framed, observation is made based on data collected through questionnaires and finally confirmation of hypothesis has been done through statistical test of significance.

### Method:

The goal of the research was to determine the impact of emotional intelligence on job satisfaction. The research was based on a questionnaire study; the respondents for the research were selected from the Educational Institutions in north India. The group comprised (300) persons, out of which (212) respondents filled and returned the questionnaire back and only 182 completed the questionnaire completely and correctly.

### Sampling: Random Sampling

**Respondent Categories:** Academicians

**Sample Size:** 182

**Statistical Tools and Techniques:** ANNOVA, Regression are used in this research

**Analysis and Interpretation:**

**Table 1**

*Summary of Multiple Regression Analysis for teachers' Test Scores (N = 182)*

Variable	B	SE(B)	$\beta$	t	Sig (p)
Self emotional appraisal	0.644	0.082	0.513	7.867	0.000
Other's emotional appraisal	-0.030	0.076	-0.025	-0.386	0.700
Use of emotions	0.189	0.070	0.171	2.722	0.007
Regulations of emotions	-0.015	0.043	-0.023	-0.358	0.721

$R^2 = 0.312$

**Table 2**

*Summary of ANOVA*

	Sum of Squares	df	Mean Square	F	Sig.
Regression	36.861	4	9.215	20.048	0.000
Residual	81.359	177	0.460		
Total	118.220	181			

The results for H1 suggest that (standardized  $\beta = 0.513$ ,  $t = 7.866$ ,  $p = 0.000 < 0.05$ ) Self emotional appraisal has significant positive impact on Job satisfaction. The result for H2 suggest that (standardized  $\beta = -0.025$ ,  $t = -0.386$ ,  $p = 0.700 > 0.05$ ) there is a no significant impact of other's emotional appraisal on Job satisfaction. The result for H3 suggest that (standardized  $\beta = 0.171$ ,  $t = 2.722$ ,  $p = 0.007 < 0.05$ ) there is a significant positive impact of Use of emotions on Job satisfaction. The result for H4 suggest that (standardized  $\beta = -0.023$ ,  $t = -0.358$ ,  $p = 0.721$ ) there is no significant impact of regulation of emotions on Job satisfaction. The model impacting 'Job satisfaction' appears to be significant ( $F = 20.048$ ,  $p =$

0.000 < 0.05). From the values it can also be suggested that the constructs are moderately correlated ( $R = 0.558$ ) and fit enough for the model. Also the model explains considerably high degree (31.2%) of variation ( $R\text{ Square} = 0.312$ ) in job Satisfaction.

### Findings:

The results of the study are discussed here within the context of limitations of the current study.

1. The study shows that there is a significant impact of **Self emotions appraisal** on job satisfaction of academicians, which reveals that most of the time people are rational and have good sense of their feelings and they are able to understand really their own emotions and which in turn help them to get satisfaction with job.
2. It is found that there is no significant impact of **Other's emotions appraisal** on job satisfaction of academicians which means that if we can observe the emotions, feelings and behavior of others or colleagues at work place or if we can understand emotions of people around us, it is not concerned with our job satisfaction.
3. It is found that **Use of emotions** has a significant impact on job satisfaction of employees. This is because people can use their emotions effectively to set their goals and make them competent enough and a self motivating person which in turn help them to be more satisfied with job.
4. The researcher found that regulation of emotions does not significantly impact job satisfaction which shows that controlling of our emotions as per situation is not concerned with the job satisfaction of employees.
5. In fine, Employees with higher emotional intelligence are most likely to have higher job satisfaction.

### Conclusion:

Among the four EI dimensions, Self emotions appraisal and use of emotion were significant independent predictors of job satisfaction. The research concludes that the employees with higher emotional intelligence have positive attitude and are able to use and manage their emotions effectively and develop strategies to overcome the possible consequences which may arise out of stress and are more likely to be satisfied with their job, whereas those with less emotional intelligence won't be in a position to overcome the stress situations. In addition, in a group setting employees with higher EI will be able to influence the emotions of others in such a manner that, they will be able to boost their own as well as their co-workers morale.

**Managerial Implications:**

1. When seeking to improve employee **job satisfaction**, practitioners should take into account the Emotional Intelligence of employees because emotionally intelligent people are more likely to be satisfied.
2. Managers should focus and provide an environment and steps to enhance the emotional intelligence of their employees.

**Limitations and scope of study:**

Although the study was limited to employees from academia, further research in other contexts is needed to validate these findings.

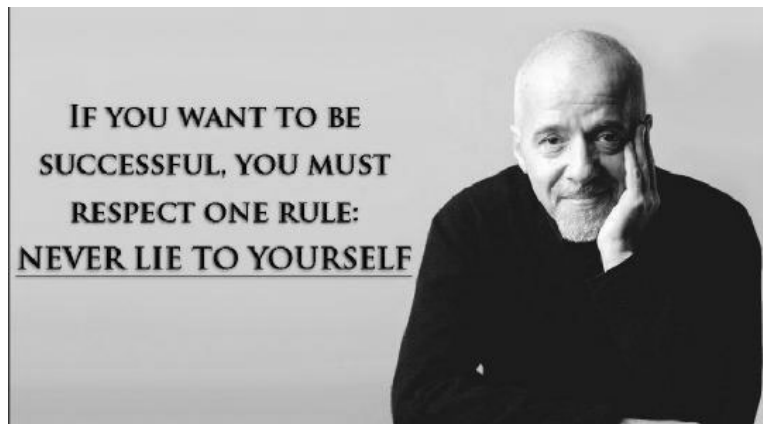
- 1) In general the findings of the study did not support the notion that 'Other's emotions appraisal and regulation of emotions influence jobs satisfaction to a significant degree. This is not consistent with the findings of prior studies.
- 2) The sample size can be increased and can be applied to a different group of population.
- 3) The effect of demographic factors i.e (age, Experience, gender and marital status) can be tested.

**References:**

1. Abdulazim Ghoniem, Sayed ElKhouly, Ghada Mohsen and Mohammed Ibrahim. (2011). *Impact of Emotional Intelligence and Gender on Job Satisfaction among Egyptian Government Sector Employees*. *Current Research Journal of Social Sciences* 3(1): 22-27
2. Abi Ealias, Jijo George. (2012). *Emotional Intelligence and Job Satisfaction: A Correlational study*. *The International journal's: Research journal of commerce & Behavioral science*, ISSN 2251-1547
3. Adil Adnan Amjad Ali Chaudhry Muhammad Imran Malik. (2012). *Emotional Intelligence and Students' Academic Performance: A Study Conducted in Pakistan and Afghanistan*. *Science Series Data Report* Vol 4, No. 3
4. D.A. Adeyemo. (2008). *Demographic characteristics and emotional intelligence among workers in some selected organizations in oyo state nigeria*. *VISION—The Journal of Business Perspective* I Vol. 12 I No. 1 I January–March 2008
5. Fisher, C. D. (2000). *Mood and emotions while working: Missing pieces of job satisfaction?* *Journal of Organizational Behavior*, 21, pp.185-202
6. Goleman, Daniel. 1995. *Emotional Intelligence*. New York: Bantam.



7. Goleman, Daniel. 1998. *Emotional Intelligence*. New York: Bantam.
8. Hickson, H. & Oshagbemi, T. (1999), *The effect of age the satisfaction of academics with teaching and research*. *International Journal of Social Economics*, 26, 4, 537-44,
9. Kalleberg, A.L. (1977) 'Work Values and Job Rewards: A Story of Job Satisfaction', *American Sociological Review*, 42: 124-43.
10. Kerry S. Webb.(1997).*Emotional Intelligence and Business Success The Impact of Leaders' Emotional Intelligence on Employee Satisfaction and Commitment*.
11. Locke, E.A. (1976) 'The Nature and Causes of Job Satisfaction'. In Dunnette, M.D. (ed.) *Handbook of Industrial and Organizational Psychology*. Chicago, IL: Rand-McNally, pp. 1297-349.
12. Mason, S. (1995), *Gender differences in job satisfaction*. *The Journal of Social Psychology*, 153,2, 143-51,
13. Metle, M. (1997), *The relationship between age and job satisfaction: A study among female bank*
14. Morris, J. A., & Feldman, D. C. (1997). *Managing emotions in the workplace*. *Journal of Managerial Issues*, 9,257-274
15. Spyros Papathanasiou & Maria Siati. (2014).*Emotional Intelligence and Job Satisfaction in Greek Banking Sector*.*Research in Applied Economics*, Vol 6, No 1, pp225-239
16. Zahra Alizadeh Shataw darvishi Kamran Nazari Mostafa Emami. (2012). *Antecedents and Consequences of Organizational Citizenship Behaviour (OCB)*. *Institute of Interdisciplinary Business Research* 494,VOL 3, NO 9
17. Zeidner, Moshe, Gerald Matthews, and Richard D. Roberts. 2004. *Emotional intelligence in the Workplace: A Critical Review*. *Applied Psychology* 53(3): 371-99.



## NEW FDI POLICY FOR INSURANCE SECTOR: A POWER BOOSTER FOR THE INDIAN ECONOMY

Dr. Nitin Kishore Saxena<sup>1</sup>

---

### ABSTRACT

*Indian insurance market has a deep-rooted history. It finds a mention in the writings of Manu & Kautilya. At present the Indian insurance sector is one of the major sectors which consists 52 insurance companies, in which 28 are non-life insurance companies and 24 are life insurance companies. India's life insurance sector is the biggest in the world with about 36 crore policies and is expected to increase of 12-15 per cent over the next five years. In last four years Insurance industry are facing the problem of uncertainty. This uncertainty is in the sector due to economic growth and the regulations. Recently after a long marathon run for increasing the FDI limit in Insurance sector, the Union Cabinet has cleared the insurance bill in the last week of December to raise the foreign investment ceiling in private insurance companies from 26 per cent to 49 per cent, with the proviso that the management and control of these companies will be with Indians. It was expected by the government that this permission will help to the insurance industry to increase the capital inflow of US\$ 6-8 billion (approx Rs 50,00 crore). After taking this initiative by the government most of the CEO's of the insurance sector welcome this step and said it's a beginning of "Acche din (better days)" for the insurance industry"*

**Keywords:** Insurance, FDI

---

### INTRODUCTION

The Indian insurance sector is one of the major sectors which consists 52 insurance companies, in which 28 are non-life insurance companies and 24 are life insurance companies. India's life insurance sector is the biggest in the world with about 36 crore policies and is expected to increase of 12-15 per cent over the next five years. Insurance industry is also planning to hike penetration levels to five per cent, and could top the US\$ 1 trillion mark in the year 2020. In Indian Insurance market Life Insurance Corporation (LIC) is the sole public sector company. Apart from that, among the non-life insurance there are six public sector companies in the market. Other than life and non life insurance company, there is sole national re-insurer, namely, General Insurance Corporation of India. Out of 28 non-life insurance companies, 5 private sector insurers (Star Health and Allied Insurance Company Ltd, Apollo Munich Health Insurance Company Ltd, Max Bupa Health Insurance Company Ltd, Religare Health Insurance Company Ltd and Cigna TTK Health Insurance Company

---

<sup>1</sup> Mody University of Science & Technology, Laxmangarh (Sikar), Rajasthan  
[nitinkishoresaxena@gmail.com](mailto:nitinkishoresaxena@gmail.com) Mob- 09760748154

Ltd) are registered to underwrite policies exclusively for Health, Personal Accident and Travel insurance. There are 2 other insurers which are belonging to public sector, namely, Export Credit Guarantee Corporation of India for Credit Insurance and Agriculture Insurance Company Ltd for Crop Insurance.

## HISTORY OF INDIAN INSURANCE MARKET

Indian insurance market has a deep-rooted history. It finds a mention in the writings of Manu (*Manusmriti*), Yagnavalkya (*Dharmasastra*) and Kautilya (*Arthashastra*). The writings talk in terms of pooling of resources that could be re-distributed in times of calamities such as fire, floods, epidemics and famine. This was probably a pre-cursor to modern day insurance. In the year 1818 saw first time that the advent of life insurance business in India with the establishment of the Oriental Life Insurance Company in Kolkata (formally Calcutta). After that many first started their Insurance business but they failed due to lack of regulation and policy. In the year 1914 the Government of India passed the Indian Life Assurance Companies Act, 1912 was the first statutory measure to regulate life business. In 1928, the Indian Insurance Companies Act was enacted to enable the Government to collect statistical information about both life and non-life business transacted in India by Indian and foreign insurers including provident insurance societies. In 1938, To protecting the interest of the Insurance public few effective amended made in the Insurance Act, 1938. After the Independence Government of passes the new act The Insurance Amendment Act-1950 to abolished the principal agencies. In the year 1956, an Ordinance was issued for nationalizing the Life Insurance sector and the formation of Life Insurance Corporation. The LIC absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies—245 Indian and foreign insurers in all. In the year 1993, for the financial reforms in the insurance sector a committee under the chairmanship of *RN Malhotra*, former governor of RBI was constituted. This committee recommended that the private sector may be permitted to enter the insurance industry. They stated that foreign companies may be allowed to enter by floating Indian companies, preferably a joint venture with Indian partners. In the late 90s The LIC had monopoly until the Insurance sector was reopened to the private sector but still it is a major player of the Indian insurance industry. As per the recommendations of the *RN Malhotra* Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted and incorporated as a statutory body in April, 2000. In the year 2000, The IRDA opened up the market for the foreign companies and allowed ownership of up to 26%.

## INDIAN INSURANCE MARKET

After 2000, The Indian insurance sector has undergone transformational changes, when the IRDA open the market for FDI. Now the insurance sector is a huge one and it is continuously growing at a speedy rate of 15-20%. Along with banking services, insurance

services add around 7% to the country's GDP (Global real gross domestic product). As a well-developed and evolved insurance sector is a bonus for economic development as it provides long-term funds for various infrastructure developments also strengthening the risk taking ability of the country. Insurance penetration of India i.e. Premium collected by Indian insurers was 3.96 % of GDP in FY 2012-13. The total market size of India's insurance sector is projected by Google India in their research that the insurance sales from online channels to increase 20 times from present day sales by 2020, and overall internet influenced sales to reach Rs 300,000-400,000 crore (US\$ 48.51-66.68 billion). Here are some performance highlights of the Indian insurance industry.

As per World Insurance Report 2013 published by reinsurance major Swiss Re, global economic growth was almost same in 2013 as it was in 2012, and still below long-term trends. GDP grew by 2.5 per cent in 2013, a little changed from that of 2012 and below the 10-year average of 2.8 per cent.

### **CHALLENGES FOR INDIAN INSURANCE INDUSTRY**

From the last four years Insurance industry are facing the problem of uncertainty. This uncertainty is in the sector due to economic growth and the regulations. In the last few years we have seen insurers reevaluate their operating models and modifying products to bring them in line with new regulations, increase their focus on customer needs and being more efficient. There are some other challenges are also affecting the insurance industry, some are as follow:

- Inflation is one of the major challenges because Insurance products tend to perform better in low-inflation scenarios.
- Expensive distribution channel is also affecting the margin in the insurance industries.
- New products, high risk and premium is also effecting the market policy of the companies.

Other than this liquidity and capital is also creates a huge problem for the industry. Recently Chairman of the IRDA Mr. TS Vijayan put comment on this. *"Industry needs a huge amount of capital,"* According to IRDA, country's insurance sector needs capital infusion of Rs 50,000 crore (US\$ 8.08 billion) to expand reach, maintain a healthy capital base and enhance solvency standards.

### **RECENT INITIATIVES TAKEN BY GOVERNMENT**

Recently the *Modi Sarkar* (Central Government) adopted one of the major social improvement scheme for lower section of the society. On August 28, 2014, *Modi Sarkar* started *PradhanMantri Jan DhanYojana (PMJDY)* and provide a benefit of accidental insurance cover of Rs 100,000 and Rs. 30,000 as life insurance for all the account holder of

this scheme. This scheme is helpful for the future of the insurance sector because premium will be paid by the Central Government. A bold initiative taken by central government after a long marathon run for increasing the FDI limit in Insurance sector, the Union Cabinet has cleared the insurance bill in the last week of December to raise the foreign investment ceiling in private insurance companies from 26 per cent to 49 per cent, with the proviso that the management and control of these companies will be with Indians. This ceiling will be composite - both foreign portfolio investment and FDI.

### **EFFECT OF INCREASE IN FDI**

December 24<sup>th</sup>, 2014 was the Union Cabinet headed by Prime Minister had approved the Ordinance on Insurance Bill and increase the FDI limit up to 49% in private insurance sector; however, the management and control of the company will remain with the Indian firm. The Insurance Bill, which has been pending since 2008 in the *Rajya Sabha*, seeks to increase the composite foreign investment limit in insurance companies up to 49 per cent from current level of 26 per cent. It was expected by the government that this permission will help to the insurance industry to increase the capital inflow of US\$ 6-8billion (approx Rs 50,000 crore). After taking this initiative by the government most of the the CEO's of the insurance sector welcome this step and said it's a beginning of "*acche din* (better days)" for the life insurance industry". After passing the FDI insurance bill by the Central Government the stocks of the private insurance companies (Bajaj Finserv, Max India, Reliance, Aditya Birla Nuvo) rush up to 8.4 per cent. All the investor welcome the bold step of the central government and after a long time insurance companies higher price. New policy of government over FDI will help in many ways, some are as follows:

- Firstly, with the increase in capital, many foreign companies will attracted in the Indian economy and will more invest in the companies
- Secondly, it will help to increase the market of the companies, which will help to create new jobs in the market.
- Thirdly, it will add to the new plans and new sources for to the Indian insurance market.
- Fourthly, it will also helpful for the companies to build the image at international level and try to explore the new market.

### **CONCLUSION:**

Increase in capital in Insurance sector will definitely boost up the Indian economy and will attract the large number of foreign players in the Indian market. It will also help in

increasing the employment level in India. The future of India's insurance industry looks bright. In the country there is lots of hope in the insurance sector and the saving pattern of our citizen is a biggest strength for this industry. There is anticipation that India's insurable population will touch 75 crore in 2020, with life expectancy reaching 74 years. So it shows that there is lot of scope for the companies. Insurance industry is not only provide the life security but it will also help the various sectors in the economy.

## REFERENCE :

1. Amitabh Chaudhry (2014) "Life Insurance Industry Facing The Challenge Of Uncertainties", *Economic Times*.
2. Emily Holbrook (2013) "The top 10 risks facing the insurance industry"
3. Kathakoli Bose (2014) *Increase of F.D.I. Cap in Insurance & Defense Sector: Impact on Indian Economy*
4. Teena Jain Kaushal (2014) *Budget 2014-15: FDI cap hike to 49% brings relief to insurance sector.*
5. [http://indiainbusiness.nic.in/newdesign/index.php?param=industryservices\\_landing/379/3](http://indiainbusiness.nic.in/newdesign/index.php?param=industryservices_landing/379/3)
6. [https://www.irda.gov.in/ADMINCMS/cms/NormalData\\_Layout.aspx?page=PageNo4&mid=2](https://www.irda.gov.in/ADMINCMS/cms/NormalData_Layout.aspx?page=PageNo4&mid=2)
7. [http://lawcommissionofindia.nic.in/consult\\_papers/insurance%201-27.pdf](http://lawcommissionofindia.nic.in/consult_papers/insurance%201-27.pdf)
8. [https://www.irda.gov.in/ADMINCMS/cms/NormalData\\_Layout.aspx?page=PageNo4&mid=2](https://www.irda.gov.in/ADMINCMS/cms/NormalData_Layout.aspx?page=PageNo4&mid=2)
9. <http://www.ibef.org/industry/insurance-sector-india.aspx>
10. <http://www.swissre.com/sigma/>
11. [http://articles.economictimes.indiatimes.com/2014-01-25/news/46601324\\_1\\_life-insurance-industry-open-architecture-products](http://articles.economictimes.indiatimes.com/2014-01-25/news/46601324_1_life-insurance-industry-open-architecture-products)
12. <http://www.ibef.org/industry/insurance-sector-india.aspx>
13. <sup>1</sup><http://www.dnaindia.com/india/report-president-pranab-mukherjee-signs-ordinances-on-raising-fdi-in-insurance-sector-and-facilitating-e-auction-of-coal-blocks-2047170>
14. <http://businesstoday.intoday.in/story/union-budget-2014-15-fdi-limit-in-insurance-sector-increased-to-49-per-cent/1/208017.html>
15. [http://economictimes.indiatimes.com/articleshow/45363135.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/45363135.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

## **AUTOMOBILE INDUSTRY IN INDIA: AN ANALYSIS**

**Vikas Singh Bhadauriya<sup>1</sup>, Prof. Sanjeev Gupta<sup>2</sup>**

### **Introduction:**

The automobile industry in India has come a long way from its nascent state at the time of India's independence in 1947 to its present day dynamic form. As compared to the production of mere 4,000 vehicles in 1950, the production of the industry crossed the historic landmark of 10 million vehicles in 2006. Today, the industry produces a wide range of automobiles and auto-components catering to both the domestic as well as foreign markets. The development of the industry has been shaped by the demand on the one hand and the government interventions on the other; the influence of the latter being considerable.

The automotive industry in India was heavily regulated until the 1970s. The automotive firms were obliged to obtain licenses from the Indian government for various firm activities. The 1980s witnessed some relaxation in the regulations and the entry of Japanese firms. In the early 1990s, India undertook historic economic reforms under which the automotive industry was liberalized. Various government interventions in the form of policies, existing at various points of time, have influenced the development of India's automotive industry over these phases.

The evolution of India's automotive industry is identified to have occurred in four phases. In the first (1947-1965) and second phase (1966-1979), the important policies identified were related to protection, indigenization and regulation of the industry. On the one hand, these policies helped India to build an indigenous automotive industry, while on the other it led to unsatisfactory industry performance. In the third phase (1980-1990), the single most important policy identified was the one with regard to relaxation in the means of technology acquisition. The foreign competition inducted into the industry transformed its dynamics.

Lastly, in the fourth phase (1991 onwards) the liberalization with regard to foreign investment had a significant influence on the Indian automotive industry as we see it today.

### **Current overview of India's automotive industry**

The automotive industry in India has been witnessing an impressive growth since the country's economic liberalization in the early 1990s. In contrast to the 1.5 million units produced in the year 1993-94, the production of vehicles in the country crossed a historic landmark of 10 million units in the year 2006-07. Rising demand owing to the strong growth

---

<sup>1</sup> Research Scholar, SOS in Management, Jiwaji University, Gwalior.

<sup>2</sup> Professor, Department of Commerce, MLB College of Excellence, Gwalior.



of Indian economy post liberalization and the changing landscape in the global automotive industry have fuelled such a growth.

India is currently the world's second largest market for 2-wheelers (IBEF 2008) and is considered to be one of the fastest growing passenger car markets (GOI 2006a). In the year 2007, India ranked 8th in the production of commercial vehicles and 9th in the production of passenger cars worldwide, moving up from a rank of 13th and 15th respectively in the year 2000 (OICA 2008a).

India is also home to the world's largest 2-wheeler manufacturer and the 11th largest commercial vehicle manufacturer (Hero Honda 2008 and OICA 2008b). Indian automotive industry, which comprises of the automobile and the auto-component industries, is one of the largest industries in India.

### **REVIEW OF LITERATURE:**

Product quality plays a vital role in any organization, and only quality product can attract customers.(Zakuan, N.M. *et al*2007). In a competitive market, the demand for quality is emerging as the single most critical factor for companies to survive in the ever-expanding global market place. Quality is vital in determining the economic success of manufacturing companies (Garvin, 1988, Curkovic *et al.*, 2000). World-class manufacturing companies gain competitive edge and greater market share through extraordinary levels of performance by providing a quality product with a competitive price as required by demanding customers.

The relationship between buyer and supplier is an important factor in organizational performance. The need to improve supplier's quality and delivery performance while at the same time, reducing the costs of supplied materials and parts has motivated buyers to engage in supplier development activities which has a direct impact on organizational performance (Krause *et al.*, 1998). Empirical studies demonstrate that evaluating supplier performance and providing feedback, result in improved buyer supplier performance (Humphreys *et al.*, 2004) and enhanced product/service quality of the buying firm (Krause *et al.*, 2000).

Organization must be knowledgeable in customer requirement and responsive customer needs and measure customer satisfaction through TQM implementation (Raghunathan *et al.*, 1997). Nilsson *et al.* (2001) indicate that customer satisfactions have a greater impact on business results through quality practices. This was supported with Lee *et al.* (2003) argument that customer satisfaction positively related to process improvement.

Curkovic *et al.* (2000) in his study show that there is indeed a strong relationship between strategic planning in TQM with environmentally responsible manufacturing. While Feng *et al.* (2006) in his comparative study found that there is significant impact on strategic planning in TQM practice with organizational performance, however the impact is the same for both Singaporean and Australian firms.

Porter (1980) and Trout and Ries (1972) originally developed the positioning concept war within the fields of supply and demand, respectively. The latter induces a marketing mix and influences the perceptions of the consumer, its nature is mainly subjective and it is operational in the short/medium term. On the other hand, strategic positioning is carried out by taking into account other non-commercial key factors which lead to success, is long term based and permits a more extensive competitor analysis as it embraces a greater variety and a larger number of strategic management decisions (Strategor, 1995, p. 88).

A complete positioning analysis involves discovering the interrelations that exist between these two different but interrelated areas (Webster, 1992, p. 10). Their combined study can be justified for two reasons: first, because it makes it possible to look at the relationships between competitive and marketing strategy, which seem to benefit the company (De Chernatony *et al.*, 1998, p. 772) and, second, because it allows the distinction between positioning in a 'broad sense' and a 'narrow sense' (Gronshaw *et al.*, 1994).

### **MODERN ECONOMIC ORIGINS OF THE AUTOMOBILE INDUSTRY**

The auto industry has passed through several stages: (1) craft production (1890-1908), in which dozens of small enterprises vied to establish a standard product and process; (2) mass production (1908-1973), precipitated by Henry Ford's moving assembly lines, which became the standard operating mechanism of the industry; and (3) lean production (1973–present), which was initially developed at Toyota under the leadership of Taichi Ohno during the 1950s, and which introduced a revolutionary management process of product-development and production.

Mechanization of auto production has also been transformed over the past century, led by the need for faster and lower-cost production on the supply side of the industry. Ford's mass-production system relied on standardized designs to enable the construction of assembly plants that were fully automated and utilized interchangeable auto parts. In its heyday, between 1908 and 1920, Ford streamlined the assembly process to the point where it took just over an hour and a half to produce one car. Setting the industry standard for production enabled Ford to take the lead in market share, but it also led to a complacent mindset that hindered innovation. In the 1920s General Motors improved on Ford's assembly line process by introducing flexibility into the production system, enabling faster changeovers from one model to the next. However, it took half a century after Ford stopped mass producing Model T's in 1927 for another production paradigm to emerge as the standard in the global automotive industry. Toyota's lean production system—which had its beginnings in 1953—drove productivity to new heights by replacing the "push" system with a "pull" system. Instead of producing mass quantities of vehicles and pushing them through to dealerships to sell to customers or hold as inventories, the lean system pulled vehicles through the production process based on immediate demand, minimizing inventories at suppliers, assemblers, and dealerships. Just-in-time production also gave a larger responsibility for

product design, quality, and delivery to assembly workers and suppliers than did the mass-production system. Suppliers were not vertically integrated into auto assembler operations, but rather networked to the assemblers via long-term contracts. This total system of cost-minimization and responsiveness to customer demands revolutionized auto manufacturing on a global scale, although the model has been adapted to regional conditions.

Product innovation in the automotive industry has mainly been a response to customer demands, although product positioning is a critical strategic variable for automakers. Ever since General Motors began producing different types of vehicles for different product segments, thereby ending the reign of Ford's low-price, monochromatic Model T, the ability to vary products on several dimensions has been the main strategic variable of auto producers. U.S. automakers have mainly been responsive to customers' desires for comfort, speed, and safety, and have developed rugged drive trains, plush suspensions and interiors, and stylish chassis and bodies. In contrast, European auto producers have focused their attentions on performance and agility features of vehicles, such as steel-belted radial tires, disc brakes, fuel injection, and turbo diesel engines. For Japanese producers, the miniaturization culture and the scarcity of fuel, materials, and space largely determine the specifications of cars.

## **COMPETITIVE STRUCTURE**

Rivalry among assemblers in the automotive industry, once contained within national boundaries, has evolved into global competition. First movers established market dominance in the early 1900s, and their brands are still the most recognized by consumers today. The fact that auto producers choose market strategies based on what their rivals are doing indicates that this is an oligopolistic industry. What is interesting here is that market leadership remains dynamic: It is not a given that General Motors or Toyota or DaimlerChrysler will be the market leader of tomorrow.

Before industry standards for products and production were established, hundreds of automakers existed, each vying to establish a beachhead in the industry. In the United States, for example, the year 1909 saw the largest number of automakers in operation in a given year—272 companies. It is estimated that in the first twenty years of the industry's existence, over five hundred firms entered the industry in the United States alone. The 1920s brought a wave of precipitous exits by auto manufacturers, with many firms merging into more profitable companies. In the 1930s General Motors became the market leader, with Ford slipping to second place because of a yearlong changeover in production from the Model T to the Model A. By 1937 General Motors, Ford, and Chrysler—long referred to as the Big Three—had 90 percent of total sales in the U.S. market, forming a dominant-firm oligopoly

(General Motors accounted for 44.8%, Chrysler 25%, and Ford 20.5%). By the 1960s, only seven domestic auto producers remained.

In the late 1990s Japanese auto manufacturers took over more than a quarter of the U.S. market, and Big Three market share slipped below 70 percent. Today, there are only two-and-a-half U.S. automakers—General Motors, Ford, and Daimler Chrysler—collectively capturing 58.7 percent of the U.S. market. GM still has the largest share of the U.S. market (27.3%), but Toyota's market share in the United States is just one percentage point below Chrysler's (13%). Worldwide, market concentration has also been declining since the mid-1980s, with entrants such as Hyundai/Kia diluting the collective market share held by dominant automakers.

Market rivalry in the auto industry centers on two strategic variables: (1) product variety and quality, and (2) transactions price, which is manipulated to boost sales. The tension between shareholder concerns about short-term profitability and a company's desire for long-term viability is palpable. Automakers must attract and maintain a solid customer base, building allegiance to brand name in an effort to maximize earnings in the long term. Maintaining high customer repurchase rates is critical to long-term profitability in the industry. Therefore, automakers attempt to attract and keep customers from the purchase of their first car in their late teens until retirement and thereafter. Product variety at all of the major automakers spans the full spectrum from small to full-sized cars, although some automakers are better known in particular market niches. For example, Mercedes, BMW, Lexus, Infiniti, and Acura capture a third of the upscale market in the United States, whereas Buick, Ford, Mercury, and Toyota are known for their family-styled traditional cars. Turnkey reliability is the hallmark of Japanese makes, whereas Ford, Chevrolet, and Toyota appeal to buyers of small or sporty vehicles. The fastest growing market segment in the United States in recent years has been sport utility vehicles (SUVs). By the early 2000s, SUVs captured 55 percent of vehicle sales.

#### **AUTOMOBILE INDUSTRY (INDIA/M.P.)**

The evolution of India's automotive industry is identified to have occurred in four phases. In the first (1947-1965) and second phase (1966-1979), the important policies identified were related to protection, indigenization and regulation of the industry. On the one hand, these policies helped India to build an indigenous automotive industry, while on the other it led to unsatisfactory industry performance. In the third phase (1980-1990), the single most important policy identified was the one with regard to relaxation in the means of technology acquisition. The foreign competition inducted into the industry transformed its dynamics. Lastly, in the fourth phase (1991 onwards) the liberalisation with regard to foreign investment had a significant influence on the Indian automotive industry as we see it today.

This work traces the evolution of the automotive industry from its inception to present day and identifies the important policies made by the Indian government. The work also studies the influence of important policies on the development of the industry

The automotive industry in India is one of the largest automotive markets in the world. It had previously been one of the fastest growing markets globally, but is currently experiencing flat or negative growth rates. India's passenger car and commercial vehicle manufacturing industry is the sixth largest in the world, with an annual production of more than 3.9 million units in 2011. According to recent reports, India overtook Brazil to become the sixth largest passenger vehicle producer in the world (beating such old and new auto makers as Belgium, United Kingdom, Italy, Canada, Mexico, Russia, Spain, France, Brazil). Throughout the course of 2011 and 2012, the industry grew 16-18%, selling around three million units. In 2009, India emerged as Asia's fourth largest exporter of passenger cars, behind Japan, South Korea, and Thailand. In 2010, India beat Thailand to become Asia's third largest exporter of passenger cars.

As of 2010, India is home to 40 million passenger vehicles. More than 3.7 million automotive vehicles were produced in India in 2010 (an increase of 33.9%), making the country the second (after China) fastest growing automobile market in the world in that year. According to the Society of Indian Automobile Manufacturers, annual vehicle sales are projected to increase to 4 million by 2015, no longer 5 million as previously projected.

The majority of India's car manufacturing industry is based around three clusters in the south, west and north. The southern cluster consisting of Chennai is the biggest with 35% of the revenue share. The western hub near Mumbai and Pune contributes to 33% of the market and the northern cluster around the National Capital Region contributes 32%. Chennai, houses the India operations of Ford, Hyundai, Renault, Mitsubishi, Nissan, BMW, Daimler, Caparo, Mini, and Datsun. Chennai accounts for 60% of the country's automotive exports. Gurgaon and Manesar in Haryana form the northern cluster where the country's largest car manufacturer, Maruti Suzuki, is based. The Chakan corridor near Pune, Maharashtra is the western cluster with companies like General Motors, Volkswagen, Skoda, Mahindra and Mahindra, Tata Motors, Mercedes Benz, Land Rover, Jaguar Cars, Fiat and Force Motors having assembly plants in the area. Nashik has a major base of Mahindra and Mahindra with a SUV assembly unit and an Engine assembly unit. Aurangabad with Audi, Skoda and Volkswagen also forms part of the western cluster. Another emerging cluster is in the state of Gujarat with manufacturing facility of General Motors in Halol and further planned for Tata Nano at their plant in Sanand. Ford, Maruti Suzuki and Peugeot-Citroen plants are also set to come up in Gujarat. Kolkata with Hindustan Motors, Noida with Honda and Bangalore with Toyota are some of the other automotive manufacturing regions around the country.

In 2011, there were 3,695 factories producing automotive parts in all of India. The average firm made US\$6 million in annual revenue with profits close to US\$400 thousand.

### **OBJECTIVES OF STUDY**

1. To find out the comparative perception of the customers regarding all the four components of marketing mix that contribute in building marketing strategies for light weight four wheeler companies.
2. To understand the test and preferences of the customers regarding four wheelers, which will help in forming strategies. The purpose of the study is to contribute in the field of marketing four wheeler which should eventually help the existing players of automobile industry in the said segment to attract their customers in a better way

### **METHODS OF DATA COLLECTION & ANALYSIS:**

#### **DATA COLLECTION:**

The nature of study warrants collection of secondary data. The same shall be collected the help of journal, periodicals and other available data. Wherever required other secondary data will be used to supplement the data.

#### **TOOLS FOR DATA ANALYSIS:**

The data will be analyzed through exploratory and inferential statistical instruments.

### **SCOPE OF THE STUDY**

The present study will help the Automobile Industries in the field of evaluation of strategies of marketing.

### **CONCLUSION:**

Market research provides information to understand country's culture and economic condition. With the economic boom in India sales of passenger cars grew 31% from January to November 2010 according to the information of Society of Indian Automobile Manufacturers (SIAM). Market research will provide this kind of information to understand that people prefer fuel efficient/low maintenance car or luxury car or they consider car as essential product or luxury product.

Automobile companies are recommended to use traditional and non-traditional marketing strategies. In traditional methods companies use promotional campaign, advertising, billboard etc. Automobiles are high involvement products and companies are recommended to take customer involvement campaigns like- test drive, quiz competition etc. Companies are recommended to make TV programs which will create more hype for the brand like- Hero Honda Roadies, Pulsar MTV stunt mania(Indian TV show) etc. Programs like Top gear will help automobile companies to get positive response from customers. Luxury car brands like-

BMW, Mercedes, Audi etc. are recommended to make car users society which will make the brand image exclusive to users' mind. All types of non-traditional methods are recommended by experts including viral marketing. Viral marketing is a strategy that influences individuals to pass on marketing information to others. It uses pre-existing social networks to increase brand awareness or to achieve other marketing objectives through viral processes.

## REFERENCES:

1. Boyer, Robert, Elsie Charron, Ulrich Jürgens, and Steven Tolliday, eds. 1998. *Between Imitation and Innovation: The Transfer and Hybridization of Productive Models in the International Automobile Industry*. Oxford: Oxford University Press.
2. Easterbrook, Gregg. 2006. *Case Closed: The Debate about Global Warming Is Over*. *Governance Studies* 3 (June). Brookings Institution Working Paper. Washington, DC: Brookings Institution.
3. Federal Trade Commission. 1939. *Part 1. General Investigations: Motor-Vehicle Industry*. *Annual Report of the Federal Trade Commission*. Washington, DC: Federal Trade Commission/Government Printing Office.
4. Holweg, Matthias, JianxiLuo, and Nick Oliver. 2005. *The Past, Present, and Future of China's Automotive Industry: A Value Chain Perspective*. *International Motor Vehicle Program Working Paper, for UNIDO's Global Value Chain Project*. Cambridge, MA: IMVP/Center for Competitiveness and Innovation/MIT Press.
5. Katz, Harry C., John Paul MacDuffie, and Frits K. Pil. 2002. *Autos: Continuity and Change in Collective Bargaining*. In *Collective Bargaining in the Private Sector*, eds. Paul F. Clark, John T. Delaney, and Ann C. Frost, 55-90. Ithaca, NY: Cornell ILR Press.
6. *Ranking in terms of the number of units produced.*
7. *Indian tyre industry with a turnover of USD 4.4 billion and exports of USD 0.6 billion in the year 2007-08, is also a part of the Indian automotive industry (ATMA 2008)*

\*\*\*\*\*



## MANAGING OCCUPATIONAL STRESS - A CRUCIAL FACTOR FOR HIGHER EDUCATIONAL INSTITUTION'S GROWTH AND DEVELOPMENT

Priyanka Sharma<sup>1</sup>, Dr. Manisha Agrawal<sup>2</sup>

---

### ABSTRACT

*The modern world, which is said to be a world of achievements, is also a world of stress. One finds stress everywhere, whether be within the family, business organization or any other social or economic contest. Right from the time of birth, until the last breath drawn, an individual is invariably exposed to various stressful situations. Stress happens whenever one's mind and body reacts to some real or imagined situation. Since every situation or event in our daily life causes some type or degree of stress, it is unrealistic and impossible to eliminate stress, totally from one's life. In fact, one actually needs moderate levels of stress to help stay alert and perform well. The only people who are totally free of stress are those who populate the cemeteries. Dr. Hans Selye, the father of stress research, made the important distinction between stress which is harmful and that which is beneficial. Harmful stress can cause one to feel helpless, frustrated, disappointed and harmful. It can also cause physical as well as psychological damage; Selye called this 'distress'.*

---

### INTRODUCTION

In today's fast-paced life there are numerous factors that adversely affects our mental as well as physical health and Occupational stress is the biggest contributing factor among them. physical health of an employee. Stress and fatigue occur when extra demands and pressures imposed don't match your resources or your ability to cope or adjust. High expectations from the management, issues with colleagues and long working hours also lead to both physical and mental exertion. Work should excite and enthuse employees to perform better. It becomes stressful when its stops being exciting or when procedural hurdles start hampering productivity. Without stress, one would not meet deadlines, strive to hit sales or production targets, or line up new clients. Meeting the demands and challenges of a job is part of what makes work interesting and satisfying, and it is often what allows people to develop new skills and advance in their careers. In the workplace, people regularly experience stress-

---

<sup>1</sup> Research Scholar, E-mail [psharma2307@gmail.com](mailto:psharma2307@gmail.com)

<sup>2</sup> Director, Radhadevi Ramchandra Mangal School of Management and Research Neemuch, E-Mail [agarwalmanisha25@gmail.com](mailto:agarwalmanisha25@gmail.com)

causing situations, react to them with heightened tension, and then return to a more relaxed state when the crisis, big or small, is resolved.

However, problems occur when stress is so overwhelming or constant that the tension never abates and one can never get to relax.

### **WHAT IS STRESS?**

Stress is a psychological and physiological response to events that upset a person's personal balance in some way. When faced with a threat, whether to physical safety or emotional equilibrium, the body's defenses kick into high gear in a rapid, automatic process known as the 'fight-or-flight' response. It's well known what this stress response feels like: heart pounding in the chest, muscles tensing up, breath coming faster, every sense on red alert. According to the American Medical Association, Stress is defined as "Any interference that disturbs a person's mental or physical well-being."

### **IMPACT OF OCCUPATIONAL STRESS**

To a certain extent, Stress is unavoidable characteristic of life and work and as such, is neither inherently bad nor destructive. Occupational stress can have a negative impact on the well-being of the individual and his or her day-to-day activities. This is observed at a physical level (e.g. exhaustion, headaches, high blood pressure), a psychological level (e.g. depression, anxiety, low self-esteem), a cognitive level (e.g. absent-mindedness, poor memory) and a behavioural level (e.g. absenteeism, attrition, aggressive behaviour).

### **STRESS IN HIGHER EDUCATION**

Although a high level of stress has been observed in teachers generally, the higher education sector is a relatively new focus of concern. It has been recognized that organizational change can be the significant cause of occupational stress. Over the past 10-20 years, our Indian Higher Education system has undergone a more profound reorientation than any other system. The most obvious symptom of the change in the sector has been the move towards mass higher education. There has not been a corresponding increase in the numbers of academic teaching and support staff. Student-staff ratio is now 15:1. There are a lot of new colleges that have come up. But the pay of the teaching staff member is not up to the mark and administrative work load is more for teaching staff members. The widespread changes in the policy and practices have led to a significant increase in workload and job-related pressures for many academic staff. This has not been accompanied by a corresponding increase in human and technical resources.

### **PURPOSE OF THIS PAPER**

The purpose of this paper is to investigate the level of occupational stress experienced by the engineering college faculty and management college faculty. The sample consisted of 100 respondents. Significant differences in the variables related to students, workload, personal

priorities, Organization's role, career, recognition, job satisfaction was observed. It is concluded that academicians too experience stress and need to learn coping strategies to overcome the negative effects of job stressors. Once stress is managed properly, then only productivity of the organisation will improve. So some coping strategies also explained.

## **OBJECTIVE**

- To investigate the level of occupational stress experiences by the engineering college faculty and management college faculty.
- To identify the important stressor (sources of stress)
- To provide a way to manage the occupational stress to improve the productivity of the college

## **PROFILE OF THE SAMPLE**

The target sample for this survey is 100 teaching staff members from engineering and Management College within Ujjain. The sample was randomly chosen. The prospective respondents were from a wide range of geographical and a variety of backgrounds.

## **SAMPLING METHODS**

1. The instrument used to obtain data for this survey is a questionnaire .The questionnaire was designed to measure : 1) Demographic Information, Working Condition 2) Sources of stress 3) Stress level
2. Some information were collected from internet. Questionnaire distributed 100 and 70 returned. Response rate is 70%

## **RESULTS**

Full results from the questionnaires are in Appendix-1

### **1. Demographic Data**

Of the respondent to the survey 46% were male and 54% were female.

Age groups ranged from 21-30 to 50-70 , but the highest proportion of the sample were in the age groups 21-30 years (59%) and 31-40 years (27%) . 40% of male respondents were in the age group of 21-30 & 42% of the females of this age group . The spread of respondents across the various categories of staff was 57% Lecturer; 17% Senior Lecturer Assistant professor ; 3% professor ;7% head of department .

### **2. Working Conditions**

Of those who were employed, 46% indicates that worked more than 50 hours in a typical week whilst 18% reported that they are working regularly 40-50 hour per week . Assistant

professor & Senior lecturers reported the longest working week, with 70% & 77% respectively regularly working more than 50 hours. Of the total sample 64% told that they have been working more than 40 hours in recent years.

### 3. Sources of Stress

#### a Students Factor

Nearly 61% of the people felt that their lectures are tutorial group are too big. Half of them are happy with the level of participation in their class. And most of them 97% have a very good relationship with the students. 83% of them are feeling that there student are able & competent. So they always want to update themselves. 23% of them only unhappy with the level of participation in the class. 10% of the staff members only felt that their students are not competent. 60% of the staff members are happy that they have time to deal effectively with student's problem. 17% of the staff members felt that there is no time for them to deal effectively with student's problem.

Overall occupational Stress index of this student's factor is 23%  $\{(61+10+3+23+17)/5\}$

#### b Workload Factor

50% of the respondents disagreed the statement "My job physically exhausts me" Nearly 62% of the staff members get time to relax from work .93% of the respondents accepted that their work load is manageable. But nearly 35% of the staff members told that their general pace of work is to rushed. Nearly 28% of the staff members complained that they have too much administrative paper work.

Overall Occupational Stress index of this Work load Factor is 30%  $\{(20+22+66+35+3)/5\}$

#### c Time Management Issues

Of the respondents 65% them felt that their personal priorities are compromised. But nearly 70% of them disagreed that their family and social life suffers because of the demands of the job. Only 7% of them agreed that they find their job is stressful. Only New lecturers felt that their job is stressful.

Over all Occupational Stress index of this factor is 23.25%  $(65+7+14+7/4)$

#### d Organization Factor

Of the respondents 43% of them agreed that their performance at work is compromised by lack of resources .86% of them are happy with the quality of work what they doing. 90% of them are confident that they are able to cope with the demands of job. 56% of them agreed that they have ample opportunities to air their personal opinions. 23% of them neither agreed nor disagreed. 22% of them disagreed this statement. 50% of them disagreed that it was

difficult to maintain motivation for their work. Nearly 25% of them agreed that it was difficult to maintain motivation for their work. 68% of the respondents are happy with the organization because their communication is effective. Nearly 15% of them only unhappy with the communication of the organization. 41.6% of the respondents accepted that they have an adequate level of administrative and technical support. 33% of them neither agreed nor disagreed this statement. 26% of them showed their dissatisfaction that did not have adequate level of administrative and technical support .

#### **e Career, Recognition, Job Satisfaction Factor**

Of the respondents 76% are satisfied with their level of influence over departmental activities. Only 10% of them are dissatisfied. 60% of them told that they have ample opportunity and support to undertake scholarly work. Only 17% of them disagreed this statement. 24% of them reported that their annual appraisal or review process has not fairly recognized their achievements and abilities. 22% of them reported that they do not have opportunities for training and development. 73% of them accepted that they are intellectually stimulated by their job. 28.5% of them reported that they recognition for their efforts.

Overall Occupational Stress index of this factor is  $18.6(10+17+24+22+1028)$

The OSI shows that the work load is major cause of occupational stress (30%). Next comes Time management issues and students factor. But from the survey we came to know that the occupational stress's effect is comparative less among faculty members of engineering & management colleges at Ujjain. Nearly 15% of the respondent only are suffered by occupational stress.

### **STRESS MANAGEMENT**

Even though the effect occupational stress is not too much worse, all of them should learn some stress management techniques to relax ourselves. Individual stress management plus organizational change may bring about a healthy workplace. When we say "healthy workplace" we mean a place with reduced stress disorders, satisfied and productive workers, and profitable and competitive organizations.

#### **Individual Stress management**

The first step for managing stress is to determine if an individual is exhibiting the signs of stress. The second step is to identify the possible causes for the signs and the possible solutions. One of the sources of the stress identified here is work load. This is because of the commitment of oneself. For that first of all identify all the major commitment, then we have to analyze them and see if we could eliminate any of them. Then we have to eliminate all that we are consistently unable to meet anyway. Then we have to prioritize those that are left and see if we can eliminate them or cut down on them. Main thing is we have to include time for ourselves as part of our commitments. Sometimes we cannot help others to heal their

relationship problems. This becomes especially difficult when we have great emotional pressure on us at work. In quiet reflection, alone or with our support system, we have to determine what issues in our work life are causing these symptoms of stress. Writing down what we think about it is useful in seeing more clearly what the problems are.

The third part is to identify ways to build on an individual's coping skills. This can be done by eating balanced meal, exercising regularly, having regular physical and dental checkups, and finding time to relax regularly. One should also learn to manage our environment so that we can eliminate hazards, as well as barriers that keep us from being productive and more importantly, one must develop a strong support system.

#### **A Strong support System should have the Following Qualities:**

**1. Listening:** It is essential to discuss the emotional response we may have to our cases and our workload. Often, we do not need advice so much as we need to express ourselves. It is important to realize when we need this listening support, and ask for it when we want it.

**2.Strategies** a. Find a trusted colleague at work who understands the pressure and emotional strain of our cases, and take to schedule regular "listening lunch" sessions or after work coffee klatches.

b. Consider seeing a therapist or counsellor, or attending a support group.

**1. Appreciation:** It is important that we find appreciation for our work from other sources.

**Strategies** a. Give it to get it. b. Volunteer for a project in the community that you enjoy and that has some built-in appreciation associated with it. Examples could include community gardening ,church related activities community theatre or arts organizations, etc

**3. Challenges to improve:** When we solicit challenges from people we trust, we can more easily identify areas that we need to improve upon in our professional life. We also gain some control over the feedback process and are not surprised by criticism when it comes our way.

#### **Strategies**

a. Ask for it. Schedule regular supervision sessions with your supervisor. During these sessions, set aside time for more general supervision and feedback.

b. Ask a trusted colleague for advice on how you can improve in a specific area of your work.

**4. Reality Testing:** To sort out misperceptions and correct misunderstandings, we need a supportive method to compare how we are seeing things with how others see them.

### **Strategies**

a. Remain open. We cannot always be right, and everyone misperceives a situation something's. Stress can exacerbate problems with perception because our bodies and minds may screen out information that provides context or deeper understanding of a given situation.

b. When you have a situation that you are unsure about on one of your cases or within your work environment, ask someone you trust for a "reality check". Framing the question this way will cue your colleague, supervisor or trusted friend that you want them not to just listen, but to pay attention to how you perceive a given situation.

**5. Technical Assistance:** The complexities of work made is impossible to know everything about every aspect of your job. You can make your colleagues, superiors however to make your job manageable and decrease your stress level.

### **Strategies**

a. Ask your superior about what forms of technical assistance are available.

b. The fourth part of the individual stress management is to develop an individualized stress management plan that includes both eliminating the sources of stress and increasing your coping skills. These processes should start small and must be increased everyday until reaching the established goal.

### **Role of organization in effective stress management**

Some general procedures that teach an organization to create a productive workplace by that effectively utilizes the principal of fitting the job to the workers are:

- Ensure that the workload is in the line with workers capabilities and resources.
- Design jobs to provide meaning, stimulation and opportunities for staff to use their skills.
- Clearly define faculty members' roles and responsibility.
- Give them opportunities to participate in decisions and actions affecting their jobs.
- Improve communications – reduce uncertainty about career development and future employment prospects
- Provide opportunities for social interaction among themselves.
- Establish work schedules that are compatible with demands and responsibilities outside.

Organization should have a work-life effectiveness programme that bridges the gap between personal and job needs. They should also provide flexible working environment, discounts for holidays, money or loan in case of an emergency.



**Some Simple Solutions for reducing the Occupational Stress.**

- Enjoy your work
- Take frequent breaks
- Adopt a positive mindset
- Handle all situations without getting tense
- Engage in physical activities
- Be open and share your feeling with others
- Help in creating a good working environment.

**Conclusion**

The result of this survey showed that a percentage (Nearly 15%) of academics staff working in Engineering colleges and Management colleges in Bangalore are experiencing a certain degree of pressure at work from a number of different sources. Studies of various occupational groups have invariably concluded that occupational stress can be individually and organizationally destructive. Occupational stress has adverse effects on Psychological well being, physical health and overall quality of life. In this survey a number of stress related factors have been identified by this study. In general staff perceive increasing levels of demand and decreasing levels of support from their institutions. In addition many of the staff members indicate that their levels of responsibility are increasing while personal autonomy is gradually being eroded.

Staff members are experiencing increasing levels of demand from several sources. Such demands are compounded by rising pressure to obtain funding and engaging in high quality common reports were inadequate administrative, Secretarial and technical help, outdated and inadequate equipment, sparse library facilities and unsuitable campus facilities to cope with the increasing student population.

Some of the respondents feel that, in the face of such high demands and low levels of support, they have no alternative but to work extremely long hours, often during evening and weekends. As a result there is an increased blurring of the boundaries between work and home, and reduced time for relaxation, personal interests and family life. A well balanced life is essential for psychological health.

Overall respondents expressed the strong opinion that too many changes have taken place in higher education in this country; Many of these changes are perceived to be unnecessary and some even damaging. They feel that traditional educational values have been marginalized and that the academics ethos has been transformed from the collegiality an cooperation to corporatism and competition. They feel strongly that the level of service they

are able to provide to students has declined, and will continue to do so under present conditions. Stress is the major drain of the economy. It is not easy to envisage how one could evaluate the performance and quantify the productivity of academics in such an objective manner. The general intensification of the pace of work together multiplicity of roles that the workforce have to embrace, have potentially serious academic quality.

Work related stress is not confined to the academic world: it is a fact of professionals. A certain degree of pressure is expected. For some, stress can be the that motivates their work and aids them in the achievement of peak performance. For students to this survey, however, individual thresholds of stress tolerance have been pressures of work have increased beyond a safe level. It is evident that the majority and related staff still enjoys some aspects of their jobs and finds them worthwhile. The study has also highlighted the consequences of work-related individual and the organization. If there is to be alleviation of some of the causes stress in higher education institutions and minimization of the costs, the subject and legitimized. The employees of an organization are in most valuable resource. The effectiveness of organization is largely dependent on the existence of healthy and Interventions such as stress management and counselling are now perceived to be alternative to ignoring the issue of occupational stress. Such interventions are thought and legitimize stress in the workplace, and provide workers with various skills and strategies be useful in reducing stress. Relatively few academic institutions yet appear to offer management or counselling to their employees, although the actual figure is unknown.

If the institution's structures, policies and working practices reflect the needs they both quality and output. Although stress management techniques might help the individual some work-related issues, in order to achieve a long lasting improvement in working higher education, and a corresponding reduction in work related stress, attention should many structural factors highlighted by academic staff.

## REFERENCES

1. Abrol, K.K., 1990, *A study of Language Strain and Coping behaviours of Teachers*, *Psycholingua*, 20:173-178.
2. Aditi, N. and Kumari, B., 2005, *Impact of personality patterns and employment status on psychological stress tolerance of women in Kerala*. *Indian Psy. Rev.*, 64(2): 103- 108.
3. Anitha Devi, S., 2007, *Occupational stress: A comparative study of women indifferent occupations*. *Prajnan*, 35(1):61-74.
4. Els Clays, Francoise Leynen, Dirk De Bacquer, Marcel Kornitzer, France Kittel, Robert Karasek, Guy
5. De Backer, (2007) *High Job Strain and Ambulatory Blood Pressure in Middle-Aged Men*
6. and Women From the Belgian Job Stress Study

7. Susan Gill, Marilyn J Davidson., (2001), "Organizational Job Satisfaction", University of Florida Sheppard., (1997), "Stress Management", Human Relations, New Delhi.
8. Mujtaba and McCartney, (2007), "Research over the situations begins stress" New Book, Publication, New Delhi. "The Icfaian Journal management", Research Vol VII No-12 Dec 2008.
9. [www.google.co.in](http://www.google.co.in)

## APPENDIX

Total number of respondents: 70

Personal Information:

### 1. Age

Age Group

21- 30	59
31-40	27
41- 50	7
50- 70	7

### 2. Gender

Male	46
Female	54

### 3. Designation

Grade

Lecturer	57
Senior Lecturer	17
Asst. Professor	16
Professor	3
HOD	7

### 4. Department

Department	% of respondent
Engineering	56
Management Studies	44

### 5. Academic Experience

Experience	% of respondent
<4 years	51
5 -9 years	23
10- 20 years	19
>20 years	7

### 6. Number of working hours

Work hours per week	% of respondent
10-20hours	9

21-30 hours	13
31-40 hours	16
41-50hours	18
>50hours	46

### 7. Sources of Pressure at Work

#### Students Factor

S.No.	Question	Strongly Agree	Agree	Neither agree Nor Disagree	Disagree	Strongly Disagree
1	My lecture are too big	21	40	20	19	0
2	My students are able and competent	26	57	1.1	8.6	1.4
3	On the whole, I have a good relationship with my students	56	41	0	2.9	0
4	I am unhappy with the level of participation in my classes and seminar	2.9	21	21	40	14
5	I do not have enough time to deal effectively with students problem and queries.	2.9	14	23	49	11

#### Work Load Factor

S.no.	Question	Strongly Agree	Agree	Neither agree Nor Disagree	Disagree	Strongly Disagree
1	My job physically exhausts me	2.9	17	30	40	10
2	I am able to take time off from work to relax	11	51	14	21	1.4
3	I have too much administrative paperwork	4.3	23	21	43	8.6
4	My general pace of work is too rushed	1.4	33	26	37	2.9
5	My work load is Manageable	27	66	4.3	2.9	0

#### Time management issues

S. no	Question	Strongly Agree	Agree	Neither agree Nor Disagree	Disagree	Strongly Disagree

1	My Personal priorities are compromised	14	51	16	14	4.3
2	My family suffers from effects of my job	0	7.1	19	54	4320
3	My social life suffers because of the demands of my job	0	14	19	43	5724
4	I find my job is stressful	0	7.1	17	57	19

### Organization factor

S.No.	Question	Strongly Agree	Agree	Neither agree Nor Disagree	Disagree	Strongly Disagree
1	My performance at work is compromised by a lack of resources	8.6	34	36	14	7.1
2	I am happy with the quality of work	23	63	7.1	7.1	0
3	I am able to cope with the demands of my job	27	63	7.1	2.9	0
4	I have ample opportunity to air my personal opinions	19	37	23	19	2.9
5	It is difficult to maintain motivation for my work	4.3	20	26	41	8.6
6	Communication within my organization is effective	17	51	17	10	4.3
7	I have an adequate level of administrative and technical support.	8.6	33	33	19	7.1

### Career, Recognition, Job Satisfaction factors

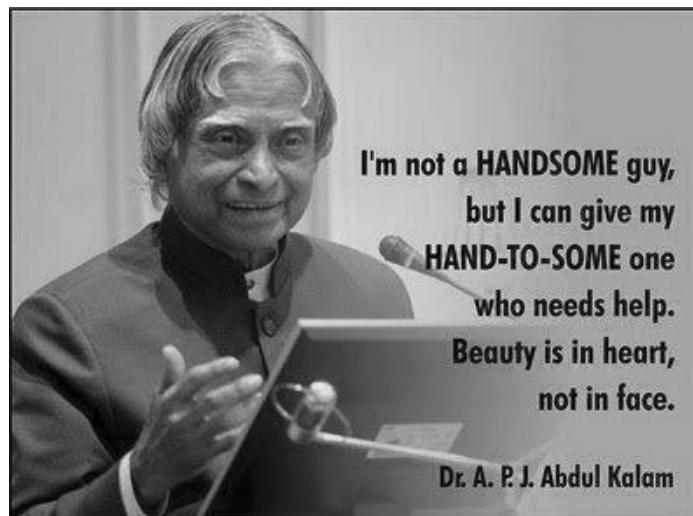
S.No.	Question	Strongly Agree	Agree	Neither agree Nor Disagree	Disagree	Strongly Disagree
1	I am satisfied with my level of influence over	20	56	14	7.1	2.9

	departmental work group decisions					
2	I have ample opportunity and support to undertake scholarly work	14	49	20	13	4.3
3	My annual appraisal/review process has fairly recognised my achievements and abilities	8.6	40	27	21	2.9
4	I have ample opportunity for training and development	10	54	14	16	5.7
5	I am intellectually stimulated by my job.	10	63	17	7.1	2.9
6	I lack recognition for my efforts.	4.3	24	29	31	11

### LEVELS OF STRESS

A: More Than Usual    B : Usual    C : less than usual

S.No.	Have you recently	A%	B%	C%
1	Felt constantly under strain?	10	50	40
2	Been able to enjoy your normal day to day activities?	35.7	50	14.3
3	Been able to concentrate on whatever you are doing?	30	60	10
4	Been feeling reasonably happy all things considered?	27.1	61.4	11.4
5	Lost much sleep over worry	12.8	37.1	50
6	Been feeling overwhelmed?	10	52.3	37.1
7	Been carrying stress home?	12.9	40	47.1
8	Felt that you couldn't overcome your difficulties?	11.4	38.6	50
9	Felt guilty about not doing enough	5.7	34.2	60



## E-TAILING – HARNESSING THE POWER OF DIGITAL MEDIA

Dr. Sugandha Agarwal<sup>1</sup>, Nisha Agarwal<sup>2</sup>, Saumya<sup>3</sup>

---

### ABSTRACT

*It is no secret that retailing has undergone more changes during the past two years than perhaps the preceding twenty years. Staying current with the dizzying array of technologies and trends has emerged as a daunting task for retailing organizations. Today it is the pressing need to be tech-savvy and marketing smart in order to get an edge over competitors. Retailers who fail to realize social media's or digital media's or personalized communication's potential for customer interaction and customer retention are being left behind. Present era is the era of technology. A digital world compresses, accelerates and scales how events take place in new ways. Ahead of the general elections, political parties in India attempted to woo voters by using online platform for the first time. This is all because of use of digital media. The idea of connecting with "always-on" consumers is due to the application of latest mode. Digital is shaping the way consumers buy, and its outcome is e-tailing. E-tailing is an integrator of technology, logistics, and infrastructure, and creates a relatively efficient marketplace for vendors and consumers. E-tailing is emerging as a viable third alternative by which organized retail can expand its share of the total retail pie. E-tailing has come a long way but the growth story is not devoid of challenges common to the industry, both globally and locally. Consumers, for the longest time, have been accustomed to going to a store and shopping for their apparel and jewellery. Online shopping is a drastic shift for traditional shoppers as they can't "touch and feel" the products. There are currently 35 million people buying online and this will increase to 100 million in the next two years, quoted by Gaurav Kapur, head of industry for retail and automotive, Google India at the Retailers Association of India's Retail Leadership Summit 2015 in Mumbai.*

*This paper aims to analyze the digitalization and its impact on retailing. At the same time it also discusses the growth drivers to electronic retailing in India. The present scenarios of e-tailing opportunities, its market, the viabilities and trends etc., have been discussed in this paper.*

*This paper concludes with the likely impact of digital media including both the latest trends like electronic shopping and mobile marketing on an ongoing transformation of Indian retail industry. Changing lifestyles, time constraints, worsening traffic, easy availability of broadband, and growing aspirations of non-metro youth, coupled with cash-on-delivery option, are jostling factors for online shopping and bargain hunting in India. The sudden*

---

<sup>1</sup> Asst. Professor (Marketing, PGDM)

<sup>2</sup> (Students, PGDM- 3<sup>rd</sup> Trimester), GL Bajaj Institute of Management and Research, Plot No-2, Knowledge Park-III Greater Noida-201306 (U.P.) Ph - 0120-2323814 Mob – 9911206251 Email- [drsugandhaagarwal@gmail.com](mailto:drsugandhaagarwal@gmail.com)

<sup>3</sup> (Students, PGDM- 3<sup>rd</sup> Trimester), GL Bajaj Institute of Management and Research, Plot No-2, Knowledge Park-III Greater Noida-201306 (U.P.)



*growth of e-tailing in India in the last couple of years has attracted large investments and new entrepreneurs into the industry.*

**Key words:** *digital media, personal communication, e-tailing, mobile marketing, organized retail*

---

### **Objective of the Study**

The objective of this paper is to analyze the digitalization and its impact on retailing. This paper also aims to analyze the e-tailing as one of the contemporary retailing trends in India and its contribution to the sector's growth and development. The present study intends to evaluate various drivers fueling the growth of e-tailing in the country along with its presence in diverse sectors of the economy.

### **Research Methodology**

The research methodology is based on descriptive arguments, statistical data, comparative study and analytical logic developed through the understandings from various research papers, reports, books, journals, newspapers, business magazines and online data bases. Secondary data is widely used to realize the objective of the present study.

### **E-tailing in the Current Context**

Electronic retailing, also called e-tailing, online retailing, or internet retailing, is a retail format in which the retailer and the customer communicate with each other through the internet. After an electronic dialogue between the retailer and the customer, the customer can order the merchandise. The merchandise is then delivered at an address of the customer's choice. A consumer is no longer bound to a place for shopping he can go to any corner of world for shopping virtually with the help of Internet. The Internet has developed into "new" distribution channel and the evolution of this channel, e-commerce, has been identified by Smith and Rupp (2003) to be the most significant contribution of information revolution. Using the internet to shop online has become one of the primary reasons to use internet, combined with searching for products and information about them.

Started on venture capitalist or initial public offering money, e-tailing had attracted a lot of hype by 1999. consumers were thought to be ready to make a deliberate choice of buying from e-tailers rather than retailers. E-tailing seemed to fulfill the consumer dreams of no queues, no geographic barriers, low prices, and unlimited selection what retailing had fail to deliver. The emergence of e-tailing has been a key driver of change in retail. The increase in number of internet users not only in the developed markets, but also globally has placed new demands on retailers. On line shopping facilitated by auction sites are the new realities in retail. Internet savvy consumers understand the power to shop and buy on their own terms. Internet both enhances and competes with the store, i.e. the brick and mortar experience. Comparison shopping is a new reality of the e-age.

The online presence can serve one or more of the roles like project a retail presence, generate sales as the major source of revenue for an online retailer or as a complementary source of revenue for a store based retailer, enhance the retailer's image, reach geographically dispersed consumers, including offshore ones, provide information to consumers about the products carried, store locations, usage information, answers to common questions, consumer loyalty programmes, promote new products, fully explain and demonstrate their features, furnish customer service in the form of e-mail, hot links, and other communication, be more personal with consumers by letting them point an clicks on topics they choose, conduct retail business in cost efficient manner, obtain customer feedback, give special offers and send coupons to web customers, and many more.

In some products and services, such as travel or hotels, e-tailers have been able to provide superior information than retailers. As soon as online shopping became available, customers immediately recognized the great advantages of being able to ignore state or national boundaries. Perhaps that is why it has been rightly quoted by eBay India's marketing head, Shivani Dhanda, that "there was an era where people needed to be educated about online shopping. But I think we've passed that phase and now it's more about how you convert people who are already online and make them online users".

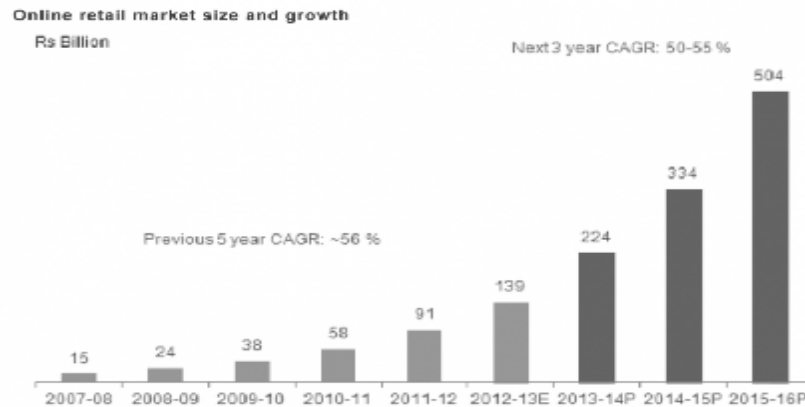
Even in a capital-starved economy such as India, which had taken a beating because of slowing growth and high inflation, e-commerce attracted more than \$4 billion of capital in 2014.

The year 2014 will be remembered as the one when growth in online shoppers and influx of capital into e-commerce expunged doubts about its survival in India, validating the sector's potential to be a mainstream retail channel in the country. Investors, including long-suffering venture capital firms, large international institutional investors including Government of Singapore Investment Corp. (GIC) and Black Rock Inc. as well as high net worth individuals such as Ratan Tata, put up cash in the hope that the increasing penetration of the internet and smart phones will continue to boost online and mobile shopping. Globally, investors, too, seem to be excited about the India story and analysts expect 2015 to be big in mergers and acquisitions (M&As). According to the Gurgaon-based consultancy Technopak, the \$2.3-billion (Rs 13,800 crore) Indian e-tailing sector will touch \$32 billion (Rs 1.92 lakh crore) by 2020. Again as per the findings of the report given by Gartner Inc., Indian e-tailing currently represents less than 4% of the total retail market.

According to Google search query volume, the apparel category is growing at 64%, baby care at 53%, beauty and personal care at 52% and home furnishing at 49% year on year. With the growing penetration of mobile phones in the country, an increasing number of consumers from Tier two and Tier three markets are taking to online shopping. 2014 was the year when people stopped questioning the survival of online market space. India's online retail market will expand by more than 50 percent annually for the next three years, tripling to 500 billion

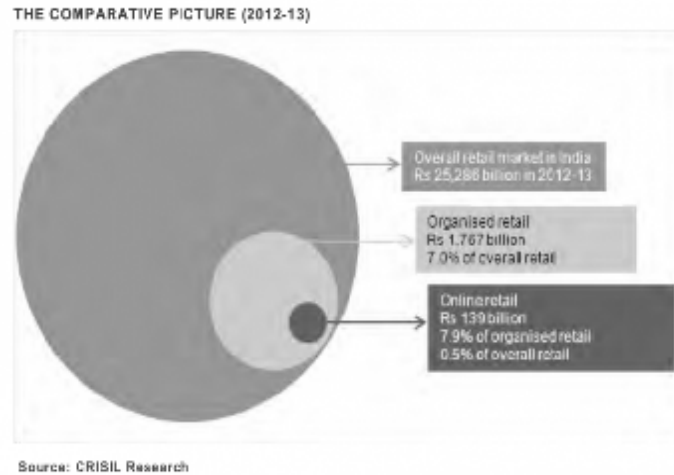
Indian rupees (\$8 billion) by 2016, according to leading Indian research firm CRISIL (exhibit-1&2), that represents a thirty-fold expansion from the end of fiscal 2008.

(Exhibit-1)



(Source: CRISIL Research)

(Exhibit-2)



### Introduction to digital media as an enabler in e-tailing

Digital Media is content that is stored in digital formats and usually distributed online. The shift from traditional media (newspapers, film, radio and television, for example) to digital media is now affecting all forms of content and spans many industries, including industries that aren't typically associated with digital media—such as health, government and education. Digital Media can include: Social media, Animation, Mobile Applications, Websites, Location-based services, Video, Virtual Reality, Data visualization, Online Games,

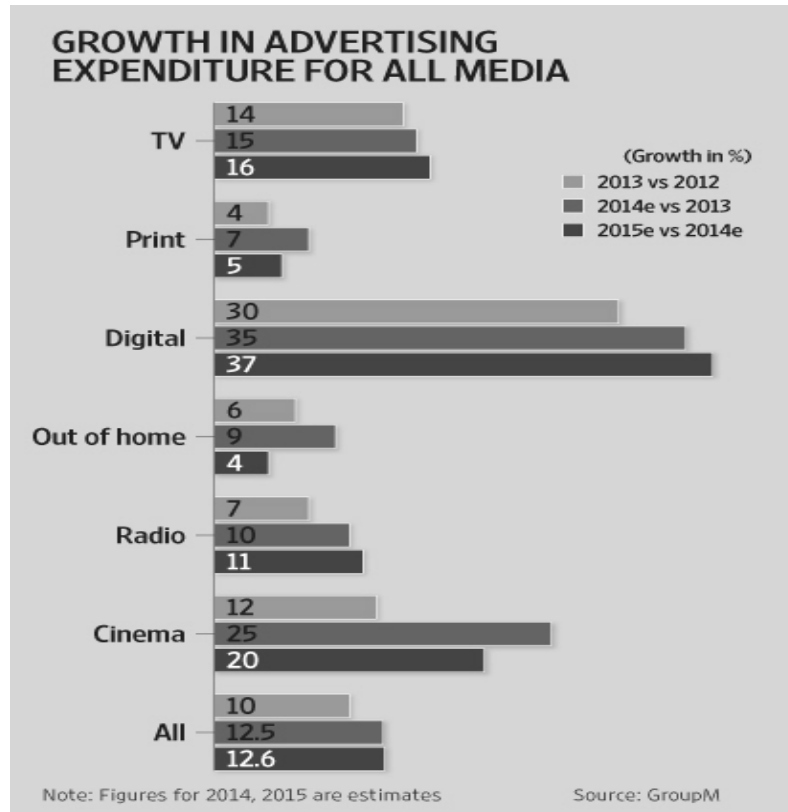
Mobile Games, interactive story telling. Digital Media blends many media forms. Digital media is digitized content that can be transmitted over the internet or computer networks. This can include text, audio, video, and graphics. This means that news from a TV network, newspaper, magazine, etc. that is presented on a web site or blog can fall into this category. Most digital media are based on translating analog data into digital data. The Internet began to grow when text was put onto the Internet instead of stored on papers as it was previously. Soon after text was put onto computers images followed, then came audio and video onto the Internet. Digital media has come a long way in the few short years to become as we know it today and it continues to grow. Internet use via mobile devices has made a large impact, especially over the most recent years. Mobile devices have played a large role in the digital media. Therefore, more people are using their cell phones for more than their original intended purposes. This has further broadened the ever growing field of digital technology. The numbers of people using a mobile device is doubling by the months.

Industry body CII and KPMG mentioned in their report in 2015, billions of devices will be connectable with an ability to drastically enhance the quality of living and change the way products are experienced. Digital infrastructure is a key enabling technology for a connected and instrumented world. It is expected to create tremendous opportunities for various technology players across verticals like smart cities, smart utilities, smart healthcare, smart transportation and more in India.

Digital media has eliminated many cultural boundaries and will continue to do so as other less developed countries begin to become more reliant on technology. Thanks to digital media we are now entering a world that is culturally globalized.

As per an article from Economic Times published on April 13, 2014, digital media fast eating into traditional media advertising-spend. Over the past few years' digital media has seen the fastest growing advertising -spend and the trend is likely to continue as the internet user base expands at a brisk pace, but there is no immediate threats to print and television advertising, experts believe. These days, youth is increasingly going online to not just seek information about products or to make purchases, but also to consume media. Digital advertising has been growing at an average rate of 35% over the last two years. Gaurav Jeet Singh, head media-services, Hindustan Unilever Limited (HUL) proclaimed that digital is definitely the fastest growing advertising medium for HUL. A substantial part of the advertising and marketing spends of some of HUL's brands such as Lakme, Tresemme, Toni & Guy and Pureit is on digital platforms. GroupM, the media buying and planning agency of the WPP group, in its biannual report predicted a 37% increase in digital ad revenue to Rs.4, 661crores in 2015 next year (exhibit-3).

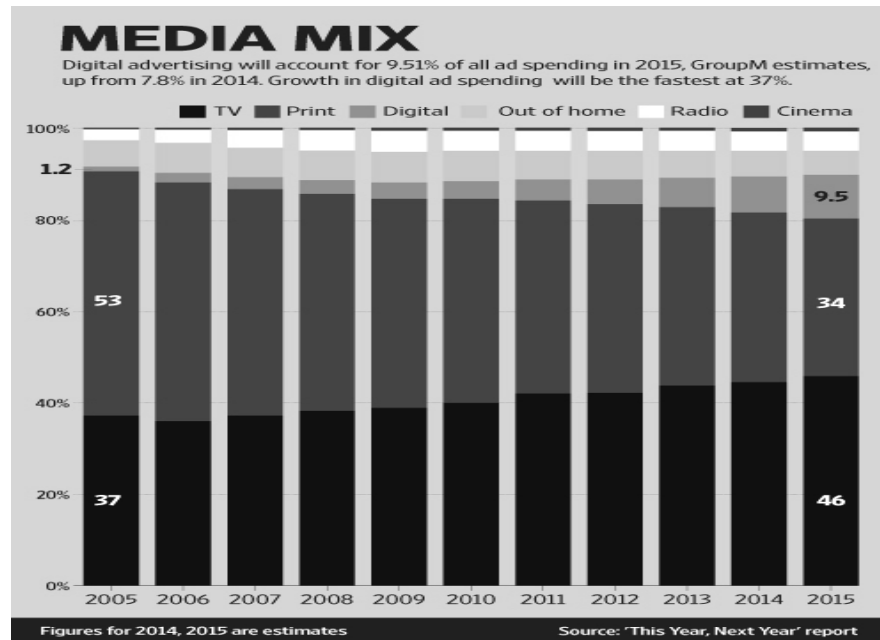
(Exhibit-3)



Ad spending in India will grow 12.6% to touch Rs.49, 000 crores in 2015, with digital media seeing the fastest growth, albeit on a small base, global media-buying and planning firm Group M stated in its This Year, Next Year report, released on 3rd Feb, 2015. Digital advertising will account for 9.51% of all ads spending in 2015, the agency estimated, up from 7.8% in 2014. Print's share will shrink from 37% to a little over 34%. And TV will remain the dominant medium with a 45.8% share, up from 44.5%. The big story of the year will be the same as in 2014—digital.

Growth in digital ad spending will be the fastest at 37%, GroupM estimated. As per the report the segment has grown at an average of 35% over the past two years. Video, mobile and social will be the biggest growth drivers. Advertising by e-commerce companies will grow the fastest. In 2014, ad spending rose 12.5% to reach Rs.43, 490 crores, largely on the back of heavy spending by political parties in the general and state elections, and by telcos and e-commerce companies as depicted in the following figure (exhibit-4).

(Exhibit-4)



### Significant Escalation Factors to E-tailing In India

India's retail market is expected to double to \$1 trillion by 2020 from \$600 billion in 2015 driven by income growth, urbanization and attitudinal shifts, while the overall retail market will grow at 12% per annum, modern trade will grow twice as fast at 20% per annum, and traditional trade at 10%, as stated by Boston Consulting Group and Retailers Association of India report titled 'Retail 2020: Retrospect, Reinvent, Rewrite'. Following are some prominent factors fueling the growth of e-tailing in the country:

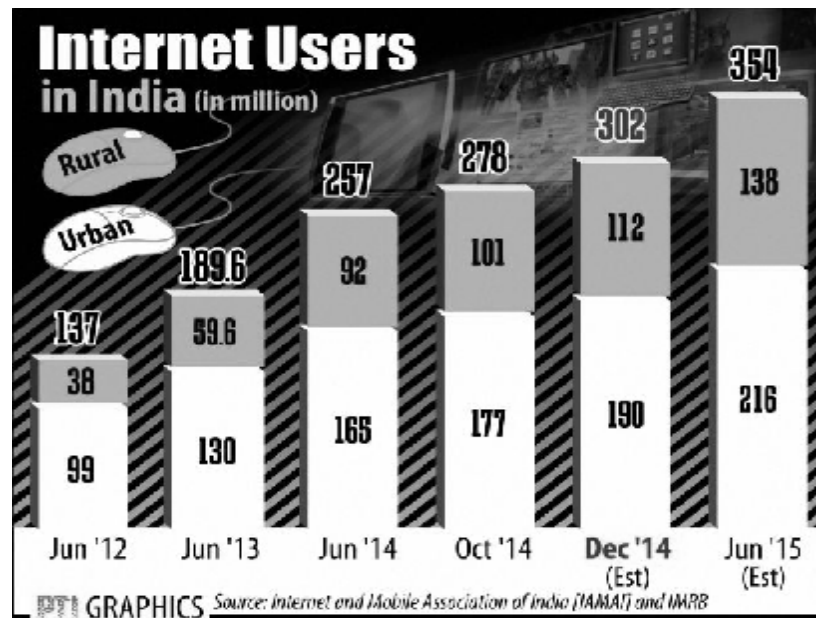
**1) Rising Internet habituated customer base:** The numbers of Internet users are constantly increasing and also the online purchasers. India may overtake US as second largest Internet user base according to a report by the Internet and Mobile Association of India (IAMA) and IMRB International, the number of Internet users in India is expected to grow 32 per cent to 302 million in 2014 from 213 million at the end of December last year. The Internet user base in the country is further estimated to grow to 354 million by June 2015.

Currently, India has the third-largest Internet user base in the world but with the estimated growth, the country will overtake the US as the second-largest Internet user base in the world by December-end. At present, China leads with more than 600 million Internet users, while the US has an estimated 279 million users.

Internet in India took more than a decade to move from 10 million to 100 million and 3 years from 100 million to 200 million. However, it took only a year to move from 200 to 300

million users. Clearly, Internet is main stream in India today. Of the 278 million users, 177 million are in urban India, higher by 29 per cent from the year 2013. This is expected to reach 216 million by June 2015 (exhibit-5).

(Exhibit-5)

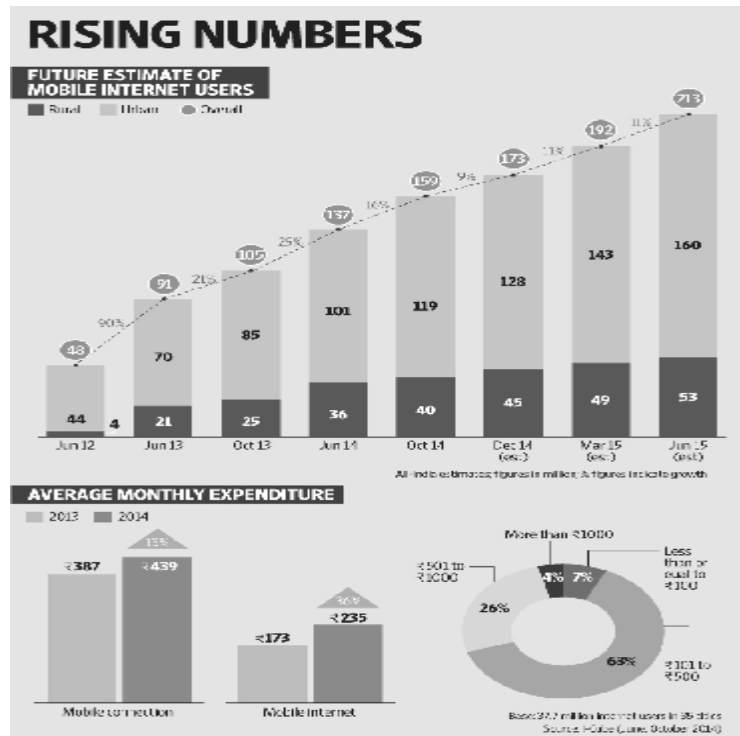


**2) Increasing penetration of mobile internet:** Use of mobile phones had been stimulating e-tailing in India. The devices' increased use is allowing internet access to people in rural and semi-rural areas. e-Bay one of the largest on line portals in India got 43 per cent of traffic through mobile devices during the survey period of January 2013 and June 2014. E-tailing with the help of mobile apps has become 'shopping by walking'. Mobiles and tabs have also helped retailers reach out to a more diverse customer base. Shopping applications are being developed in regional languages to help customers in rural and semi urban areas. With cell phones' ubiquitous nature and marketers' ability to personalize messages based on demographics and other consumer behavior characteristics, the appeal of m-commerce is obvious. Cell phones represent a major opportunity for sellers to reach consumers on the 'third screen' as TV and computer are the first and second screens for direct marketing. Mobile is indeed expected to be the game changer for the Indian online shopping space. Major players like Snapdeal are already clocking more than half their transactions through mobile. In 2012, India had over 900 million mobile subscriptions across 380 million mobile phone users. By 2020, mobile phone users are projected to increase to 600 million as per a report given by Technopak. There were 173 million mobile Internet users in India in December 2014. According to the report by the Internet and Mobile Association of India (IAMAI) and IMRB International (a market research firm), the number of mobile Internet



users in rural India is set to grow at a rate of 33% from October 2014 to reach 49 million by March 2015 and 53 million by June 2015. Urban India, however, would continue to account for a large percentage of the mobile Internet users across the country accounting for 143 million by March 2015 and 160 million by June 2015(exhibit-6).

(Exhibit-6)



(Source: IAMAI-IMRB report)

**3) Reduced perceived risk associated with electronic shopping:** Technological developments are reducing the risk of electronic shopping by enabling secure transactions and increasing the amount and quality of information available to e-shoppers. The reduced time lag between order and delivery due to efficient supply chain models adopted by online portals is one of the important reasons for increased inclination toward e-tailing. The advent of credit cards also made this process of payment even easier. It also made it possible for the customer to pay for an item, even though the customer did not, at the specific time of the sale, actually have the money in hand to pay for it. Another practice also set the stage for online retailing: cross-border shopping. Better payment and return policies are further fueling the growth of on line shopping trend in the country.

**4) Benefits delivered by e-tailers:**

**a) Availability of assortment or vast number of alternatives-**This is also one of the considerable growth drivers to e-tailing. The success of Amazon.com is attributed to the fact that no physical book store can afford to offer millions of titles at one place as possible in case of online portals.

**b) Low operating costs-** no need to spend on building and operating stores.

**c) Suggestive selling-** The Internet has changed the way many consumers shop, not just in the digital domain, but also in the physical world. Imagine a prospective book-buyer who spends an hour or two browsing the aisles of his or her favorite neighborhood bookstore, and who also perhaps spends some money on a coffee at the store. In addition, this prospective customer makes a mental note of interesting titles which he or she might likely buy. Later that evening, this same person gets home, and places an online order for the very same books at an online bookstore. The great advantage of a retail store is that the customer can pay for the item and receive it immediately.

**d) More discounts and deals for consumers-**Heavy discounts offered by online portals also propelling the online market growth.

**e) Ease of shopping and time convenience-**Certain characteristics are making e-tailing more convenient for consumer, compared to the traditional way of shopping, such as the ability to view and purchase the product 24 X 7, visualize their needs with products, and discuss products with other consumers. Oppenheim and ward (2006) explained that the current primary reason people shop over internet is the convenience. They also recognize that the previous primary reason for shopping online was price, which has now much changed to convenience.

**f) Some other factors-** other factors helping the online retail industry seeing good growth include aspirations of tier II & III cities, women becoming more tech savvy, evolving perception around branded products, impulsive buying and logistic.

As per the findings of Boston Consulting Group and Retailers Association of India report titled Retail 2020: Retrospect, Reinvent, Rewrite, by 2020, average household income will increase three times to \$18,448 from \$6393 in 2010. Moreover, urbanization will increase to 40% from 31% and over 200 million households will be nuclear, representing a 25-50% higher consumption per capita spends. Also, attitudinal shifts will be seen as 75% of the population will belong to generation I, that is they were below 14 years of age when the economy started opening and hence will have higher consumption levels. All these are contributing to escalate the growth of e-tailing in the country.

**E-tailing as a source of generating employment opportunities in the country**

In the traditional retail industry, growth rates have slowed and competition is extremely intense. In such an environment, a professional's growth also takes a hit. Among other things, employees might see their increments getting slower. That is why many senior and mid-level employees at brick-and-mortar retail companies looking to join the online retail sector. Sources at recruitment firms say that they are flooded with resumes of people in retail companies - some of them top-level employees of the country's largest retail firms who are applying for opportunities at e-commerce companies. Among the large brick-and-mortar retailers in India are Pantaloons, Future Group, Reliance Retail, Mahindra Retail, Infiniti Retail (part of Tata Group) and Landmark Group.

As per one of the articles from Business Standard newspaper dated November, 2014, Flipkart plans to hire in 12000 people FY15, same with another e-commerce giant Snapdeal, it plans to double the employee strength this financial year. Amazon India is also looking to hire 13,500 people in upcoming years. Amazon India Director (human resource) Raj Raghavan also said in one of his interviews with Business Standard in 2014 that his company is seeing great interest from employees of retail companies, along with other sectors like shipping and logistics, they have witnessed an overwhelming interest among candidates to join Amazon India. Restaurant search service provider Zomato is also looking to double its headcount in the next 12 months. It currently employs more than 1,000 people. Founded in 2008 by Deepinder Goyal and Chaddah, Zomato is looking to grow its sales team in markets such as Australia, Canada, Turkey and the US. The report based on the study of Technopak in 2013 also found that the e-tailing sector can create jobs and provide employment to 1.45 million people by 2021. The e-tailing market will emerge as a destination for highly-skilled technology jobs employing nearly 0.3 million people by 2021. E-tailing can provide employment to 1.45 million people by 2021. Its growth will spur the creation of new capabilities and human skills in the areas of logistics, packaging and technology.

**E-tailing as a source of promoting entrepreneurship in the Country**

E-tailing can be viewed as a source of providing small businesses a window to the world as seen in case of eBay India. As India's online retail market evolved, eBay adopted a model where it linked merchants and consumers. Also, while other online marketplaces such as Flipkart and the India arm of the US giant Amazon focused on roping in merchants who sell in India, eBay spotted another opportunity - providing a platform to small businesses to sell their goods outside India. The initial response was slow but gained momentum in the last two to three years as the number of Internet users surged; today nearly 15,000 small businessmen and women in India who have registered with eBay to export their products. "Every 10 seconds a product listed by an Indian seller gets sold in the international market," as per the words of Latif Nathani, Managing Director of eBay India, the local unit of the US e-commerce giant that has a presence in nearly 200 countries. For many years Taushif Ansari

worked for a merchant making leather jackets in Dharavi, Mumbai. In 2012, he started his own business and registered with e-commerce marketplace eBay. For the first six months he could sell only two or three leather jackets a month. Now, he employs five craftsmen, sells 150 to 170 jackets a month and makes Rs 60,000 to Rs 70,000 in profit. His most favoured markets are the US, Australia, the UK and New Zealand.

As the number of sellers increased, eBay worked on getting the logistics in place. In 2012, eBay launched Powership, a platform where all Indian courier companies were integrated. Once an order got placed, the Powership platform would alert the courier company that had the best service in the area of delivery. Powership was for domestic buyers, but soon an offshoot was created called Powership Global. It worked on the same concept, though it had fewer courier companies including FedEx and DHL. e-Bay has also standardized the payment mechanism to avoid leakages. All payments are made through eBay's PayPal unit, a global payment platform, and the sellers' bank account is linked with PayPal to transfer money.

India's largest e-commerce firm Flipkart plans to start selling furniture and increase sales of refrigerators, televisions and other large appliances this year, as the company seeks to add high priced products to maintain its sales growth, which is crucial to its soaring valuation. Apart from increasing sales of high-value products, Flipkart has set an internal target of increasing volumes significantly by adding thousands of new sellers on its platform. The company is pushing its executives to generate more than a million orders every day by October 2015, up from roughly 150,000-200,000 orders currently.

Study conducted by Technopak in 2013 revealed that growth of e-tailing will promote the rise of service entrepreneurs, who will have the potential to earn \$ 7.5 billion, annually, by 2021. It will open up international markets for the SME sector and can become an important facilitator for the growth of the telecom and domestic air cargo industries.

## **Conclusion**

E-tailing is different from retail and therefore requires a different mindset and fresh thinking from the policy makers as well as the private sector. The growth of e-tailing in India will be complementary to the growth of traditional retail, and in no way be at cross-purposes. On the contrary, it will improve efficiencies and reduce transaction costs in retailing and thereby boost the productivity of manufacturers (SMEs) and service providers.

Long-term success of digital infrastructure in a country like India could depend on the how well infrastructure operations work along with technological challenges. Despite these glitches and predicaments, the future of the Indian retail online industry looks robust. KPMG India Partner K Raman believes that industry players and society need to leverage digital infrastructure to create more opportunities and economic value. As per the findings of KPMG report Indian online retail spending will may reach \$16 billion by 2018, where online

retail in India grew by 67 per cent in 2013. The number of Indian online buyers is expected to grow to 128 million by 2018.

Furthermore, the humongous presence of smart handheld devices and the explosion in the social media user base in India has opened doors for e-tailers to tap the unexplored territories of the market. As more and more people are getting used to the usage of internet, especially among the social media domain, it can be anticipated that the e-tailing market will gain further traction in the coming 2-3 years.

There are more and more efforts from government and private players' end to meliorate the facility of logistics increase the internet penetration and facilitate better services for the end consumer. India, as a growing nation, could be looking to invest continuously in newer technologies and capabilities, while also driving their mass deployment, overcoming the challenges that manifest as hard and soft issues. Though at present Indian e-tail represents a tiny slice of India's total retail market, soon it will be having big pie.

Rajan Anandan, MD, Google India, said that India has tremendous opportunity in mobile transactions as they are adding 6 million new users to the internet every month, most of them on the mobile phone. The report of Google (November, 2014) also revealed that women buyers in tier one cities are far more active than male buyers, and outspend men by 2 times. Women shoppers are also adding sheen to fast emerging online shopping categories like apparels, beauty and skincare, home furnishing, baby products and jewellery. Online shopping has caught the fancy of the common people in an extravagant manner. Presently, as more and more people are hard pressed for time and look for time saving alternatives for practically every kind of activities.

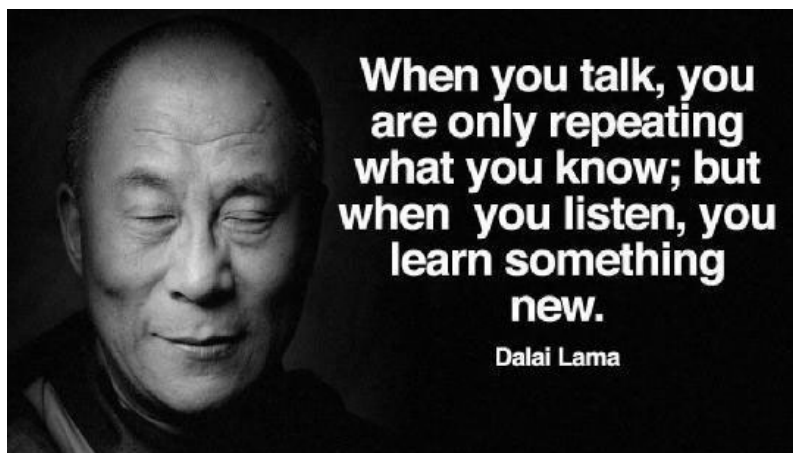
The proliferation of smart phones and tablets has greatly extended the online dwell time of many consumers. This sees buyers use mobile devices not only to complete transactions, but also to research items, find stores, compare prices, as well as to read and write product reviews. With a vast range of product reviews and digital information immediately available to them, the decision-making process of online shoppers is very different to that of their walk-in counterparts. Inevitably, their enhanced product and market awareness extends to heightened price sensitivity, with cost comparisons easily available online.

If we look at the positive side of this emerging concept it can be concluded that the growth of e-tailing in India will positively have four broad impacts- produce employment, facilitate growth of allied industries, uphold entrepreneurship, trim down transaction costs. But at the same time As digital infrastructure goes main stream, there can be challenges like security, data breach and interoperability which may pose as a barrier for the overall framework.

**References:**

1. Agarwal Ranjana (1 Feb, 2014), "Entrepreneurship in India: The Case of e-Tailing Ventures", *International Journal of emerging technology and advanced engineering* (ISSN 2250-2459, Online).
2. Agarwal Sapna (10 Feb, 2015), "Online retail to catch up with physical stores in 5 years: report", *Mint*, pp-11.
3. Ananadan Rajan (4 Jan, 2015), "Big bang broadband", *Business Today*.
4. Arora Jyoti (2013), "Prospect of E-Retailing in India", *IOSR Journal of computer engineering (IOSR-JCE)* e-ISSN: 2278-0661, p- ISSN: 2278-8727 Volume 10, Issue 3 pp. 11-15.
5. Asthana Shishir (12 Nov, 2014), "5 things you didn't know about India's e-commerce industry", *Business standard*.
6. Baskar D. (2013), "An exploratory study on electronic retailing in India", *International Journal of scientific research and management (IJSRM)*, Special Issue On e-Marketing Road Ahead of India, pp.39-43.
7. Berman Barry, Evans R. Joel & Mathur Mini (2013), "Retail management", 11<sup>th</sup> edition, Pearson publication.
8. Biyani Kishore (26 Jan, 2015), "A tech-tonic shift in retail", *Business world*, pp.36-38
9. Chakraborty Alokandanda (12 August, 2014), "Welcome to the Omni-channel market place", *Business Standard*, pp.18.
10. "Charming the digital consumer" (12 October, 2014), *Business today*, pp.107, 108
11. Clow E. Kenneth & Back E. Donald (2014) "Integrated advertising, promotion and marketing communications", 6<sup>th</sup> edition, Pearson publication.
12. Debasis Ghosh (11 August, 2014), Why Indian e-retailing market is still a partly success and a partly failure story?, *Journal of Accounting and Marketing*.
13. Dr. Kapoor Deepa (Feb, 2014), "E-Tailing: A Case Study on Myntra.com", *Indian journal of applied research and management* Volume : 4, Issue : 2, ISSN - 2249-555X
14. Dr. Tyagi Kumar lokinder & Dr. Gera Navneet (March 2013), "Impact of CRM in e-tailing industry In India: A Customer Perception Study", *International Journal of Management and Economics* ISSN: 2231 - 4687 Vol. 1 No. 7.
15. "E-tailing to touch \$ 76 billion by 2021 in India: Study" (9 June, 2013), *The Economic Times*.
16. Gupta Das Surajeet, Malvania Urvi & Pinto Susan Viveat (18 September, 2014), "Digital ad revenue share to double in five years: PwC", *Business Standard*

17. Idema Matthew (23 Feb, 2015), "Digital marketing trends in the new year", *Business World*, pp. 34, 35.
18. Khan Taslima (1 Feb, 2015), "Rush to the last mile", *Business Today*, pp. 91-92
19. Lusche F. Robert, Dunne M. Patrick & Carver R. James (2013) "Introduction to retailing", 7th edition, Cengage Learning publication.
20. Malviya Sagar (11 December, 2014), "Jabong, Myntra signal revolution in fashion e-tailing", *The EconomicTimes*.
21. Mishra Digbijay (7 December, 2014), "Rapid growth shows chinks in e-commerce universe", *Business standard*.
22. Mookerji Nivedita (14 November, 2014), "will e-commerce overtake physical retail?", *Business Standard*, pp. 17.
23. Mookerji Nivedita (7, August, 2014), "E-retail: you ain't seen nothin' yet", *Business Standard*.
24. "Offline grapples with online clicks", (15 October, 2014), *Business Standard*.
25. Pradhan Swapna (2013), "Retail management", 4th edition, McGraw hill publication.
26. Punit Itika Sharma (5 November, 2014), "Traditional retail staffers rush to join online bandwagon", *Business Standard*, PP. 1 & 5.
27. Puri Nitin (13 June, 2013), "India's e-tailing to hit \$76B by 2021", *ZDNET*.
28. Rao rajiv (30 April, 2014), "Private Labels become stars of Indian e-tailing", *ZDNET*.
29. Sen Sunny (7, December, 2014), "Window to the world", *Business Today*, pp. 94-96.
30. Shashidhar Ajita & Mukherjee Arpita (9 Nov, 2014), "Jostling for Eyeballs", *Business Today*.
31. Taneja Mansi (22 September, 2014), "Online will soon be the preferred route for buying property", *Business Standard*, pp. 2.
32. Technopak (May, 2013), "E-tailing in India: Unlocking the potential".





## HUMAN RESOURCE DEVELOPMENT IN TOURISM INDUSTRY IN INDIA

Vivaswan Singh<sup>1</sup>, Vinod Kumar Yadav<sup>2</sup>

---

### ABSTRACT

*Tourism is one of the fast growing service businesses in the world. It not only augments in improving the foreign exchange for any country, but also helps in the employment generation. Conde Nast Traveler, one of the most prestigious travel magazines, rated India as one of the hottest destination in the world. According to the WTO, India will be the leader in the tourism industry in South Asia with 8.9 million arrivals by 2020. India is emerging as the second most rapidly increasing (8.8 percent) tourism economy in the world over 2005-14 as per the World Travel & Tourism.*

*India is a country of rich heritage with beautiful monuments, historical places and diversified culture. This makes it a country with a difference which attracts the tourist across the world. The people from different countries come to India to visit, learn and research. The Indian tourism industry, probably, has uniqueness of having such a vast variety of tourist along with our own unity in diversity. It makes this sector more complex when tourist and tourist guide do have such a differentiation in language, culture and need. In order to exploit this mounting opportunity, one needs to have professional skills with changing environment. This requires a strong development of our own human resources in tourism sector. The recent episodes of tourist loot have also put a question mark on our ethics and culture which forms an integral part of professional behavior. This not only needs a strategic orientation of business understanding, but also skill development to develop the tourism business. The aim of human resource development is to enhance the capacity of human resource in tourism industry. This paper discusses the need of HRD in tourism sector in order to provide specialized training to various people associated with this sector. The efforts are also to investigate into the HRD techniques useful in developing human resource in this sector.*

**Keywords:** *IATA: International Air Transport Association, PATA: Pacific Asia Travel Association, WTO: World Trade Organization; UPSTDC: UP state tourism development corporation; ACR: Annual Confidential Reports*

---

---

<sup>1</sup> Guest Faculty, Department of Humanities & Social Sciences, HBTI Kanpur

<sup>2</sup> Assistant Professor, Department of Humanities & Social Sciences, HBTI Kanpur

## Introduction

In tourism, people usually consider people as tourist who visits a particular place for sight-seeing, visiting the friends and relatives, enjoying a vacation and having a good time. People spend their leisure time engaging in various sports activities like paragliding, jumping and bungee jumping and also activities like sunbathing, talking, singing, taking rides, touring, reading or simply enjoying the environmental /climate beauty. Tourism has augmented a new dimension in the tourism. The people who participate in a convention, business conference or some other kind of business or professional activity and scientific research are also included in the domain of tourism. India as a country of rich heritage with beautiful monuments and historical places makes India a country with a difference which attracts the tourist across the world. The people from different countries come to India to visit, learn, research and enjoy the Indian cuisines. The Indian tourism industry, probably, has uniqueness in the world having vast variety of tourist in its own unity in diversity. In India, the cast, creed and culture changes every next mile. Multiple languages, different culture and varying social belief make India as a land of vast variety. Due to rapid growth of domestic and international tourist in India, the requirement of professionally skilled and trained people in the field of tourism has also increased. Professional skills mean the capacity to deliver as per the mounting need of professional service. Therefore, there is need to develop strong infrastructure in tourism sector to handle the emerging issues including HR related issues. The personnel need to be trained in order to deliver as per the expectation of tourist. The Indian scenario at ground level seems to be a victim of *red-tapism* with incoherent policies and procedures. There seems to be a skill gap in human resource associated with tourism lacking proper coordination among the associated sectors. The recent episodes of tourist loot, cheat and sexual harassment in various states of India puts a question mark on our ethical and cultural behavior which forms an integral part of professional behavior. This not only needs a strategic orientation of business understanding, but also skill development to develop the tourism business. The aim of HRD is to enhance the capabilities of human resources in tourism industry to handle the pressure of competition and business. It also helps in developing the tourist potential in our country.

## Tourism Industry: At a glance

Tourism is the industry of comprising of the services from different industries. Tourism industry is the highest generator of employment all over the world with approx 212 million persons employed globally directly or and indirectly in this sector. This means out of every nine persons, one person earns his livelihood from the tourism industry directly or indirectly. For every million rupees of investment, 13 jobs are created in manufacturing industries, 45 jobs in agriculture and 89 jobs in hotels and restaurants. The tourism in India has passed many stages. The development facilities in tourism were initiated in 1956 by Government. Its development approach evolved from second, third, fifth and sixth five year plan. It was only

in seventh five year plan (1985-1990), the tourism was recognized as the state of industry. Tourism as industry gained by huge profit from foreign exchange, derived from the foreign tourist arrival in India in 2012 (Jan-June) was 3.24 million, and foreign exchange earnings in 2012 (Jan -June) 8455 million. The number of domestic tourist visit to all states/UTs in India in 2011 was 850.86 million (source: ITS). According to Indian tourism industry forecast (2007-2011) it shows light on present scenario and future forecast of tourism industry which includes the following points.

- 1) In India tourist expenditure in inbound tourism is the third highest even more than global average tourist spending.
- 2) India has been promoting its medical tourism facilities it is expected that number of tourist visiting India for the purpose of medical treatment will reach one million by 2012, representing a CAGR of 28.09% from 2007.
- 3) Indian outbound tourism flow is expected to increase at a CAGR of 12.79% over the five year period spanning 2007-2011.
- 4) Tourist influx to India is expected to increase at a CAGR of 22.65% during 2007-2011.

Though the tourism sector seems competitive, but the Indian scenario is not seemed to be exploitative. The sector has huge potential to grow if integrative and inclusive growth strategy is followed. The figures mentioned above decipher the past performance with growth potential. The policy makers can decode the success mantra in this sector with strong planning and implementation of policies. According to the WTO, India will be the leader in the tourism industry in South Asia with 8.9 million arrivals by 2020. India is emerging as the second most rapidly increasing (8.8 percent) tourism economy in the world over 2005-14 as per the World Travel & Tourism.

### **Role of Human Resource in Tourism**

The role of HR in the tourism organizations is very crucial. The implementation of human resource in tourism industry gives hype to tourism sector in India and also increases inbound and out bound tourism which helps generating foreign exchange that should be very essential for growth and development of country. If we talk about tourism as an industry it not only helps the country to earn foreign exchange but also helps the GDP of any country. The various tourism organizations like *IATA*, *PATA*, *WTO*, *Ministry of Tourism*, *UPSTDC* and many other tourist organizations contributes to tourism development with a aim to deliver the services and support the industry. The personnel in these organizations at different levels are performing efficient role in policy making and generating funds from the different sources for the development of tourism. The monitoring of these policies and funds usage is also a concern of these organizations. The ultimate aim of the whole process is to provide benefits of the policy to the end user i.e. tourist.

The role of HR as individual personnel has its very essential role in tourism sector. The role of travel agents, tourist guides, tourist police, tourist information officers and many other personnel is very crucial in tourism development whether directly or indirectly. The front line people in tourism need to be professionally skilled in order to handle the tourist from different continent and culture. As we know that tourism is a service industry and tourist can only remember the service that has been provided to him and the way he is being treated when he returns to his country or from where he belongs as sweet dreams in his mind. So, it is very essential that professionals related to tourism sector should interact with the tourist in a proper manner. This underpins the growing need of professional behavior among the front people in tourism.

### **Need For HRD in Tourism Industry**

The need of HRD in tourism sector is not merely perceived as training in the tourism sector. The human resource associated with the sector need to be understood in term of comprehensive development of people as a professional. This necessitates the knowledge of history and geography, business skills, professional behavior, understanding of business strategy etc. The role of HRD is seen in its full sense to make efforts to ensure the supply of talent and skills to the sector. It enables the sector to perform with efficiency and effectiveness that would enhance the tourism sector strength and healthy competition. HR strategy is not only concerned with sustained supply of skilled people for the sector but having effective and efficient structure of organization. HRD is also concerned with imparting effective education; training and knowledge delivery to enrich the tourist in true sense. HRD in tourism work like a catalyst for tourist personnel related to this field for enticing the tourist and better utilization of the resources of country.

A tourist guide need to be properly trained in language, behavior and courtesy to integrates with the service. Tourist guide is not only play role as an information bureau, but also a true friend. The tourist shares every concern with guide in anticipation of answer. A guide can make or break the chain of continuous business with developing strong relation or bonding. Likewise, public information officers and travel personnel also need to understand their role in developing the business. They should be given specialized training with domain knowledge keeping in view the objective of their position.

The persons sitting in different organizations do have their specific role to play. The bosses or managers of government bodies in tourism industry need to come out of their comfort zone to realize that their role is not only to frame the policy, but also to look the proper implementation of the policy in order to infuse into the system. The delivery is more important than system development. They need to concentrate on infrastructural development along with system development. The aim of this process should always be to inject new input to tourism industry not to utilize the fund allocated by the Government. Therefore, these

officials also need to learn the need of management, their role and business process and policy clearly. Hence, they need to be given proper professional training.

### **Major HRD Techniques in Tourism Industry**

- 1) **Performance Appraisal System:** This is one of the important HRD techniques followed in professional organization as a tool to develop people. The tourism sector specifically needs this tool for the officials in government organization as they believe in principle and policy more. The ACRs have lost their relevance in this fast changing competitive world. There is need to redefine the performance and criteria of evaluation. With a time bound system of evaluation, the public servant can be made responsible to some extent. The scope of further promotions is already linked to ACRs system. It may be re-organized to place its relevance in new evaluation system to develop accountability aspect. An effective performance appraisal system gives motivation to the employee so that the certain standards and goals of organization can easily be achieved by the employees and officers of the tourist organizations. It is also important because people usually compare performance with others considering own as best.
- 2) **Promotional Avenues and Career Opportunities:** To achieve the effective performance by the employee in the tourism sector, the performance should be linked to the promotional avenues and career opportunities. The growth path should be clearly visible to every people in his/her positions. The promotion of in-genuine candidates can de-motivate many people with negative energy which de-motivate even genuine people to drastic level even after promotion. The more and more career opportunities in tourism sector can augment the process of development with accelerating personal, social and professional growth.
- 3) **Training:** Training is very important need for HR development. The skill gap needs to be bridged in order to enhance the capacity of people in tourism to manage tourists professionally. It is very essential in every level in the tourism organization, whether at officer level or at employee level. It is also very essential for those who are directly or indirectly involved with the tourists like travel agents, tourist guides, tour operator, tourist information offices and many other such persons. In order to deliver, they need to be trained with changing pattern of services businesses. This can enable them to deal with better and modern tools, techniques and equipments.
- 4) **Employee Participation in Management:** Active participation of employees in management of businesses and decision making is an essential HRD technique as it uplifts the moral and motivational level of employee. Employee feels enriched when their opinion is primarily considered by management. The organizations as a whole are also benefited by the experience and views shared by the employee. This become

more important in tourism industry as it is a service business with human dependency especially on tourist guides, travel agents and public information bureaus. Without these links, the tourism business cannot be imagined. Hence the role of their opinion and concerns become crucial in policy formulation and implementation.

- 5) **Job Enrichment:** Job enrichment is also an essential HRD technique in the tourism organization as the personnel of the tourism organization take additional responsibility when they are promoted virtually or have been given some additional charge of higher level. They get highly motivated and try to give additional time and inputs to the organization which is highly beneficial for the growth of the tourism organization.
- 6) **Incentive system:** Incentive system as HRD technique plays an important role in tourism organization. As retail sector has started realizing the role of sales people as business partners with profit sharing, the tourism industry also needs to partner with the front line personnel in profit sharing model. The incentive system can boost the diminishing profitability of tourism industry especially public companies or corporations in tourism sector. Getting good incentive as a reward, the employees get motivated and try to give their 100% in the tourism organization and try to perform better so the better tourism policy can come out which helps in growth of tourism sector.
- 7) **Performance Counseling:** The performance counseling is a process of understanding the performance gap and its reason so as to fill it. It augments the efforts made by employee to perform better in order to map the desired goals with actual performance. It not only facilitates the policy making but also helps HR professional in performance mapping. The performance counseling must be in a friendly environment so that the employee shares actual feelings with the counselor. It must be objective oriented process rather than a mandatory one.

## Conclusions

The Indian tourism industry, probably, has uniqueness of having such a vast variety of tourist along with our own unity in diversity. It makes this sector more complex when tourist and tourist guide do have such a differentiation in language, culture and need. In order to exploit this mounting opportunity, one needs to have professional skills with changing environment. The HRD technique like performance appraisal, performance counseling, training, incentive system etc. can become pivotal in developing the HR professionals in tourism industry. This can enable development of our human resources in tourism sector to deliver in a better way. The ethical behavior and learning is also need of hour. There is a need of a strategic orientation of business understanding along with development of tourism as an

important business. The aim of human resource development should be to enhance the capacity of human resource in tourism industry.

### References:

- 1) Keith Davis, (1962) "Human Relations in Management"
- 2) Armstrong, Michael, "Handbook of Personnel Management", Kogan Page Ltd., London
- 3) Singh, N.K. (1984), "Dimensions of Personnel Management", Vikas Publishing House, New Delhi.
- 4) Rao, T.V. (1991), "Reading in Human Resource Development" Oxford & IBH Publishing Co. Pvt., New Delhi
- 5) Nadler, Leonard "Corporate Human Resource Development", Van Nostrand New York
- 6) Subba Rao, P. (2007). "Essentials of Human Resource Management and Industrial Relations", Himalaya Publishing House, Mumbai
- 7) "India Tourism Statistics" Annual Publication of Ministry of Tourism, Government of India accessed from <http://tourism.gov.in>
- 8) Indian tourism forecast (2007-2013), Department of Tourism. Ministry of Tourism, Government of India accessed from <http://tourism.gov.in> during 10-15 November 2013
- 9) Tourism statistics at a glance, 2006, Department of Tourism Ministry of Tourism, Government of India accessed from <http://tourism.gov.in> during 10-15 November 2013
- 10) National Tourism policy 2002. Department of Tourism Ministry of Tourism, Government of India accessed from <http://tourism.gov.in> during 10-15 November 2013
- 11) Ashwathapa, K. "Human Resource Management", Tata McGraw-Hill Publishing Company Limited, New Delhi
- 12) 7<sup>th</sup> Five year plan (1985-90) Planning Commission, Govt. of India.
- 13) Tourism Accounting Satellite.
- 14) [www.uptourism.com](http://www.uptourism.com)



## EMOTIONAL BRANDING : A NEW WAY TO CREATE BRAND LOYALTY FOR FMCG COMPANIES

Astha Joshi<sup>1</sup>, Dr. Geeta Nema<sup>2</sup>

---

### ABSTRACT

*In this competitive world where companies compete to make their brands distinctive the ultimate solution seems to be the establishment of consumer-brand linkages at the emotional level. This way marketers aim at developing deeper, long-lasting, and strong brand attachments for the consumers. Emotional branding as an important factor for promoting active participation as it leads to Brand loyalty. A strong emotional connection between your target market and your brand can increase sales volumes, increase customer loyalty and enable you to charge up to 200 percent more than your competitors. Brands are increasingly being forced to choose between two positions: discount brand with little emotional connection and premium brand with a lot of emotional connection. Insurance companies, Incredible India, Nestle, Coke, Nerolac, and Maggi etc. are some examples which use Emotional Branding. The study explores and analyses factors of Emotional Branding which leads to Brand Loyalty.*

*Keywords: Emotional Branding, FMCG, Branding, Brand Loyalty*

---

### Introduction

India accounts to world's 12th biggest consumer market and the FMCG Industry in India is worth more than USD\$ 13.1 Billion making it the fourth biggest part in the economy. McKinsey Global Institute in their report "The Bird of Gold"- The rise of India's Consumer Market" predicts that by 2025 India will get to be world's fifth biggest consumer market. On one hand such an extensive business implies enormous open doors on other hand it represents various difficulties to be prevailed. Indian FMCG business remains an exceedingly divided business wherein generally a large portion of the business is overwhelmed with unbranded, unpackaged homemade items. The branded market itself is described by serious rivalry, brand clutter with little or no differentiation in the offerings. Therefore, to differentiate their offerings and to create an edge over their competitor's marketers need to go back to the basics of creating sustainable differentiation strategies for their brands.

Brands are one of the most important tools in today's global business. The process of branding includes much more than just creating a way to recognize a product or company. It

---

<sup>1</sup> Research Scholar, International Institute of Professional Studies Devi Ahilya University Indore, MP

<sup>2</sup> Reader, International Institute of Professional Studies Devi Ahilya University Indore, MP

is used to generate emotional attachment to the products and companies. Branding effort creates a feeling of commitment, an impression of higher quality and an aura of intangible qualities that surround the brand name. Meeting emotional needs, delivering on relevant promise and reducing the buyers risk is what the branding is about. It is all about the relationship between two parties (the consumer and the product/company) and it is usually far removed from product features and the transactions. The challenge of branding is to develop a deep set of meanings for the brand (Kotler et. al., 1996; Travis, 2000).

Branding helps make purchasing decisions easier by creating trust and an emotional attachment to a product or company. A strong brand helps customers create a set of expectations about the products without even knowing the details of product features. Branding will help a company to separate the customers from the competition and protect its market share while building brand awareness. Once the brand awareness is built, customers will automatically think of that specific brand as their first choice (Kotler, 1996).

“The word emotion is a contraction of two words, exit and motion. The ancient Greeks believed that an emotion is the soul coming temporarily out of the body.... There is the belief that emotional displays contain the core truth about a person and that to “be emotional” is to reveal one’s true self. In a sense this is true, since what people get emotional about reveals what concerns them” (O’Shaughnessy & O’Shaughnessy, 2003). To have an emotional reaction toward a brand is to have a strong positive feeling of liking for that brand. In deliberated decisions consumers are unable to assign values to different options or product attributes without emotions (Damasio, 1994).

Emotional connection is a powerful way to link the heart of your target market with the soul of your brand. This connection is the degree to which your customers care about your brand beyond its rational attributes. It is more psychological than logical and more unconscious than conscious. Above all, emotional connection can make a big impact on your business.

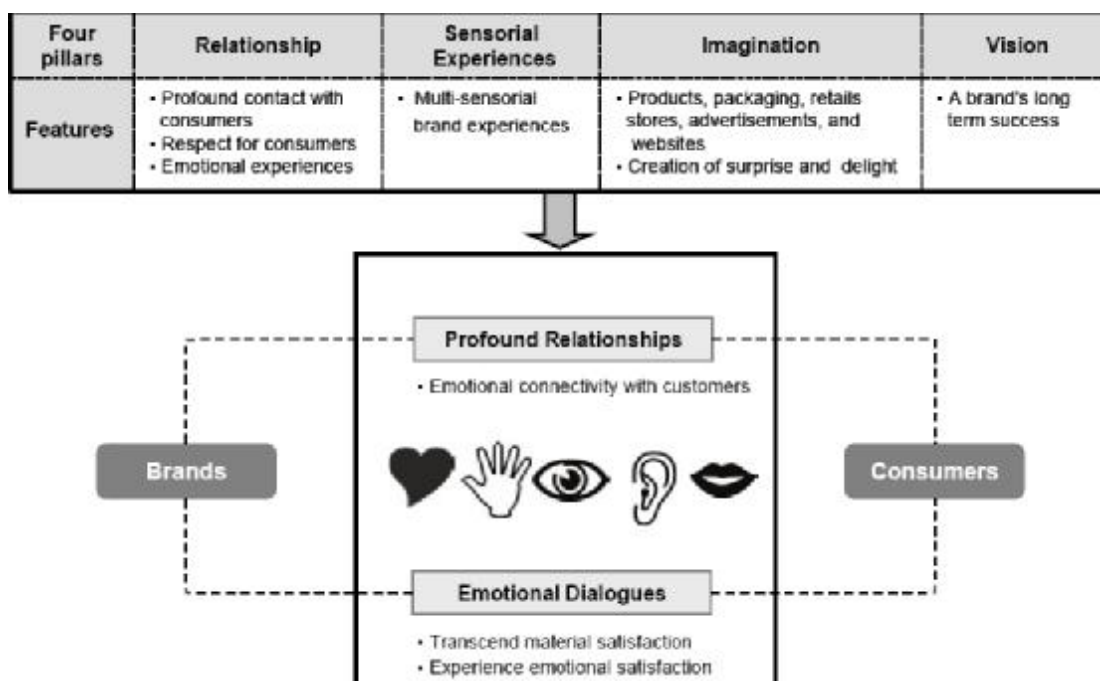
### **Review of literature**

In a study by Jagoda Maracic on “**Emotional Branding**” suggests that Emotional branding is a powerful and advantageous instrument. It links brand to the customers, makes customers identify themselves with the brand, adapts brand to customers way of life, and makes brand more reliable in customers’ eyes. Simply defined, emotional branding is about fulfilment of people’s needs.

Through emotional branding a firm makes controls customer's feelings and improve their responses to brands (Gobe`, 2001; Travis, 2000). Additionally, Gobe` (2001) emphasizes the significance of feelings and proposes the utilization of emotional branding as a methodology to unite product to the purchaser in a emotionally significant way. Likewise, significant association with the customer can be made and reproduced through emotional connectivity

and the dialog with customer on more refined and complex requirement for assorted qualities can advance emotional satisfaction surpassing material delight. Hence, Gobe's emotional branding concept is based on the four pillars: relationship, sensorial experiences, imagination and vision can be used to create, recreate and sustain emotional relationship and dialogue. Adopting the model will enable to identify the emotional branding strategy for creating brand loyalty.

Fig: 1 Gobe's four pillars of emotional branding, (2001).



Farhana Sajjad, (2009), in her study on **“Role of Emotional Branding in Promoting Active Participation in a Virtual Community”** reveals that emotional branding as an important factor for promoting active participation as it leads to customer loyalty. Also, to identify the effects of interactive features such as communication, customization and culture that enhances emotional branding elements in a virtual community.

**“Emotional Branding in the Durable Goods Industry –Illustrated on Italian Company”** a study by Julia Winter states that Many companies rely only on the technological superiority of their products, but they have to invest in their brands' emotional appeal as well, otherwise they will not be able to achieve a sustainable competitive advantage. Until now the company is the only company in its industry which has started to extend its brand relationships with the consumers. The company has integrated emotional elements in its branding strategy and to build a relationship in every contact phase.

Emotional branding is, however, not a universal remedy. To become brand leaders, companies have to focus on quality and innovation as well, but the emotional level of values, personality, sensuality and social commitment will make the brand a loyal partner for the consumers and offer it an outstanding position in consumers' lives, unheeded of brand parity and informational overflow.

Mahesh Babaria and Mittal Dharod 2009, in a study on “**FMCG sector**” states that India's FMCG sector is the fourth largest sector in the economy and creates employment for more than three million people in downstream activities. Its principal constituents are Household Care, Personal Care and Food & Beverages. The total FMCG market is more than Rs. 85,000 Crores. It is currently growing at double digit growth rate and is expected to maintain a high growth rate. FMCG Industry is characterized by a well established distribution network, low penetration levels, low operating cost, lower per capita consumption and intense competition between the organized and unorganized segments.

### **Research methodology**

This study is an exploratory and conceptual research. Secondary data is collected to analyze the reasons for the success of existing Ingredient brands and to find the ways for successful implementation and effectiveness of Ingredient branding in FMCG sector.

### **Objectives**

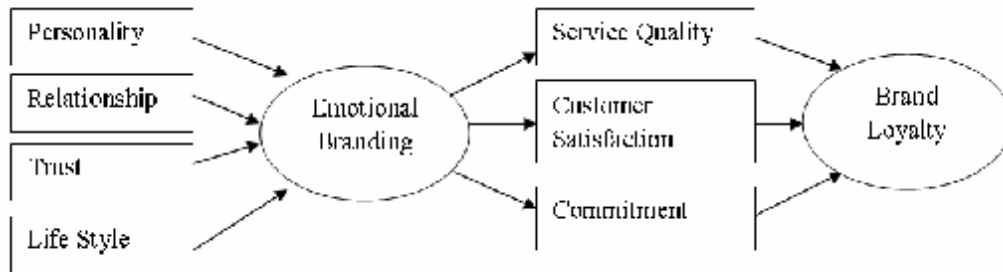
1. To study the scope of Emotional Branding for FMCG firms.
2. To study the effectiveness of Emotional Branding in consumer durables.
3. To identify various factors of Emotional Branding which leads to Brand Loyalty.

### **Analysis & Interpretation**

A brand is not a product. It is a promise that the consumer is aware of (sometimes vaguely) when they buy and it is a promise that is kept and delivered by their experience with what they bought. Brand is also a form of trust - a guarantee in customers' minds that they are getting something they know they can rely on, time after time. It becomes a useful short cut to reliability.

Emotional branding is a very powerful means of increasing one's market share and creating brand loyalty by triggering emotions of customers. Gobe` (2001) emphasizes the significance of feelings and proposes the utilization of emotional branding as a methodology to unite product to the purchaser in a emotionally significant way. Likewise, significant association can be formed between Emotional Branding and Brand Loyalty based.

Fig: 2 Conceptual research model on Emotional Branding leading to Brand Loyalty.



This model of emotional branding is about making connection with consumers on an emotional level. Emotional branding is first of all, about treating consumers in right way. Emotional branding is an effective and helpful tool. When used right, it can help establish a stronger connection with the customer and increase sales of products and services. Personality, Trust, Relationship and Life Style leads to a Commitment, Customer Satisfaction and Service Quality.

“Emotionally-attached consumers purchase substantially more than regular customers, which frees companies from having to rely on promotions and discounts to keep them buying the brand.”

More specifically we can say that emotional branding is about the relationship between a consumer and a brand, about the trust for a certain brand, about the consumers' lifestyle shaped by a brand, and personality of a brand. The system in this “emotional branding flower” indicates that the relationship, trust, lifestyle and personality do not interfere with each other even though the authors are conscious about the possibility that there might be a relation between factors presented, thus the illustration above should not be taken literally as the authors do not discuss the potential relations between each factor, due to the time constrain.

Various companies who are using Emotional Branding to achieve Brand Loyalty are explained below:

### **Cadbury**

The Cadbury's “Shubh Arambh” directly connected with Indian culture and values. It created an impression in the minds that having Cadbury is like a lucky charm before starting any new venture. The campaign is based on the concept of the Indian tradition of having something sweet before every auspicious occasion, with the belief that it leads to a favourable outcome.

As a brand Cadbury Dairy Milk has always been about happiness, celebrations and festivity. With this initiative it has taken its brand identity beyond festivals to the great Indian cricket carnival and given it an interesting twist. Lately, the brand has thrown in love and naughtiness which shines through its television ads showing teenagers and young couples sparring and bonding over a bar of what else Cadbury Dairy Milk?

This is a big shift in the brand's strategy as it aims at blending cricket with Cadbury Dairy Milk, a shift in focus from emotions and fun to fun and games. No doubt it reaches out to cricket crazy youth who spend their time on social media and encourages them to share their thoughts and theme related content on social media.

### **PepsiCo**

When mountain dew came with "Darr Ke aage jeet hai", it inspired many youngsters to be courageous in their action. It is a soft drink that exhilarates like no other because of its active, high-energy, extreme citrus taste. The idea of daring, challenges, a 'can do' attitude, adventure and exhilaration are deeply entrenched in its brand DNA. The brand has always celebrated the bold, adventurous and rebellious spirit of youth. This is reflected in the high-adrenaline advertising of the brand and its connection to outdoor adventure.

'Darr Ke Aage Jeet Hai' campaign, which acknowledged that fear was a very real aspect of the world of adventure and Mountain Dew wanted young people to believe in themselves in their moment of fear. For beyond fear lay victory.

### **Marico**

Parachute's "Tum toh ho gorgeous humesha" targeted the women. It showed how one feels good and confident when complimented. It subtly highlighted the persona of an Indian girl. Customer's gets emotional attached to the product and creates loyalty towards that Brand.

### **Nike**

Nike advertising is one of the most effective emotional branding examples in the marketing world today. Their customer loyalty is off the charts, all thanks to the Nike brand strategy and masterful application of emotional branding.

Nike brand strategy is to build a powerful brand – so powerful that it inspires fervent customer loyalty from people literally all over the world. This is because Nike advertising uses the emotional branding technique of archetypes in its advertising – more specifically, the story of the Hero. It's an age old tale, a tale of a hero pitted against a great foe, and after a great struggle, emerging triumphant. In a way, you could say that Nikes marketing strategy is thousands of years old, and has been inspiring customer loyalty the entire time.

**Dabur Vatika**

Their Brave and Beautiful Campaign salutes female cancer survivors. The ad shows a bald woman who's just recovered from cancer. She's survived the disease but not confident of how her neighbours or colleagues would look at her. Then we see her getting ready for her first day at office after the treatment. She ties a head wrap first but then removes it. She looks at herself in the mirror after wearing a saree – with doubt written all over her face. Then a small bindi act by her husband gives her the needed support to go out into the world. She enters office with apprehension and what happens next might leave you with tears. Not tears of sadness but of hope. One doesn't expect a campaign of such sorts from a hair shampoo and oil brand. But Dabur Vatika has done it has attracted a lot of customers.

**Birla Sun Life Insurance**

Khud ko kar buland itna the commercial plays out like a short film. The clip that runs for over 3 minutes features the story of a father and his autistic son. It's got all the emotional ingredients right – the husband has lost his wife, his son has autism, to add more to his woes he loses his job just when he plans to get his son enrolled in an autism-specific school. As the ad concludes we see the father-son duo laughing and having fun moments together – thanks to Birla sun Life Insurance. An example of subtle marketing that packs an emotional punch.

**Hindustan Unilever**

Hindustan Unilever (HUL), the largest fast moving consumer goods (FMCG) player in the country, just keeps mounting. Rin Soap, which has been taken over by Surf Excel, though Rin soap is still available but not at all of that quality which was a decade ago or so. People were so attached to Rin detergent soap that they overlooked all other brands of soap available earlier. Moreover, Rin soap never disclosed their formula and kept their quality intact for many decades until surf excel took over. The brand was enough and people were emotionally attached to it.

Another example is DOVE soap. Dove is not just a soap – it's a dream – a dream of becoming delicately beautiful, by using a very gentle soap. When a customer buys it, they actually does not buy the tangible soap, but the purchase is driven by their dream – an eternal dream that every girl cherishes – to become gorgeously attractive. The tangible Dove soap, together with the imagery created around the brand, has a decisive effect on the consumer. The same can be said for Fair & Lovely and other beauty products.

**ICICI Prudential Life Insurance**

Bande Acche Hain, by ICICI Prudential, celebrates men who care, protect and love their family. The ad showing different situations—which are funny, moving and true. There's a general perception about men – they're often forgetful, usually unaware of what's happening around them, can't keep things clean and so on and on. But this ad in a way breaks that



perception. Here's one of the situations - it's dark and the husband is going out of station with his bags on the taxi roof rack. We see his wife coming out of home with his wallet that he forgot to take (which is a common problem with men!). The taxi starts to move but we see the man asking the driver to stop. He waits till his wife reaches inside and switches on the light. And the best part is – he does it without letting her know. Small things that mean a lot – good men do it and they do it without making any fuss.

### **Amul**

Gujarat Co-operative Milk Marketing Federation (GCMMF) has launched a digital film in which a new theme 'Har ghar Amul ghar' (Every home is an Amul home) has been introduced. The film was uploaded on the brand's YouTube channel on 18 January 2014. The film conceptualised by daCunha Communications is the first in a monthly series of digital films. Amul is a very emotional brand because it involves food. So we this series portrays slice of life bitter-sweet films, where each film attempts to sell the brand and also tie into an emotion that is quite seriously Indian which is why the tag line is "Har ghar Amul ghar."

### **Conclusion**

Business is changing because our customers are changing. Their buying decisions and shopping habits are changing. Fundamental changes are taking place in their preferences and behaviour. And more so, the ways in which we talk to them are changing. They expect and demand to be spoken to on a personalised and one-to-one basis. More than that, customers expect an unprecedented level of emotional commitment and honesty from the brands they trust, support and buy.

Customer loyalty is weakening, because they constantly move on to new products and new brands entering the marketplace. They are thinking more with their hearts than with their heads. Let us first understand that products, as such, do not create brands. It is the emotional attachment of the consumer with the product which ultimately results in branding. Smart marketers market the product by proposing the consumer either the uniqueness of the product or the price competitiveness of the product, thereby proposing some value. Value proposition, advertisement, sales promotion etc., may result in increase in sales but may not create customer loyalty, which is essential for branding. For creation of brand, the emotional attachment of the consumer is necessary and this can be achieved through personal interaction with customer, potential customer, retailer and so on. Therefore emotional attachment of the consumer with the product is essential for branding of any and every product.

## References

1. Kotler, P. and Pfoertsch, W., (2006), *B2B Brand Management*, Springer
2. McKinsey Global Institute (2007), *The "Bird Of Gold" : The Rise of India's Consumer Market*
3. Marc Gobé, *Emotional Branding*, (2001). Allworth Press, New York, p. xiii-xxxiii, p. 244-245, p. 264.
4. Muniz, Albert and Thomas O'Guinn (2001), "Brand Community," *Journal of Consumer Research*, 27, pp. 412-32.
5. Sajjad, Farhana, (2009), *Role of emotional branding in promoting active participation in a virtual community*, Brunel Business School, p. 8
6. Maracic, Jagoda (2009), *Emotional Branding*, Kristianstad University College, School of Health and Society, International Business and Economics Program. Pp. 50-53
7. Marsella, S. & Gratch, J. (2002) "A step toward irrationality: using emotion to change belief", paper presented at the First International Joint Conference on Autonomous Agents and Multiagent Systems, Bologna, Italy.
8. Zeitlin, D.M. & Westwood, R.A. (1986) "Measuring Emotional Response", *Journal of advertising research*, Vol.26, No.5
9. Economy watch, available at <http://www.economywatch.com/world-industries/fmcg.html>, accessed during January 2012.
16. FMCG, available at <http://www.ghallabhansali.com/admin/file/FMCG.pdf> , accessed during January 2012.
10. *Emotional Branding- 7 Indian Brands Tapping into Emotions*
11. Zeitlin, D.M. & Westwood, R.A. (1986) "Measuring Emotional Response", *Journal of advertising research*, Vol.26, No.5
17. FMCG sector in India, available at <http://www.scribd.com/doc/50194973/6/Overview-Of-FMCG-Sector-In-India>, accessed during January 2012.
18. Characteristics of FMCG market, available at <http://www.scribd.com/doc/50140512/5/CH-2-2-Characteristics-Of-FMCG-Market> , accessed during January 2012.

## Case Study

## A SIGNING OFF FROM THE AIR OF UNETHICAL ATMOSPHERE - A CASE OF G.S.T MOTORS PVT LTD

Dr.Swarna Parmar<sup>1</sup>, Shubhangi Chaturvedi<sup>2</sup>, Prof. Sneha Rajput<sup>3</sup>

---

### ABSTRACT

*G.S.T. Motors Pvt Ltd a dealership organization of Honda was established in year 1998 in Indore, Madhya Pradesh comprising of about forty employees in its workplace. It was one of the oldest in the city. The case highlights unethical work processes and issues carried out in the organization and which were being faced by the general manager, Sonali Sharma. Same was resulting more of employee's turnover. This dealership was established by Mr.Rahul Verma, a graduate form commerce and later joined by his son in 2013 Mr. Abhay Verma, an engineering graduate.*

**Keywords:** *Ethics, Corporate Culture, Employees Satisfaction, Absenteeism, Work Place Conflict, Entrepreneurship Ethics.*

---

### Introduction

One hot sizzling morning in may 2014 Miss. Sonali Sharma, General Manager G. S. T. motors pvt ltd sitting in her chamber feeling disappointed and disheartened by seeing clashes in corporate culture studied in the books and actually observed. Miss. Sonali Sharma a gold medalist in MBA could witness that the cards of ethics were collapsing shoddily. Everybody was influenced by unethical Waves present in the atmosphere of G.S. T. motors. It was difficult for Sonali Sharma to breath in such a suffocating, demotivating and pessimistic work place, as well as it was difficult to execute any task assigned due to multiple commanding people. The frustration could not conclude here she was asked to bamboozle customers too.

One of the leading automobile Two wheelers dealership with huge pitfall named G.S. T. motors was located in the heart of Indore city was established in the year 1998 by Mr.Rahul Verma, a commerce graduate which was later joined by his son in 2013 Mr. Abhay Verma, an engineering graduate. G.S. T. Motors Pvt Ltd comprises of about forty employees.

One morning Sonali received a resignation letter from one of the best performing sales executive

---

<sup>1</sup> Assistant professor (School Of Studies In Management, Jiwaji University,Gwalior)

**Email id** – [drswarnasingh@rediffmail.com](mailto:drswarnasingh@rediffmail.com)

<sup>2</sup> Research scholar(School Of Studies In Management, Jiwaji University, Gwalior)

**Email id** - [chaturvedi.shubhangi0@gmail.com](mailto:chaturvedi.shubhangi0@gmail.com)

<sup>3</sup> Assistant professor (Prestige Institute of Management, Gwalior),

**Email id** – [sneha.rajput@prestigegwl.org](mailto:sneha.rajput@prestigegwl.org)

**Sonali:** What happened? Why are you leaving this organization? It requires talents like you which can become as asset for the organization.

**Ramesh:** Mam since ten years I am working here patiently with the hope that it will act as a catalyst in the career growth but my patience level has reached beyond threshold. Mam I saw here that a good performer is no more worthwhile in front of a newcomer who has attained managerial position. Mam is this the justice? Is this the position that I have attained till date. This signifies that experience, values, ethics have no more importance in this faded corporate culture. Thank you So Much Mam.

It was the third resignation in the last fifteen days which terrified Sonali in and out. Out of which Ravi, a sales executive left due to stumpy salary structures. i.e Rs. 4000 since six years without any increment this leads to the lowering of his motivation level.

Second was of Shilpa, a back office executive left due to unhealthy working environment. She reported manipulation of sales figures, to project fame and goodwill in front of company, overcharging of various services which involves after sales service like Teflon polish and unauthentic accessories led to assassination of ethics.

The organization was deviating against the policy prescribed by company and selling vehicles mandatory with accessories during the special days. This created problems for the customers who demands vehicle without accessories and sometimes it led to misbehavior with customers who wished to purchase it on naked basis.

Before Sonali could accept the reality of immorality increasing in the organization her eye witnessed another astonishing panorama wherein customer was yelling at the managing director for a receipt not provided against RTO payment. The fact told by sales executive of dealership that the amount was not supposed to be charged from the customers. This final incident which lead to signing off From the Air of Unethical Atmosphere In March 2015. This unethical atmosphere leads to the loss of another asset of organization in the form of general manager for forever and ever.

#### Questions-

- Do you think that decision taken by Sonali Sharma General Manager of G.S.Motors Pvt Ltd is correct? if yes/no why?
- Mention principals of management revealed in the case?
- List out unethical issues which are mentioned in the case and also suggest remedies for them?

## Teaching Notes

**Teaching Objectives And Target Audience-** The core concepts are covered and touched upon are –

1. Principals of management
2. Motivation theories
3. Corporate workplace ethics.
4. Case highlights the issue related to
5. Employee turnover
6. Unethical code of conduct in the organization.

The case can be used for teaching the above concepts to the post graduate management students for the individual analysis.

## Teaching Approach And Strategy

The case needs to be solved on an individual basis. A write up and presentation needs to be taken on an individual basis. Discussions can be done after the presentations are over. The time taken for individual analysis would be close to 25-30 minutes. It can be used for examination purpose.

## Analysis

The steps that need to be followed are:

- Introduction
- Situational analysis
- Problem identification
- Alternative solution
- Suggestions/recommended solutions
- Conclusions
- Questions & answers

## Suggested Readings-

- Tripathi.P.C(2008), *Principals Of Management* ,Tata Mc.Graw Hill Education,ISBN 0070220883.
- Robbins.S.P,*Organization Behavior*, Prentice Halls, Ninth Edition.

**Advertisement Tariff Plan****Journal of Management Value & Ethics***(A quarterly publication of GMA)*

Space	Advertisement Rate's in Rupees	
	Per issue	For One year (4 issue)
Back cover---color	25000	85000
Inside cover color 2 & 3 rd	15000	50000
Full Page Black & white color	10000 15000	35000 50000
Half page Black & white color	5000 8000	18000 30000

Publication Month : January, April, July, Oct.

Circulation : More than 2000 copies in each quarter

Circulation to : Throughout India covering 52 chapter of GMA  
Various management institutes  
HR Professionals in India & abroad

Agency communication : 10% to 15% of the advertisement cost will be  
allowed to the agents for procuring advertisement  
in this journal.

Mode of Payment : The Payment to be made by bank draft in favour of  
"Gwalior Management Academy" and payable at  
Gwalior in Indian rupee.

Mechanical Data : Size of journal: 18 mm (Width) and 24 mm (Height)  
Print size Area: full page 22 x 16 mm  
MS-Word (Document file) Type : Arial, Size 10 Pt.  
Print area : Top & Bottom 1.25 Inch,  
Left & Right 1.1 Inch

Printing Process : Photo offset  
Color : Multi color, inside- Black & white

---

---

**Information to Authors :**

- § The paper should be typed in MS-Word.
- § Title of the paper should be followed by Name, e-mail and affiliation of author(s).
- § Use a single column layout with both left and right margins justified.
- § Font Main Body text 10 point Style Arial or Times New Roman
- § **Tables and Figures** : To the extent possible, tables and figures should appear in document near after where they are referred in the text. Avoid the use of small type in tables. In no case should tables or figures be in a separate document or file.
- § An abstract of not more than 200 words is required.
- § The paper should start with an introduction and with a Conclusion summarizing the findings of the paper.
- § **References** : It is the author's obligation to provide complete references with the necessary information. References should appear to the text and the User of all references must be placed at the end of the manuscript.
- § Papers are accepted for publication on the stand that these contain original unpublished work not submitted for publication anywhere else.
- § Facts of papers presented / submitted in a conference / seminar must be clearly mentioned at the bottom of the first page of the manuscript and the author should specify with whom the any right rests.
- § Papers are processed through a blind referral system of experts in the subject areas. To answer anonymity the writer's name, designation and other details should appear on the first page alongwith title of the paper and should not be repeated anywhere else.

All manuscripts should be in electronic form and sent to :

The Editor  
Journal of Management Value & Ethics  
Gwalior Management Academy (GMA) Publications  
C-17, Kailash Nagar, Near New High Court,  
Gwalior (M.P.) – INDIA – 474 006  
Tel. : 0751-2230233 Mob. 09425121133  
E-mail : [jmveindia@yahoo.com](mailto:jmveindia@yahoo.com)  
Website : [www.jmveindia.com](http://www.jmveindia.com)

- § Payment to be made by crossed Demand Draft drawn in favor of Gwalior Management Academy A/c Gwalior (M.P.)





## JOURNAL OF MANAGEMENT VALUE & ETHICS

RNI-MPENG/2011/46472

ISSN-2249-9512

Publisher: **Gwalior Management Academy**  
(Run by: Lt. Muhar Singh Sengar Memorial Shiksha vikas Samitee)

### MEMBERSHIP FORM

Name : .....

Sex : Male / Female .....

Date of birth ..... (MM/DD/YYYY).....

Address : .....

Phone.....Occupation.....

Email ID.....

Type of membership: **Life member / working member / student member**  
(please tick any one).

I wish to be a part of the GMA and promise to work for promoting research activities in the interest of "**Journal of Management Value & Ethics**", so please enroll my name as working /life member. I am enclosing a cross cheque in favour of **Gwalior Management Academy** payable at Gwalior.

(Signature of member)

**Mode of Payment Cash or Cheque may be accepted.**

### MEMBERSHIP FEES

**Student Members: Rs. 1000 P.A.**

**Working Members: Rs. 2000 P.A.**

**Life members: Rs. 5000 (one time)**

**Institutional member : Rs. 2000 P.A.**

-----  
Please send your duly filled membership forms/donations to :

**GWALIOR MANAGEMENT ACADEMY**

C-17 Kailash Nagar Near, New High Court, Gwalior (M.P.) INDIA. Pin: - 474006

E-Mail to: [jmveindia@yahoo.com](mailto:jmveindia@yahoo.com), [www.jmveindia.com](http://www.jmveindia.com)

Phone: +91-0751-2230233, 9425121133