

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**

Professor & Academic Chairman  
IITTM, Gwalior (M.P.)

**Dr. S. Rangnekar**

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

**Dr. K.S. Thakur**

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

**Dr. Harish Kumar Agrawal**

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

**Dr. Ajay Wagh**

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

**Dr. Ajay Dwivedi**

Associate Professor, Financial Studies, V.B.P.  
University, Jaunpur, (U.P.)

**Dr. Bateshwar Singh**

Assistant Professor, University of Delhi

**Dr. Yogesh Upadhyay**

Vice-Chancellor, ITM University,  
Gwalior (M.P.)

**Dr. S. P. Bansal**

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

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

Director General of SLITHM Colombo,  
Sri Lanka

**Dr. Khamidov Obidjon**

Head, Tourism Deptt. University of Economics,  
Uzbekistan

**Dr. S.K.Singh**

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

**Dr. Manoj Patwardhan**

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

**Dr. Avinash D. Pathardikar**

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

**Dr. Md. Kamalun Nabi**

Assistant Professor, Jamia Millia Islamia  
University, Delhi

### Editorial Team :

Dr. Ravi Jain, Faculty of Management (Visiting), Jiwaji University Gwalior (M.P.)

Dr. Praveen Shrivastava, Asst. Professor I.T.M. University, Gwalior (M.P.)

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

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

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

Dr. Mukesh Singh Tomar, Head, Dept. of Mgmt., GICTS, Gwalior (M.P.)

Mr. Rahul Pratap Singh Kaurav, 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. 4 No. 1

Jan.-Mar. 2014

S.No.	Articles	Page
1.	THE HUMAN RESOURCES AUDITING Mohamad Amin Qahramani and Hasan Rangriz	5
2.	SOCIO-ECONOMIC CONTRIBUTION OF WOMEN ENTREPRENEURS IN HANDICRAFT INDUSTRY -A STUDY OF ODISHA- Dr. Pratima Kumari Dash	30
3.	INDIVIDUALS IN THE ERA OF ECONOMIC TURMOIL Dr VK Arora	43
4.	THE CHALLENGE OF ENDING RURAL POVERTY IN INDIA BY 2015 R. Lilambeswara Singh and P. Venkata Rao	52
5.	AN ANALYTICAL STUDY ON ICICI AND BANK OF RAJASTHAN MERGER Prof. Deepa Chavan and Dr.Makarand Upadhyaya	62
6.	A GLIMPSES OF CUSTOMER RELATIONSHIP MANAGEMENT INITIATIVES IN INDIAN BANKING SECTOR Mr.T.P.Sarathi Dr. S.E.V.Subrahmanyam Dr.T.Narayana Reddy	71
7.	NICHE MARKETING: FRAY FOR FRAME OF MIND OF CUSTOMERS Dr. Ajit Kumar Shukla	83
8.	A RESEARCH ON EMPLOYEES' WORK – LIFE BALANCE IN MULTI - NATIONAL BANKING INDUSTRY M.Hariharasudhan	87
9.	ORGANIZED PHARMA RETAIL CHAINS: PROSPECTS AND ISSUES Nitin Bhargava and Ajay Phaltankar	116
10.	BOOK REVIEW	124

**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,

Wishing you a very happy new year 2014. Journal of Management Value & Ethics is publishing different 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 and Nigeria to publish their research work in our esteemed 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. As, we have decided earlier, GMA will publish the success story of our top management Gurus, who are world famous. So, in this series, we are bringing another name of world fame management guru **Professor Rakesh Khurana**. He is a well-known personality in the field of management and has published many books & research papers on the management.

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**

## Management Guru: RAKESH KHURANA



RakeshKhurana is a Professor of Business Administration in the Organizational Behavior area at the Harvard Business School.

He teaches a doctoral seminar on management and markets and the board of directors and corporate governance in the MBA programme.

Khurana received his BS from Cornell University in Ithaca, New York and his AM (Sociology) and PhD in Organization Behavior from Harvard University.

Prior to attending graduate school, he worked as a founding member of Cambridge Technology Partners in sales and marketing.

His book on the CEO labor market, searching for a Corporate Savior: The Irrational Quest for Charismatic CEOs was published in October, 2002.

Khurana's work on the deficiencies of the CEO labor market and the emergence of the charismatic CEO succession model is regularly featured by the general media such as: Business Week, The Wall Street Journal, The New York Times, Newsweek, The Washington Post, CNBC, and The Economist. His From Higher Aims to Hired Hands received the American Sociological Association's Max Weber Book Award in 2008 for most outstanding contribution to scholarship in the past two years.

## THE HUMAN RESOURCES AUDITING

Mohamad Amin Qahramani<sup>1</sup> Hasan Rangriz<sup>2</sup>

---

### ABSTRACT

*Evolving roles of HR necessitate HR professionals be responsible first and foremost for understanding and furthering business needs. In order to provide useful information to managers, it is necessary to evaluate the results generated by the design and implementation of personnel policies. The diagnosis of HR functions can be done through one essential tool – HR Audit. The human resource (HR) auditor analyzes the Human Resources department in the organization to pinpoint its existing strengths and weaknesses, and there are indeed weaknesses. Serious mistakes are quite costly to the company, so a comprehensive audit is imperative. The results of an HR audit can be compared with predictions about conditions inside and outside the organization. Together, this information will provide the basis for the future selection of a strategic plan for HR.*

**Key words:** HR Audit, HR Planning, HR Department, HR Practices, HR Policies.

---

### INTRODUCTION

Human Resource Management (HRM) has evolved over the years as a strategic partner in organizational success. As the HR functions have undergone a paradigmatic shift, graduating from administrative managers to strategic consultants, the transition has been quite challenging for many practitioners (Laabs, 1997). The changing nature demands the HR professionals to participate and contribute fully to their companies as true strategic business partners. In today's competitive climate, companies operate within the confines of a heavily-regulated employee environment. The scope of the HR function includes establishing and administering a host of policies and practices-many of which involve compliance implications-that significantly influence the productivity and profitability of the enterprise. Sometimes HR department is not sure whether they are doing everything they should be doing so as to perform at the highest possible level to provide effective delivery (Amy, 2010).

---

<sup>1</sup> PhD Student, Department of Accounting & Management, Kharazmi University of Tehran, Iran E-mail: [Aminq86@live.com](mailto:Aminq86@live.com), Phone Number: 00989143431396

<sup>2</sup> Faculty Member, Department of Management, University of Economic Sciences, Tehran, Iran E-mail: [hassanrangriz@yahoo.com](mailto:hassanrangriz@yahoo.com), Phone Number: 00989122262026

Increased emphasis on the need to improve the efficiency of HR services is leading to innovative approaches to redesign HR delivery systems. Today, it becomes necessary to focus instead, on the opportunities to develop competitive advantages within an organization to increase its capacities. HR's challenge is to help the organization realize success. At the same time, it is also necessary to protect and leverage the investment in human capital by way of training and development in order that organizations benefit from employees' efforts and contributions (Byham & Riddle, 1999).

In general, any audit seeks to identify who is responsible for each activity, determine the objectives of each activity, review the policies and procedures used, sample the available records to find if the policies and procedures are being followed, prepare an audit report commending proper objectives, policies and procedures, develop an action plan to correct errors in objectives, policies and procedures, and follow up on the action plan at a later stage, to see if it solved the problems found through the audit (Berry, 1967).

HR audit is a type of functional audit. Thus, as a first approach, one could say that HR auditing consists of diagnosing, analyzing, evaluating, and assessing future lines of action within the framework of HRM. It is a systematic assessment of the strengths, limitations, and developmental needs of its existing human resources in the context of organizational performance (Flamholtz, 1987). The key to an audit is to remember that it is a learning or discovery tool, not a test. Whenever the HR audit is taken up, the scope is decided. Audit need not be exhaustive, but should be focused on particular function of HRM such as Training and Development, Performance Appraisal, Compensation, etc. The audit should investigate the breadth and meaningfulness of the processes and support materials in place that ensure the skill sets needed, so it becomes important for the HR department to understand why those practices are carried on. In such situation HR audit helps to build on essential areas and eliminate those areas that are not important (Shiri, 2012).

HR audit must perform two basic functions. First, it must be a management information system whose feedback provides information about the situation in order to facilitate the development of managing processes or the development of HR. On the other hand, it must be a way of controlling and evaluating the policies that are being applied, as well as the established processes. The results can be valued through their cost (Walker, 1980). The Things that get measured get managed (Kaplan & Norton 2008). HR Audit is very much helpful to face the challenges and to increase the potentiality of the HR personnel in the organization. It involves a company's strategic actions to take an intensely objective look at its HR policies, procedures and practices (Shiri, 2012).

### **1- What Does the HR Auditor Do?**

Conducting an audit involves a review of current practices, policies, and procedures, and may include benchmarking against organizations of similar size and/or industry (Yadav

& Dabhade, 2014). The auditor analyzes what kinds of HR practice areas (such as recruitment, training, labor relations, and organization development) will help match people and work over time. The auditor's role is associated with that of human resources planning (HRP) evaluator, who is responsible for monitoring whether HR strategy will work, is working, or has worked. The two roles are different: Auditors evaluate an HR department at present to uncover existing strengths and weaknesses, at the operational and strategic levels (Hussey, 1995). Evaluators, on the other hand, examine how well an existing HR plan has been working in order to guide HR activities. In short, the auditor examines the HR department and its programs before HR strategy is chosen; the evaluator most often makes an examination after choice and implementation of HR strategy. These roles can overlap, however (Rothwell & Kazanas, 2003).

The reason for conducting an HR audit is to find out how effective and efficient the organization's HR activities are and to determine the areas for improvement and identify changes. The purpose of the HR Audit is to conduct a more in depth analysis of the HR function to identify areas of strength and weakness and where improvements may be needed (Yadav & Dabhade, 2014).

## **2- Needs of human resource audit**

The need for auditing human resource is as follows (Kramer, 2006):

- ü In recent years, changes have taken place in the working of management. Management now knows the importance of employees' identification and their participation in the activities of the organizations as an essential ingredient for successful making of the organization;
- ü As an organization grows, continuous feedback is required to improve the performance of the employees. Human resource audit provides the employer with the required feedback;
- ü Trade unions nowadays are playing more active role in human resource management. They raise questions about the competence of management in industrial relations. Human resource audit helps management to meet this challenge.
- ü Human resource audit helps in protecting the employee interest with the help of Central and State Government;
- ü Due to rising labor cost and increasing opportunities for competitive advantage in human resource management, human resource audit has become a necessary and an intriguing part of an organization.

## **3- How Is the HR Audit Conducted?**

The human resource audit is a systematic assessment of the organization's HR policies and practices (Spognardi, 1997). It can focus on such matters as (1) how well the HR department's present purpose and strategy support those of the organization, (2) how well the



department's structure enhances its ability to function, and (3) how well staffing and policies of the department are compatible with its purpose in the organization. These issues are important because department efforts in such HR practice areas as recruitment, training, compensation, and benefits-among others-are tools for influencing "goodness of fit" between people and positions. In other words, each practice area is a long-term change strategy in its own right that helps match up what kind of work is being done and the kind of people available to do the work.

Audit in effect includes five different components (Yadav & Dabhade, 2014):

### **3-1- Functional Audit**

This aspect of the HR audit examines:

- ü Your HRD systems and procedures, encompassing training and development, organization development and career development;
- ü Whether your HRD systems and procedures are aligned with the HRM systems and procedures to promote competence, confidence and performance. This includes job design, HR planning, performance management systems, selection and staffing;
- ü Fairness and consistency in compensation and benefits, employee relations and your HR record keeping, particularly in regard to providing timely management information.

### **3-2- Service Audit**

This aspect of the audit activity looks at the service responsiveness and reliability of the HR function. This will include an assessment of such things as response times, willingness to help line managers/staff, and the knowledge of the HR staff etc.

### **3-3- Compliance Audit**

This assesses the degree to which HR is compliant with the relevant legislation – e.g. Labor Laws, etc. This part of the audit will assess whether the required policies, practices, and procedures exist, and to what extent management and labor have been trained to enact these codes of best practice.

### **3-4- Financial Management Audit**

A comprehensive audit of HR systems and procedures needs to go beyond the inspection level. Basic financial ratios/scorecard measures appropriate for a staff function like HR need to be put in place to audit the efficiency of the various HR functions.

### **3-5-Strategic Audit**

Each organization should have an overall people management strategy that aims to increase the value of employees to the business. The strategic audit will examine whether the



HR strategy, policies and processes are aligned with and support the achievement of the business's mission and objectives.

Another scheme to guide an HR audit that can prove useful is the so-called balanced scorecard approach (Kaplan and Norton, 1996), which is also described as a tool for evaluating HR strategy. When this scheme is used, the HR auditor focuses attention on the HR function's finances, operations, customer relationships, and strategic capability. But regardless of what scheme is chosen to guide the HR audit, HR planners should follow these steps:

- ü Decide what to examine in an HR audit.
- ü Tentatively decide how to conduct the audit by drafting a rough audit plan.
- ü Select people to assist in the audit.
- ü Collect background information on any or all of the following areas: the HR department, the HR plan, or practice areas; the organization; linkages between the HR department and organization; or specific issues to be investigated.
- ü Finalize the audit plan.
- ü Collect audit information, comparing what is (actual conditions) to what should be (criteria). For each discrepancy between what is and what should be, auditors try to determine cause (what is the reason for the discrepancy?), significance (how important is the discrepancy?), and corrective action (what should be done to rectify the discrepancy?).
- ü Compile audit results and use them to identify present strengths and weaknesses of the HR department and to pinpoint fruitful areas for long-term action in order to improve the existing status of the HR department.

These steps are illustrated schematically in Figure1. In many respects, the HR audit is thus the personnel department's counterpart to an organizational appraisal that is typically undertaken prior to strategic planning.

#### **4- Benefits of Human Resource Audit**

Several benefit that results from an HR audit are (Shaban, 2012):

- ü Identification of the contributions of HR department to the organization;
- ü Improvement of the professional image of the HR department;
- ü Encouragement of greater responsibility and professionalism among members of the HR department;
- ü Clarification of the HR department's duties and responsibilities;
- ü Stimulation of uniformity of HR policies and practices;
- ü Finding critical personnel problems;
- ü Ensuring timely compliance with legal requirements;
- ü Reduction of HR costs through more effective personnel procedures;

- ü Creation of increased acceptance of the necessary changes in the HR department;
- ü A thorough review of the department's information system.

Despite its integral role, HR has often been considered a “soft” area, and management may not understand the inherent risks involved with this function. Adding an HR audit to an organizations regular audit cycle provides important risk coverage that may have been previously overlooked (Ziegenfuss, 2008).

### 5- The main parameters and levels of human resources audit

The main parameters of human resources audit as distributed on the personnel subsystem functions are presented in table 1 (Costel, 2004).

**Table1:** The Main Parameters of Human Resources Audit

<b>The Functions of Human Resources Subsystem</b>	<b>The Content of Human Resources Audit</b>
<b>Formation of personnel policy in the organization</b>	The assessment of the current situation of personnel policies, the degree of compliance to the development strategy of the firm; the evaluation of relationships among the personnel policy, the features of the organization and the internal conditions
<b>Planning the human resources</b>	The assessment of existing resources, targets and development prospects, future personnel request; analysis of planning plan and staff turnover planning analysis
<b>Utilization of human resources</b>	Degree of personnel occupation analysis; personnel stability analysis.
<b>Recruitment and selection of human resources</b>	Assessment of methods and procedures used in recruiting personnel; recruitment costs; recruitment efficiency in filling in the vacant positions; filling in possible positions in the future; efficiency of selection procedures.
<b>Professional assessment of human resources</b>	The analysis of methods used in the personnel assessment, their effectiveness; assessment of results and effects of the personnel evaluation process.
<b>Human resources</b>	Analysis of the methods used for personnel adaptation, their

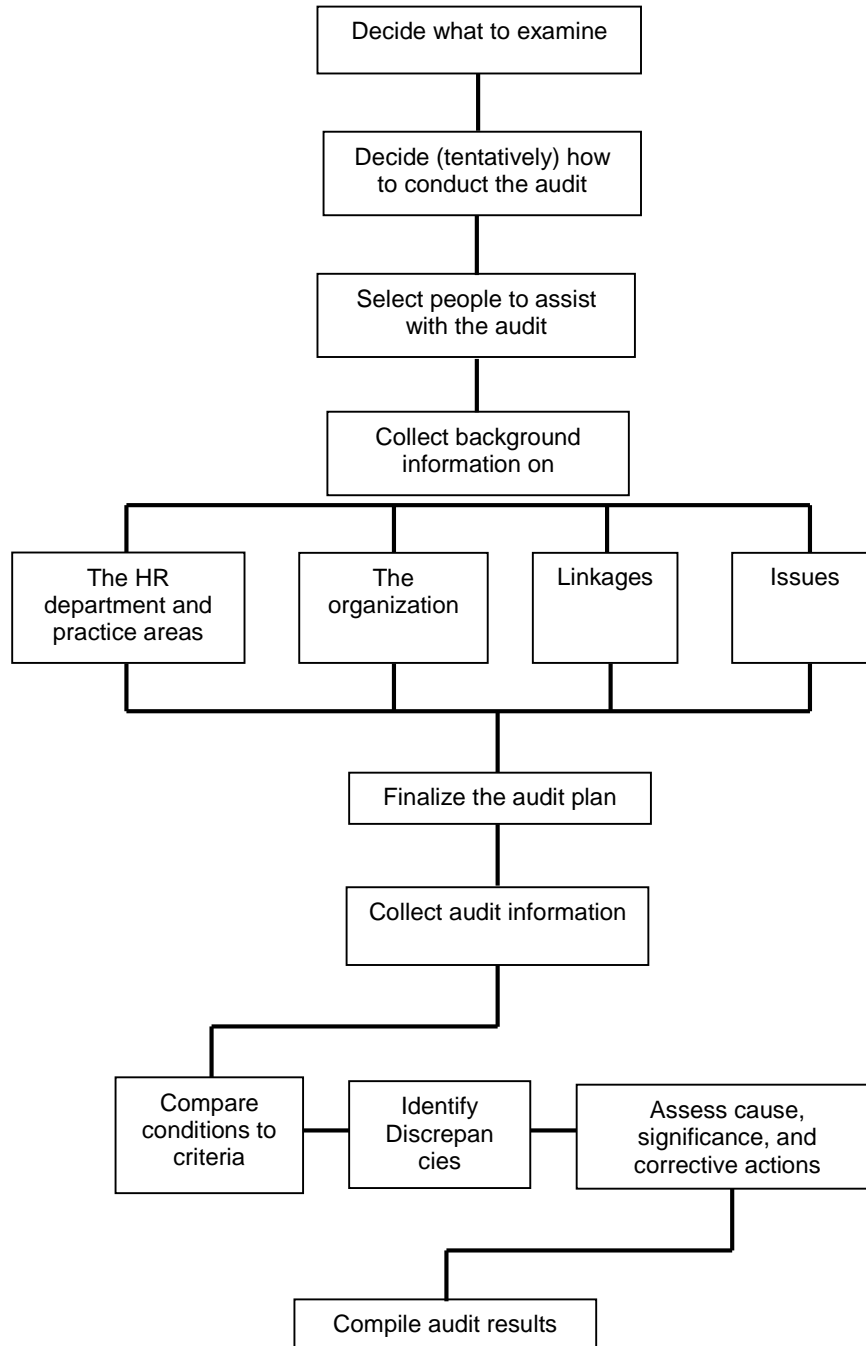
<b>adaptation</b>	efficiency, identification and diagnose of issues which appeared in the adaptation process.
<b>Human resources training</b>	Analysis of targets and forms of training, their compliance to the purposes of the organization; study of the training program; assessment of personnel after completing training, the efficiency and results of the training program.
<b>Professional career development of</b>	Human resources Analysis of development system of personnel in the organization; job analysis, analysis of the plan for personnel development, the efficiency of methods used.
<b>Organization and progress of the working process</b>	Analysis of work environment, security techniques; analysis of work standardization process; evaluation of work productivity; analysis of investments in this area and results.
<b>Human resources' motivation and stimulation</b>	Analysis of motivation forms, their relationship with personnel motivation; analysis of the level and structure of payment forms; assessment of compliance between the motivation forms and the targets of the organization.
<b>Development of teamwork spirit</b>	Diagnose of socio-psychological climate, assessment of the relationship strains between employees, hostility towards changes; organizational culture diagnose; the type of leadership practiced.

## 6- Deciding on Issues to Examine

HR auditors begin by deciding on what issues they want to focus and how extensively they want to collect information. Will the audit be (1) comprehensive, focusing on interactions between the organization and HR department; (2) programmatic, focusing on specific HR practice areas such as recruitment, training, job design, compensation, and benefits; or (3) restricted, focusing on a single issue such as turnover or absenteeism or accident rates? These questions have to do with scope, meaning what the audit will encompass (Rothwell & Kazanas, 2003).

Once the question of scope has been answered, auditors consider on what basis they will identify a strength or weakness. Choices vary. For example, they can decide to use any or all of the following (Pandey, Phaltankar & Khare, 2013):

**Figure1:** A Simplified Model of the HR Auditing Process



- 6-1- **Comparative (or competitive) analysis:** in this approach the auditors identify another company as the model. The results of their organization are compared with those of the model company;
- 6-2- **External analysis by a consultant:** in this approach the auditors use standards set by an outside consultant as benchmark for comparison of own result;
- 6-3- **Statistical analysis by insiders or outsiders:** in this approach statistical measures of performance are developed based on the company's existing information;
- 6-4- **Compliance analysis:** in this the auditors review past actions to determine if those activities comply with legal requirements and company policies and procedures;
- 6-5- **Management by objectives (MBO):** this approach creates specific goals against which performance can be measured. Then the audit team researches actual performance and compares with objectives.

Each approach implies a major focus or point of emphasis. Comparative analysis, for example, views an HR department strength as an area in which it functions better than corresponding departments within similar firms in the industry; a weakness is an area not functioning as well. External analysis relies on a consultant's opinion of state-of-the-art methods, regardless of their prevalence in industry, as the basis for a strength; a weakness is business-as-usual for the HR department. Statistical analysis compares national or industry averages on turnover, training costs, and absenteeism (and more) to those of the organization under audit. When the comparison is favorable, it is an HR department strength; when unfavorable, it is an HR department weakness. Compliance analysis views conformity with law as a strength and nonconformity (or inaction) as a weakness. Finally, MBO views achievement of objectives as strength and non-achievement as weakness (Rothwell & Kazanas, 2003).

## 7- Deciding (Tentatively) How to Conduct the Audit

Auditors will need to devote some thought early on to how they plan to conduct the audit. By doing so they can gather data efficiently. Of course, this planning is not always easy to do when, as in the case of outside consultants, auditors are not as familiar as insiders with the HR department and the kind of organization of which it is part. A tentative audit plan is useful as a starting point. It is nothing more than an informal description of what the audit will look at, what information will be needed, what the end product will look like (report? presentation?), and what resources by way of money, time, and staff will be needed.

A tentative audit plan is subject to change as more information is gathered. Depending on the scope of the audit, auditors begin by finding out more about (1) HR departments in other organizations for comparative or competitive analysis; (2) state-of-the-art methods in each HR practice area; (3) appropriate ratios and measures for the

organizations; (4) applicable laws, rules, and regulations affecting the organization; and/or (5) existing management-by-objective plans and methods. Collection of this information is guided by the tentative audit plan, which can undergo modifications as auditors learn more about the auditee (Spognardi, 1997).

Several sources can help auditors with scope and focus: (1) past personnel audits and procedures used in them; (2) readings on management auditing generally; (3) readings on the general theory of personnel auditing; and (4) general guides for carrying out personnel audits. Other good places to get ideas: (1) the corporate board of directors; (2) senior managers, particularly those involved in strategic planning; (3) HRP practitioners themselves; and/or (4) employees. Members of these groups will no doubt have their own ideas about what HR issues are worth examining. In fact, they might have been the ones to request an HR audit in the first place, and thus constitute the primary audience for audit results (Rothwell & Kazanas, 2003).

### **8- Selecting People to Assist with the Audit**

Typically, audits are conducted by a team. Team members should collectively possess knowledge about the organization, HR plans, the HR department, HR practice areas (preferably in the industry), data-collection methods to be used, and any special analytical methods that will be applied to the data once it is gathered. An HR audit can begin with only one or two people who construct the tentative audit plan and then collect background information. However, once it is more clear what work will be involved in the audit itself, then other members of the audit team can be selected on the basis of the kinds of knowledge and skills that are required. They can come from inside the HR department, from the organization outside the department, from outside the organization, or from some combination of these sources (Rothwell & Kazanas, 2003).

### **9- Collecting Background Information**

Once an audit team is assembled and a tentative audit plan has been prepared, the next step is collecting background information. Auditors simply need to find out more about the purpose of the audit, key decision-makers, the auditee, and conditions they will face during data-gathering. This research is our background information.

As we know, stakeholder analysis, is an important tool to examine what interested parties expect or desire from the organization. The same issues are important in an HR audit: Who suggested it? Why? What do they hope to find out? Obviously, the audit will not serve a useful purpose if it does not answer the questions that led to it in the first place.

Another issue to address in the early stages of collecting background information is Who or what should be audited? : (1) the HR department only; (2) HR activities in the organization, spanning both what the HR department does and what line managers do; (3) an HR practice area in the department, such as training, recruitment, or compensation and

benefits; or (4) an issue cutting across the HR department and perhaps across the line organization as well.

For purposes of a comprehensive HR audit, the auditee is usually the HR department and its practice areas. Various models can be used for initial diagnosis of an HR department and its practice areas. Each provides a starting point for investigation. A few of these models—each of which is classic and has a long history associated with it—are briefly described next.

### **9-1- The Clinical Approach of Levinson (1972)**

Auditors collect historical data about the HR department. They review factual data (documents describing activities), outside information (interviews with those knowledgeable about the department), structure (the organization chart), activities (services offered, types of problems addressed by the department, service delivery methods, and methods of controlling the behavior of individuals or groups), impressions (how auditors feel about the setting), and task patterns (how each member of the department contributes to overall department purpose, how group members interact with each other, and how they interact with those from outside the department or unit).

### **9-2- The Six-Box Model of Weisbord (1976, 1978)**

Auditors collect data about the following: how work is divided up; the match between tasks and incentives; ways of coordinating between activities; ways of resolving conflicts between competing interests or priorities within the organization or between the auditee and the host organization; and the match between the purposes, goals, and objectives of the auditee and the backgrounds and beliefs of those in charge of the HR department or organization. The six-box model is still widely used (Stahl, 1997), and it focuses attention on six specific categories for the HR audit: purposes, structure, relationships, rewards, leadership, and helpful mechanisms.

### **9-3- The Nadler and Tushman (1977) Model**

Auditors focus attention on the following:

- ü Environment outside the auditee, both external to the organization and to the HR department or other auditee;
- ü Resources available to the auditee: money, people, equipment, etc;
- ü History, or patterns or events that have influenced activities of the auditee;
- ü Strategy, or how the HR department or other auditee is presently going about offering services;
- ü Functioning, or how the department is meeting its objectives, using resources available to it, and adapting to or anticipating change; group relations, or how people within the department are interacting;



- Ü Individual performance, or backgrounds of department employees, their attitudes, and feelings;
- Ü Relationships with other units, or how the department interacts with those outside its boundaries;
- Ü Work flow, or how the work comes in and goes out.

#### **9-4- The Hornstein and Tichy (1973) Model**

Auditors extract from audited organizations what issues they consider important, and then use the categories thus defined to develop a profile of auditee status. Alternatively, the auditors provide guidance to auditees, who develop their own profile of strengths and weaknesses. A simple approach using this model, for instance, might simply be to interview a representative cross-section of managers and workers, asking such questions as: (1) what is the HR function doing especially well in this organization, and why do you think so? And (2) what could the HR function improve in this organization, and why do you think so?

#### **9-5- The Lawrence and Lorsch (1967) Model**

HR auditors examine how the HR department assesses pressures from outside the organization or department, how work is divided up, how coordination between activities is handled, how the auditee handles competing priorities or interests, and how well individuals within groups or between groups get along.

#### **9-6- The Kotter (1978) Seven Circle Model**

Another way for auditors to begin surfacing issues is to survey formal organizational structure (reporting relationships of the HR department or other auditee), the dominant coalition (what key strategists say they want), the auditee environment (outside the department but inside or outside the organization), technology (equipment and methods used by the auditee), the social system (cultural conditions affecting the auditee), employees (members of the audited organization relative to their work requirements), and key organizational processes (communication and decision-making within the HR department or between it and other parts of the organization).

#### **9-7- The Glueck (1980) Internal Appraisal Model**

Auditors collect information on the extent to which the HR department contributes to organizational strengths and weaknesses. For example, how does the HR department affect the organization's financial condition, marketing practices, production, or service methods? These questions can be quite difficult to answer, but the answers link contributions of the HR department to organizational activities.

#### **9-8- The Rothschild (1976) Principles of Resource Analysis**

Auditors adapt the general principles of this approach, intended for use in organizational planning, to specific diagnosis of HR department strengths and weaknesses.

Typical questions used in this approach might include these: How much is the department able to come up with new approaches to problems? Deliver services? Influence others in the HR area? Obtain necessary resources? Handle current activities efficiently and effectively? The answers to these questions provide clues to current conditions and future improvement opportunities.

### **9-9- The Generic Models of HR Department Activities**

Auditors also rely on generic models of what HR departments should be doing. Such models are prepared by analyzing the tables of contents of textbooks on personnel/human resources. For example, a comprehensive audit of the HR department can include examination of recruitment and selection, training, HR planning, career planning, employee performance appraisal, job analysis and design, compensation, benefits, health and safety, equal employment opportunity, labor relations, organization development, employee assistance, HR research, and HR information systems. Any model mentioned in this section can help members of an HR audit team collect background information, by providing structure for the investigation of the unknown or the unfamiliar (Rothwell & Kazanas, 2003).

Before beginning data collection, auditors should consider how the results will be reported. In fact, they can economize their effort by preparing segments of the report as they proceed. Methods of reporting include completed checklists, oral presentations to interested parties, and reports. No one method is appropriate for all situations. Auditors should select a method with the wishes of those who initially requested the audit. This person or group constitutes the primary audience, so it is only right that the report be geared to the preferences of that person or group.

Finally, during the early stages of collecting background information, auditors must assess how much cooperation they think they will get in subsequent stages. In organizations characterized by low levels of trust or high levels of competition, cooperation doesn't always come easily. Some people never indicate what they really think under any circumstances when asked about HR department strengths and weaknesses; some will do so only with the most vigorous promises of confidentiality. In such cases, HR auditors will probably have to use more than one method of data collection, build in ways to double check results, and plan on using more time than when people are more willing to speak their minds (Spognardi, 1997).

### **10- Finalizing the Audit Plan**

Auditors should complete the background research stage with a strong grasp of what issues should be examined. At this point they are ready to revise the tentative audit plan, transforming it into a final version adequate for guiding the collection and analysis of information.

The final audit plan (1) lists tasks to be performed; (2) provides estimated time frames, usually expressed in days, weeks, or months; (3) indicates which members of the team will be doing what tasks and when; and (4) helps estimate the time and resources needed to carry out the HR audit. An example of a simple audit plan is illustrated in Figure 2. Of course, software programs for project management can also be helpful for organizing this information (Hussey, 1995).

### **11- Collecting Audit Information**

Data-collection effort is the heart of any HR audit. At this point, members of the audit team accumulate information consistent with the requirements specified in the final audit plan. What kind of information is collected? The answer to this question depends on (Rothwell & Kazanas, 2003):

#### **11-1- Audit scope**

In a comprehensive HR audit, data collection centers on such issues as purpose, goals, objectives, structure, activities, and results of the HR department.

#### **11-2- Audit focus**

Will the emphasis be on comparison? How well does the HR department compare to its counterparts in the industry, its counterparts in the organization's chief competitions? Will the emphasis be on theory? How well do practices compare to state-of-the-art theories? Will the emphasis be on statistics? How well does the organization's measures of performance, satisfaction, turnover, absenteeism, and accident rates compare to historical averages compiled on an annual basis? What trends are discernible? Will the emphasis be on compliance? Is the organization acting in conformity with applicable laws, rules, and regulations? Will audit emphasis be on objectives and results? How well are people within the department achieving pre-established performance objectives? What problems account for failure to meet objectives?

#### **11-3- Stakeholder needs**

What information will satisfy those who initiated the audit?

#### **11-4- Expected applications of results**

If results will be used in strategic business planning, they will have to be presented in a form lending themselves to comparison with other types of information.

Data-collection methods include observations, interviews, focus groups, questionnaires, document reviews, and unobtrusive measures. People can be observed, for example, as they do their work. Observations are then recorded on sheets specially constructed as aids for categorizing and aggregating data. This approach to data collection is usually of limited value, however, in assessing departmental strengths and weaknesses. The

reason is that assessments of a department depend more on interactions between people and programmatic results achieved than on observable actions of individuals carrying out daily tasks.

Interviews and written surveys are probably more appropriate than observation for collecting information on broad matters of departmental strengths and weaknesses. People at different hierarchical levels with different perspectives can be sources of valuable information about what the HR department has been doing well, has not been doing well, has been doing but should not be doing, and has not been doing but should be doing. Of course, information of the same kind can also be collected through written surveys.

**Figure2: A Simple HR Audit Plan**

What task To Do?		How Long to do it?												Who does it?
		J	F	M	A	M	J	J	A	S	O	N	D*	
<b>1. Determine the formal purpose of the HR department</b>														Team members .....
<b>2. Assess</b>	a. Goals of the HR department													Team members .....
	b. Measurable objective of the HR department													
<b>3. Examine programs in the HR department-specifically</b>	a. Training													Team members .....
	b. Recruitment													
	c. Compensation													

\* Letters stand for months of the year, in chronological sequence.

Focus groups are simply group interviews. They are more appropriate than observation for collecting information on broad matters of departmental strengths and weaknesses. In fact they are more efficient than interviews because data from many people can be gathered at once. They are disadvantageous because if individuals dominate the discussion, this will skew results.

Document reviews can also yield information about HR department activities. Documents include employee handbooks, annual reports, recruitment brochures, catalogs of training courses, brochures describing company benefits, and similar publications. Prepared for broad distribution, they are usually written from the standpoint of intentions. They thus

reveal what HRP practitioners are trying to accomplish. Compare them to results during the audit process to help identify significant departures from intentions and significant accomplishments. Figure 3 illustrates basic steps in carrying out a document review by using content analysis.

Document reviews need not be limited merely to publications intended for broad distribution. In fact, informal communications between members of the HR department or between them and others in the organization can frequently be more revealing. Examples of documents include MBO plans for the department, budgets, letters, memoranda, and meeting agendas.

**Figure 3:** Steps in Carrying Out a Document Review Using Content Analysis

1	Identify key words from audit tasks. (Develop topic categories.)
2	Prepare a sheet that lists key words.
3	Go through HR documents—those prepared for broad distribution and those for limited distribution.
4	Record the frequency (i.e., number of times key words appear in the documents).
5	Draw inferences about what HRP practitioners consider important. List key words by frequency, first listing those used most often.

Auditors use content analysis (Stemler, 2001):

- ü To develop categories of topics or problems raised in the documents;
- ü To count the frequency of references to each topic;
- ü To devise a checklist from the topics, giving priority to those frequently mentioned;
- ü To investigate how many times the same problems were raised in informal communication, how many problems were apparently acted on and how many were not, and what results stemmed from auditee action and inaction.

Another way to collect data on departmental strengths and weaknesses is through unobtrusive measures, so named because the data-collection process is not readily noticeable to auditees. Observations, surveys, interviews, and document reviews are sometimes obtrusive because they involve direct interaction with people whose work is being audited. Not so with unobtrusive measures (Lee, 2000).

They include records on employee performance, satisfaction, turnover, absenteeism, and accident rates. This information comes from reviewing employee files and other documents. (Few people need to know about these file searches.) You will be able to figure out ratios and other measures of department performance and subsequently compare them with desires of top managers or to historical trends in the organization.

This approach is appropriate when the focus of the HR audit is on statistical or comparative analysis. The chief advantage is that unobtrusive measures rarely prompt

changes in the behavior of people whose work is under scrutiny, unlike more obvious ways of collecting information. The chief disadvantage is that ratios are difficult to translate into broad descriptions of departmental strengths and weaknesses. They are also limited to results rather than behaviors, programs, or intentions, and seldom furnish reasons for data. Further, the HR department bears only some of the responsibility for employee performance, satisfaction, and turnover. Using unobtrusive measures, auditors have a tough time affixing degrees of responsibility, an issue that can be examined by other data-collection methods (Rorhwell & Kazanas, 2003).

Other approaches can be used in more limited ways to collect data about strengths and weaknesses of an HR department. They include the critical incident process, the so-called “organization mirror,” and the Delphi technique. The critical incident process is a simple but powerful approach that lends itself to HR auditing, analyzing work, and assessing training needs. When applied to HR auditing for identifying HR departmental strengths and weaknesses, HR auditors interview or survey HR practitioners and line managers about important situations (“critical incidents”) in which HR department programs have especially helped or hindered organizational performance or progress toward realizing organizational strategic plans.

Critical incident data is collected from all segments of the organization. If interviews are used, time and cost constraints might limit the number of people who are asked to provide information. Auditors select a small random sample to interview from the organization as a whole different departments, divisions, strategic business units, or even a cross-section of the corporate hierarchy. If written surveys (or electronic surveys) are used for data collection, more people can be solicited for information, though what they provide is often less detailed than what can be obtained through face-to-face or telephone interviews.

Content analysis is applied to results of surveys or interviews in much the same way it is used in document reviews (Stemler, 2001). Auditors, working as a team, develop individual categories of HR department strengths/weaknesses, compare them in their team, and reach consensus on how to classify incidents. They can then count frequencies, listing HR department strengths that correspond to situations in which the department helped achieve strategic plans and weaknesses that correspond to situations in which the department hindered or did not contribute to realization of plans (Adler & Coleman, 1999).

The organizational mirror, first described by Fordyce and Weil (1971), is another approach to data gathering. It overlaps with others. It is a means for providing feedback to a group or department about how others perceive its activities or its performance. Hence, the “organization mirror” is useful because it reflects department image. When applied to the HR audit, people outside the HR department are asked such questions as the following ones:

- ü What do you think about the HR (personnel) department generally?

- Ü In what ways do you feel that the department is functioning well? What are its present strengths?
- Ü In what ways do you feel that the department could improve its usefulness? What are its present weaknesses?
- Ü How do you feel the department could help your part of the organization improve operations in line with long-term strategic plans?

Answers to these questions are then analyzed, placed in categories developed through content analysis, fed back to HRP practitioners, and used as the basis for subsequent departmental planning.

The Delphi technique lends itself not only to HR auditing but to other applications as well. To use it to assess strengths and weaknesses of the HR department, Auditors (1) prepare a written survey and send it out to a small number of people in the organization to identify/assess major strengths and weaknesses of the HR department, using an approach much like the organizational mirror; (2) receive surveys and compile responses, sending them back to original participants for prioritization; (3) rank strengths and weaknesses of the department in order of importance; and (4) feed results of the audit back to key decision-makers for use in strategic planning for HR. Though powerful, the

Delphi can be expensive to use because of the time needed for preparing surveys, circulating them, and assessing results (Rath & Stoyanoff, 1983).

Regardless of what approach is chosen for collecting data in an HR audit, don't lose sight of the purpose of the effort: identifying HR department or functional strengths and weaknesses. A conceptual model can be very helpful for this purpose. Such a model is illustrated in Figure 4 (Rothwell & Kazanas, 2003).

Any audit is essentially a comparison between condition (what is?) and norm or criteria (what should be?). Hence, for any item under investigation, auditors describe the present condition and compare it with an ideal or desired state.

Issues for investigation in a comprehensive audit can include the purpose, goals, objectives, structure, rewards, policies, programs, and tasks of the HR department. In fact, any HR issue of importance to strategists, other members of the organization, or HRP practitioners is a potential item for investigation.

The first step for auditors is to describe the condition of the item investigated, addressing the stated purpose of the HR department, its structure, its practice areas, its present reward systems, and the status of group functioning within the department and between members of the department and others in the organization.



An audit with a different scope will, of course, be directed to similar items for investigation. For instance, in an audit of the training division, focus might be on its stated purpose, activities, structure, and results.

The next step is for auditors to develop authoritative criteria or norms relative to each item under investigation. Sources of criteria include opinions of senior managers, HRP practitioners in the organization, HR experts from outside the organization, HR experts from inside the organization, academicians, published theories, and data from government or industry sources. In short, a criterion is any standard from a reliable source that suggests how the department should be functioning, and the state of affairs that should exist at present.

It is not easy to find authoritative criteria. Experts vary in their opinions about what the criteria should be. Industry practices are not always clear, and it is difficult to obtain some information—especially from competitors. Though some managers might feel surveyed to death, ratios and measures do not exist for everything. Legal requirements are sometimes vague or contradictory.

Information from MBO plans can be out of date or represent wishful thinking (Morrisey, 1976). To complicate matters further, HR auditors have to decide whether criteria should represent minimal acceptable performance or a true ideal state of affairs of what is desirable.

Given these problems, how then are authoritative criteria established? The answer to this question depends on how much involvement in the audit is accorded to higher-level decision-makers in the organization and to those whose work is examined. Perhaps the best strategy is to give auditees an opportunity to review or even establish criteria before they are used in the HR audit. The reason is that auditees are often closer to events than outside auditors, and probably have a good sense of which criteria are fair. In addition, if people agree with the criteria ahead of time, results will be more readily accepted afterward. However, if an adversarial approach is adopted, then auditors themselves or top managers whose opinions are solicited become creators and arbiters of criteria.

Once criteria have been selected and existing conditions have been described, then auditors can collect meaningful data through the methods we have discussed. Each issue on the final audit plan is examined. Condition is compared with a corresponding criterion on each issue. Discrepancies between what is (condition) and what should be (criteria) are identified and recorded on a findings sheet. (See the example in Figure 5.) Auditors use the findings sheet and other information they have collected to prepare a final audit report. They rate significant negative discrepancies between conditions and criteria. Each negative discrepancy is considered a weakness of the HR department.

Although the flowchart in Figure 4 implies that all discrepancies are negative and, thus, are weaknesses, they do not always have to be. Indeed, it is possible to note instances in

which conditions are better than criteria. Examples include cases when the HR department leads the industry, uses methods more advanced than reflected in published accounts, or far exceeds minimal requirements expressed through industry measures or national ratios. In such cases, discrepancies of this kind represent significant department strengths and should be recognized as such.

However, identifying negative discrepancies is the first step in finding solutions. The next step is to determine their causes—rarely easy to pinpoint. In fact, many factors can lead to a discrepancy: poor leadership, inappropriate structure, insufficient resources, or differing perceptions about desired results, to name just a few. Auditors need to determine cause as nearly as they can so that subsequent corrective actions will be directed at the source of problems, rather than at mere symptoms of them.

The significance of the discrepancy should also be examined. Not all problems, discrepancies, and departmental weaknesses are of equal value. Some, demand prompt attention and command high priority for corrective action; some do not. Importance varies, depending on perspective. Consider these questions:

- ü How much influence has the discrepancy historically exerted on the efficiency and effectiveness of the HR department and/or the organization?
- ü How much influence, given strategic business plans, is the discrepancy likely to exert on the department in the future and/or on the organization?
- ü How much influence, given strategic business plans, is the discrepancy likely to exert on the department in the future and/or on the organization?
- ü For instance, lack of replacement planning for key executives might not adversely impact on the organization historically. But what happens if an airplane crashes, killing the CEO and his or her chief subordinates? A discrepancy of this kind has great future significance.
- ü The last two steps in the model involve examining what corrective action will rectify a discrepancy and then anticipating what negative side effects are possible from that action. Simply stated, HR auditors should recommend what to do to improve operations of the auditee, regardless of where the auditee is assigned. It isn't enough to make a recommendation: You must anticipate results, pro and con, and suggest in advance how to minimize negative side effects that result from corrective action.
- ü A simple example should help clarify what we mean: Suppose auditors uncover a discrepancy between the amount of management training offered by the organization and the amount offered by others in the industry. From interviews, they determine that the underlying cause stems from the perception of key managers that training is a waste of time, and there is not enough appropriate talent to develop the training. The discrepancy is significant, because it affects how well managers will keep up with new approaches, prepare for future advancement, and improve their present job

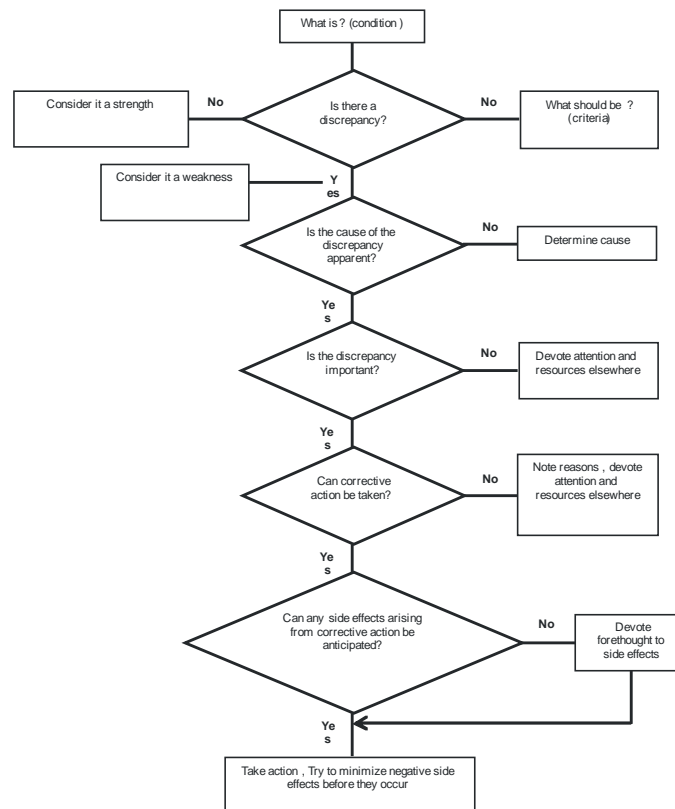
performance. Auditors might want to recommend creation of a management-training program. However, by anticipating negative side effects in advance, they can see that such a program will not be successful until key managers first perceive the importance of this training.

- ü The auditors can recommend a program of education, either overt or covert, to convince senior managers of the importance of training prior to any action to establish a formal management training program.

## 12- Compiling Audit Results

The final results of an HR audit are compiled from findings-sheets and notes made during the data-collection process. They are presented, in writing or through oral presentation, to those who requested the audit. Other interested parties also receive information. It is a good idea to summarize HR department strengths and weaknesses in a manner such as that shown in Figure 6. A short, simple list can then be used later in planning for organization, auditee, and human resources generally (Rothwell & Kazanas, 2003).

**Figure 4:** A Conceptual Model for Diagnosing HR Discrepancies



**Figure 5:** A Findings Sheet

Topic.....
Date.....
Auditor's initials.....
1. What is the condition?*( describe the present status)
2. What should be the condition? (describe criteria)
(a) Identify source(s) of criteria.
(b) Explain why the criteria are authoritative.
3. Is there a discrepancy between condition and criteria? If so, explain whether it is negative (an HR department weakness) or positive (an HR department strength).
4. (For negative discrepancy only) What is the cause of the discrepancy? (If more than one, explain.)
5. (For negative discrepancy only) What is the significance of the discrepancy?
(a) Has the discrepancy been historically significant?
(b) Is the discrepancy significant at present?
(c) Is the discrepancy likely to become more significant at some future time? Why?
6. (For negative discrepancy only) What action should be taken to rectify the discrepancy?
7. (For negative discrepancy only) What negative side effects or consequences are likely to result from actions taken to rectify the discrepancy? How can they be anticipated beforehand and their negative effects minimized?

### 13- Conclusion

Indeed HR audit is an effective tool to assess the efficiency of the current HR activities. HR audit gives opportunity to align the HR practices with the organizational strategy, identify improvement areas, and keep abreast with the current practices. It allows an organization to assess and evaluate any gaps or potential risks and increase the commitment of HR professionals towards continuous improvement.

On the whole HR audit increases the efficiency of Human Resource function, helps contribute towards the organization effectiveness, and develops professional image of the HR department. HR audit also helps in reducing HR cost and increasing motivation of the HR personnel. All the HR functions such as performance appraisal, training and development etc. are fine-tuned as a result of HR audit. Thus it goes without saying that the human resource department can transform itself to be a strategic business partner by making the HR audit a part of the audit cycle of the organization. It gives feedback about the HR functions to operating managers and HR specialists. It also provides feedback about how well managers are meeting their HR duties. In short, the audit is an overall quality control check on HR activities in a division or company and an evaluation of how these activities support the organization's strategy. HR Audit also gives feedback HR compliance with the legal provisions and company's policies. HR audit proved that HR climate has an impact on employee motivation, morale and job satisfaction.

**Figure 6:** A Summary of HR Department Strengths and Weaknesses

Chief strengths of the HR Department (list in order of importance. The greatest perceived strength should be first):

- 1.
- 2.
- 3.
- 4.
- 5.

Chief weaknesses of the HR Department (Place the greatest perceived weakness first):

- 1.
- 2.
- 3.
- 4.
- 5.

## References

- Adler, R., and Coleman. 1999. *Performance Management Profile: Example Audit of an HR Function*. Unpublished SHRM whitepaper at <http://www.shrm.org/whitepapers/documents/61123.asp>.
- Amy, L. (2010). *Improving your organization with the integrity HR audit*. Retrieved from <http://www.youtube.com/watch?v=WhWDWgy27M0>
- Berry, J. W. (1967). *Independence and conformity in subsistence-level societies*. *Journal of Personality and Social Psychology*, Vol. 7, pp. 415--418
- Byham, W. C., Riddle, S. L. (1999). *Outsourcing: a strategic tool for a more strategic HR*. *Employment Relations Today*, 26 (1), 37-55.
- Costel, M. (2004). *THE Main Parameters and Levels of Human Resource Audit*, Academia De Studii Economice Bucuresti, I.G Odegov, T.V.Niconova, Auditul Personalului, Editura, Examen, Moscova.
- Flamholtz. (1987). *Need for H.R. Top Management* Retrieved from [http://www.dragonflygroup.com/index.php?option=com\\_content&view=article&id=21&Itemid=18&lang=en&56f721d951010f6f334c9b0c71b23b90=1c447c728e59b744b7b3ddc028b20562](http://www.dragonflygroup.com/index.php?option=com_content&view=article&id=21&Itemid=18&lang=en&56f721d951010f6f334c9b0c71b23b90=1c447c728e59b744b7b3ddc028b20562).
- Fordyce, J., and R.Weil. (1971). *Managing with people*, Reading, Mass: Addison-Wesley.
- Glueck, W. (1980). *Business policy and strategic management*, 3<sup>rd</sup> edition, New York: McGraw-Hill.
- Hornstein, H., and N. Tichy. (1973). *Organization diagnosis and improvement strategies*, New York: Behavioral Science Associates.
- Hussey, D. (1995). *Human resources: A strategic audit*, *International Review of Strategic Management*, 6, pp. 157–195.
- Kaplan, R., and D. Norton. (1996). *the balanced scorecard: Translating strategy into action*, Boston: Harvard Business School.
- Kaplan, R. S., Norton, D. P. (2008). *Execution premium*, Harvard Business Press.
- Kotter, J. (1978). *Organizational dynamics: Diagnosis and intervention*, Reading, Mass: Addison-Wesley.
- Kramer, Tommy. (2006). *Human Resource Audit-Reflection Paper*, Nov4.
- Laabs, J. J. (1997). *Stay a step ahead with 5 key skills*. *Workforce*, 76 (10), 56-65.
- Lawrence, P., and J. Lorsch. (1967). *Organization and environment: Managing differentiation and integration*, Boston, Mass: Harvard Business School.
- Levinson, H. (1972). *Organizational diagnosis*, Cambridge, Mass: Harvard University Press.
- Morrissey, G. (1976). *Management by objectives and results in the public sector*, Reading, Mass: Addison-Wesley.
- Nadler, D., and M. Tushman. (1977). *A diagnostic model for organization behavior*, In J. Hackman, E. Lawler, and L. Porter (eds.), *Perspectives on behavior in organizations*, New York: McGraw-Hill.
- Pandey, Ch., Phaltankar, A. & Khare, R. (2013). *Human Resource Audit: A Human Resource Valuation Tool*, *Journal of Management Value & Ethics*, April-June.13, Vol.3, No.2, pp. 94-99.
- Rath, G., and K. Stoyanoff. (1983). *The Delphi technique*, In F. Ulschak (ed.), *Human resource development: The theory and practice of needs assessment*, Reston, Va: Reston Publishing.
- Rothschild, W. (1976). *Putting it all together: A guide to strategic thinking*, New York: Amacom.

- Rothwell, W. J. & Kazanas, H. C. (2003). *Planning & Managing Human Resources: Strategic Planning For Personnel Management*, 2<sup>nd</sup> edition, HRD Press Inc., Massachusetts.
- Shaban, O. (2012). *Auditing Human Resources as a Method to Evaluate the Efficiency of Human Resources Functions and to Control Quality Check on HR Activities*, *International Business Research*, Vol. 5, No. 3, March.
- Shiri, Sh. (2012). *Strategic Role of HR Audit in Organizational Effectiveness*, *Journal of Management & Public Policy*, Vol. 3, No. 2, June, pp. 39-45.
- Spognardi, M. A. (1997). *Conducting a human resources audit: A primer*, *Employee Relations Law Journal* 23, no. 1, pp. 105–123.
- Stahl, D. (1997). *Organizational diagnosis: A six-box model*, *Nursing Management* 28, no.4, pp. 18–20.
- Stemler, Steve (2001). "An Overview of Content Analysis". *Practical Assessment, Research & Evaluation* 7 (17). Retrieved 12 June 2013.
- Walker, J. (1980). *Human resource planning*, New York: McGraw-Hill.
- Weisbord, M. (1976). *Organizational diagnosis: Six places to look for trouble with or without a theory*, *Group and Organization Studies* 1, no.4, pp. 430–47.
- Weisbord, M. (1978). *Organizational diagnosis: A workbook of theory and practice*, Reading, Mass: Addison-Wesley.
- Yadav, R. K. & Dabhade, N. (2014). *Human Resource Planning and Audit- a Case Study of HEG Limited*, *International Letters of Social and humanistic Sciences*, May, pp. 44-62, Available online at: [www.ilshs.pl](http://www.ilshs.pl).
- Ziegenfuss, D. (2008). *The Human Resources Audit, Internal Auditor*, Published by The Institute of Internal Auditors, Inc., April.



### ***Tribute***

***Our honorable member of governing body & mother of Editor-in-Chief Dr. P. S. Bhadouria, Lt. Smt. Maya Devi left on 07/02/2014. It is big lose to our organization Gwalior management academy on her demise. We, all the members of editorial & advisory board and editorial team, give tribute to her soul for rest in peace.***



## **SOCIO-ECONOMIC CONTRIBUTION OF WOMEN ENTREPRENEURS IN HANDICRAFT INDUSTRY -A STUDY OF ODISHA-**

**Dr. Pratima Kumari Dash\***

---

### **ABSTRACT**

*Art and women are two side of the coin. It was surveyed that women are the largest population involved in craft making. Handicrafts are an important productive sector and export commodity for many developing countries and in some countries constitutes a significant part of the export economy. The changing life style and modernizations of interior decoration, the industry now attracts many investors and many exporters for get involved with the artisan society. In India, handicraft industry is a major source of income for rural communities employing over six million artisans including a large number of women and people belonging to the weaker sections of the society. However, observers of the handicrafts sector predict that the escalating number of small businesses turning to handicraft production is unlikely to decline significantly in the future. The present study entails the various problems of the artisans involved in the handicraft industry in Odisha which can be worked upon by the mutual association ship of the State and Central government and the handicrafts exporters in order to boost and promote the traditional sector.*

*Keywords: Handicrafts, women entrepreneur, overseas marketing, traditional, exporters, artisans, etc.*

---

[The purpose of this paper is to explore the economic and social characteristics of women entrepreneurs producing non-traditional tradable goods such as handicrafts. The sector has promising potential to increase non-traditional exports, at a time when women's involvement in trade is growing and Odisha is engaging in more free trade agreements. One main constraint for understanding the sector is the limited availability of statistically representative data. While some organizations and municipalities collect some data, there is practically no representative database on handicraft enterprises. This makes it difficult to study the sector systematically, and makes the case-study methodology more suitable for the research. Here a mixed methodology has been adopted, combining information from secondary published resources with in-depth qualitative interviews with a few women in Pipili who currently produce and export handicrafts.]

---

\* Asst Prof. of Tourism

## **Introduction**

As with many other handicrafts of Orissa, the roots of the appliqué art/craft form is intertwined with the rituals and traditions of Lord Jaganath, the presiding deity of the Puri temple. The appliqué items are mainly used during processions of the deities in their various ritual outings. Items like Chhati, Tarasa and Chandua are used for the purpose. However, the appliqué work in its colourful best is most prominent in the cloth cover of the three chariots of the presiding deities in which they travel every year during the RathaYatra or Car Festival.

Handicraft is one among the few non-traditional exports with large participation by women. It was found that several characteristics of the firms producing handicrafts appear to be correlated. These are: in general, small scale and micro-enterprise size firms; women participate at all the stages of the production and sales process; women take a primary role in product design, a task that can be easily integrated into women's activities, suitable to be implemented within the household; handicraft sales and exports represent a significant source of income for household survival.

Who are the women entrepreneurs that are currently exporting their handicraft products? What are the characteristics of their production activity? The women in the case studies are adult women, with long experience in handicraft. They have middle level formal education supplemented by intensive training at specialized short courses related to their activity. Their production and sales responsibilities are shared with other close family members of the household, since the handicraft micro enterprise is their main income source. These units have several market linkages with the rest of the economy, mainly with the modern sector. They are

Fully-integrated to formal markets, when buying raw materials, tools and equipments and eventually hiring temporary workers. Their participation in financial markets, however, remains limited.

Regarding the export activity, a persistent concern they have is about the high-quality of their products, which is a key for competing abroad. Their extensive experience in the specific handicraft product they produce provides them with the right technical and cost information to produce high quality products at low cost. Labour costs are minimized by their own individual dedication and the large family participation in the business. Other strategies include minimization of costs related to location, transportation, and association with other similar producers. Still they face important limitations. The most important is their limited ability to become direct exporters – at present they rely on intermediaries to access export markets. Some alternative strategies include: forming production associations to be able to supply on a larger than individual scale, participating in local and international fairs, and

becoming trained in export issues. Still, they face special training, financial and some market information limitations.

The stitching process varies from item to item and come under six broad categories, namely, (1) bakhia, (2) taropa, (3) ganthi, (4) chikana, (5) button-hole and (6) ruching. Sometimes embroidered patterns are also used and in a few items mirror work is also incorporated. The layout of various motifs and patterns vary according to the shape of the piece. The canopy has a large centre piece which may be a square. This centre piece is then bounded by several borders of different widths, one outside the other, till the edge is reached. In the umbrella and Chhati the inner field is arranged in circles, each circle having patches of one motif places side by side. Patterns are laid in the same way as the shape of the Tarasa, with a large motif or two placed at the centre. The layout for covers for horses consist of a series of concentric strips in the portion which covers the neck, each strip having patches of one motif, while the portions which fall on either side of the body are plain, having border all round with or without a motif at the centre of the plain field.

The motifs used are fairly varied yet fixed and consist of stylized representations of flora and fauna as well as a few mythical figures. Of the more common of these motifs are the elephant, parrot peacock, ducks, creepers, trees, flowers like lotus, jasmine, half-moon, the Sun and Rahu (a mythical demon who devours the sun). Just as there are a few fixed motifs only a limited number of colors are used in the traditional appliqué craft. These are green, red, blue, ochre and black. The creative urge of the craftsmen however are release in the endlessly various combination of motifs as well in the mixing of these limited colors. While there has been very little change in the use of motifs, there has been a trend towards greater experimentation in colour combinations.

Superimposition of coloured cloths on grey marketing cloth is quite common today as the use of cloth of all colors and hues. Similarly, with the changing times the craft has also adopted itself to the needs of modern man. Among the more popular appliqué items today are garden umbrellas, a variant of chhati with wooden or aluminum stands, shoulder bags, ladies hand bags, wall hangings, lamps shades, bed covers, pillow covers, letter pouches, etc. Applique items are also being used in combination with other handicrafts to produce composite products. An interesting use is the superimposition of applique on grass mats and used as partitions. Though earlier the art form was restricted to darji caste, today it is practiced by non-caste members, notably by some young Muslim boys. Unlike many other handicrafts, appliqué items are attractive artifacts of daily use apart from being decorative. They are also comparatively cheaper.

### **The Analysis of the Study**

Monthly labor income appears to be low, at mean (around Rs 500) and median values (around RS250). These differences become clear when comparing full-time hired workers

(with a mean income of RS 1000) and underemployed workers (with a mean income of Rs400). These differences may be partially explained by heterogeneity of labor and partially by the persistent inequality in income distribution, associated with other structural determinants. Other family incomes complement labour incomes of households. Recent surveys show the importance of remittances for many Odian families; in addition to that, poor families may get income from social programs currently implemented in the country. Overall, underemployment and poverty rates have remained high (around 50%), with poverty outcomes becoming double for the (mostly rural) population of the tribal and the people living in jungle. These conditions complicate possibilities for establishing businesses, even at very low scale.

A final aspect that may have a positive contribution for the current growth in Odisha is the institutional and business environment. Several regulatory bodies have been created to enforce competitive rules in the supply of key public utilities for residential and business consumers. This is also the case for other supervisory entities (e.g., the financial authority) that play an important role for enforcing financial and commercial contracts. Still, political interference and corruption problems persist, pushing overall performance down, with higher social costs implied.

### **Women in the Odisha Economy**

In order to understand the relevance of women's economic activity, this section describes women's participation as workers and income generators. The situation of women exporters is presented at the end of this section. As there is no sex-disaggregated database on trade it is just an exploratory analysis of women in trade. About 60% of working women are underemployed (compared to 35% of men), mostly working for less than the minimum legal wage, working longer than legal hours; the remaining 40% are working no more than 45 hours per week, making more than the minimum wage. As per previous study 3 out of 10 women work as an independent non-professional worker, while more than 2 are in micro enterprises, as owner- workers or as unpaid family workers. In other words, 54% of urban women work by themselves or in a very small business. The rest are workers in private small, medium or large firms (around 27%) and the public sector.

### **Women Participation in the Odishan Economic Activity – an Overview**

By 2005, women comprised around 50% of the working age population. In Pipili, around one out of two working age women joined the labor force, compared with three out of four working age men. Most women are employed working in some income generating position. Unemployed women count for less than 10% of women in the labour-force, lower than the rate for men and for rural areas. Young women, including those with no experience, are most likely to be unemployed in urban areas.

Data about occupational status show large correlations with education levels: the higher the education level, the higher the occupational status. Women with low levels of education (25% have primary and 40% secondary education) are largely working as blue-collar, domestic and unpaid family workers. On the other hand, women with high-education (30%) are mostly working as employees of private firms and in the public-sector, and as employers. These figures may imply a large overlapping between being relatively low educated and working in micro enterprises. It may explain why micro enterprises perform activities with low barriers to entry and minimum labor requirement ("divisible activities"). Most of them are in retail and small scale commercial activities (including street vendors), personal services and some manufacture activities (e.g., confections). Most women in urban areas operate in low-productivity sectors. There are persistent gender differences in earnings, whether as wages or other labor income. For the same job position, women earn a lower income than men. Gender bias in earnings persists regardless of position at the work, whether highly educated (CEOs and other professionals, for which men earn almost double women's average income) or less educated (women who are employees, blue collar workers and independent nonprofessionals make from 50% to 70% of men payment in same positions), as Mintra (2008) presented. In addition to this large gender bias and possible discrimination affecting women, there is a significant heterogeneity of women's labor insertion in urban labor markets of Odisha, associated with an unequal income distribution also observed among women. Differences in education may explain most of such heterogeneity income.

At the aggregate level, a valid question may be about the relation between women's seconomic participation and macroeconomic and trade performance. Women's economic Activity might have an effect on growth and other social variables; no definite conclusions are available. The usual hypotheses run the other way, examining business cycles, human capital and demographic transition to explain women's participation in labor and other markets. Further aggregate explanations about women largely participating intensive-labor sectors and very small scale firms, in highly divisible economic activities, are required. Potential niches for women's economic activity appear linked to divisible services, commerce and even manufacture, for local and foreign markets, wherever women's labor is demanded.

## **2. Women Entrepreneurs and Exports**

How active are women as entrepreneurs, executive officers or managers? Current available data do not offer direct answers, however some ideas may be inferred. First, an entrepreneur and being educated were correlated, women would have low probability of becoming entrepreneur, because of their average low education level. Empirical evidence shows important participation as micro-entrepreneurs and small scale-entrepreneurs throughout the country.

The main activities for women entrepreneurs are in small scale services, retail and small scale commerce, and divisible manufacture activities (including textile confections,

jewellery and alike). Based upon a sample of more than one hundred women involved with export-firms, it was (Gonzalez (2007)) found that most women work as technicians professionals, and in retail positions; around one third in the sample was involved in decision-making roles, as executive and managers. Interestingly, Gonzalez (2007) noticed that women were involved in more than one of these positions, alternating their activities and responsibilities. Women's participation is larger in managing exports in manufacturing and, services, and less in mining, fishing and agricultural industries. Women involved with manufactured exports have larger presence in specific activities such as jewellery (almost 50% in his sample), crafts, clothing confections, and textiles. Although few in number, women working with agricultural exports have large participation in exporting specific products such as flowers (one third in his sample), natural products and herbs, and dying natural products. Non-entrepreneur women working in export firms are also involved with these economic activities, mostly engaged as technicians and customer service representatives.

Having close partners (spouse, children or other close relatives) to share the business responsibility plays an important role for the producer women to succeed in their business activity. Beyond any psychological aspects, partners allow women to share business responsibilities along the different stages of the production and export process, with better control and better outcomes for the business. On the other hand, having few dependent members of the family seems to be important as well: few or no young children or relatives who are not dependents but workers may help to reinvest the net income generated by the business, fostering further growth.

### **3. Main Linkages of Production and Exports**

In the cases studied, exporting followed several years of producing for local markets. The women exporters gained expertise not only on technical issues of the production process but also the pertinent economic information about buying raw materials, tools and equipment, and selling to diverse clientele. Almost all inputs and outputs of these producers are exchanged in formal markets. Raw materials are bought from different sources depending upon its nature and the entrepreneur's concern about quality. Small and informal providers were preferred for raw materials as in old times, when the unit was not producing for exports, but are infrequent at present. Medium and large firms are instead the main providers of industrial raw materials, and women exporters trust them because of the quality of their final product. All these sales are paid in cash, and no credit cards are accepted by suppliers to these women exporters. Tools, equipment and some other minor capital are also bought mostly from large modern firms, including large department stores and importers; in some cases they made some artisans prepare special tools for specific design purposes. These sales are also paid in cash, and usually no credit or debit card payments are accepted. In general no commercial loans were used at any stage of the production process. These in-cash

transactions show poor financial deepening for women in this part of the economy. There are practically no loan applications by women exporters to commercial banks. Women's export businesses usually start as micro enterprises. Most of them are family micro enterprises, with most of the workers being the partner and close relatives and neighbors and friends may be hired seasonally. This may be a way to reduce labour costs while stressing personal relationships. In addition micro enterprises are physically located within the family house, usually with poor access to basic utilities, while located in marginal areas of the country. This may be a way to reduce production costs despite assumed large transportation costs of production.

Before exporting, most of these women sold their handicrafts to different type's of clients in Odisha and the metros of the country. Thus they learned to deal with issues related to different tastes, incomes, location and economic activity. They also learned to adapt their products to specific requirements of the clients. This may have prepared them for later stages of exports.

One interesting and constant characteristic shared among women exporters is their continuous concern for design. In interviews, they emphasized their interest in making Odisha well known abroad through distinctive product designs. Successful women exporters have taken special design courses, and are well informed about Kalingan history and heritage.

#### **4. Innovative Practices for Exporting**

Some innovative practices may be quickly identified, based upon the cases studied:

- Start exporting by diversifying the export channels :
- consignment with some institution that exports itself,
- engagement with fair-trade organizations for them to export the products,
- look for commercial stores that sell locally and abroad,
- link up with activities of public institutions.
- Become associated with some large, socially recognized association to share mostly information about technical issues and markets. Ministry of Khadi and Village Industry and Handloom and Textile Industry taking the responsibility & upgrading the craft mans.
- Intense participation in fairs, locally and abroad, despite their implied costs. Financial constraints may limit these strategies because of costs associated in terms of merchandise transportation and handling, in addition to travel and lodging expenses. Still participating in trade fairs helps producers get new contacts, new clients, and eventually new contracts. In the meantime, costs have to be assumed, sometimes at the expenses of their own savings or foregone sale revenues.



- Women producers have been very risk averse about getting involved in financial markets as borrowers. They do not apply for loans from commercial banks for working capital. Instead, they prefer to work with sales income and rarely with small short-term loans from a relative. However they accept cash as well as credit and debit cards and even electronic bank transfers to be paid for their products. In short they trust the financial markets when they are in control of their assets.
- Women exporters of handicraft products continue operating at a low scale, as micro enterprises or small enterprises, even when they have been exporting continuously. This may be explained partially by low revenues, or by a strategy of low reinvestment after covering family survival expenses.
- Imitation raises a double problem: first the copying, and second, the bad imitation. Exporters do not know how to control these problems, while recognizing the negative effects in their market.

#### **5. Potential Challenges for Exporters under Trade Liberalization – issues and strategies**

The research tried to identify key concerns, expectations and ideas of women craft exporters with respect to exporting and ensuring continuous income for their family survival.

One key concern is about the possibility to export directly, in order to reduce intermediary costs and improve the gains from trade. Strategies like well-organized fairs, locally and abroad, may help. Thus, the women exporters look for technical and professional support, information about market demand, ways to lower participation costs, transaction costs and appropriate marketing support.

Public sector policies could help to reduce costs and make them more competitive by providing better access to public utilities (water, electricity and gas) that are currently scarce in their location in marginal Lima areas. Also bad roads increase their transaction costs since the producers are directly responsible for transporting merchandise to the location of those directly exporting. Additional risks for robbery may be also reduced with better transportation and security infrastructure.

Another constraint that women handicraft exporters experience is related to their ability to get better deals with foreigner buyers. This implies technical assistance on organizational and negotiation skills. Other business oriented policies may include specific techniques for increasing productivity in their production process, and sharing the expert experience. Agreements with universities and other institutions, including from abroad, can introduce producers to good practices with lower costs.

Additional constraints are those from financial markets. The largest regulated commercial banks have just recently started to do business with them. Lack of information is a barrier.

Other problems indicated by the women in the study included problems with the current drop in the exchange rate, intellectual property concerns and bad imitation. The producers expressed their desire for local government support to establish special areas for craft producers – this would help reduce costs while complementing their production and sales.

**Table 1: Annual Income of the respondents**

Religion	Stone Carving		Pattachitra		Filigree		Applique		Others		Total	
5,001 and below	8	13.33	6	15.00	3	10.00	14	28.00	5	25.00	36	18.00
5001-10,000	12	20.00	8	20.00	6	20.00	20	40.00	2	10.00	48	24.00
10,001-15,000	10	16.66	7	17.5	8	26.66	4	8.00	8	40.00	37	18.5
15,000-20,000	25	41.66	6	15.00	11	36.66	2	4.00	5	25.00	49	24.5
20,001 and above	5	8.33	13	32.5	2	6.66	10	20.00	nil	nil	30	15.00
<b>Total</b>	<b>60</b>		<b>40</b>		<b>30</b>		<b>30</b>		<b>20</b>		<b>200</b>	<b>100.00</b>

**Table 2: Number of dependents of the respondents**

Religion	Stone Carving		Pattachitra		Filigree		Applique		Others		Total	
3 and below	14	23.33	9	22.5	10	33.33	8	16.00	5	25.00	46	23.00
4-6	33	55.00	18	45.00	14	46.66	25	50.00	10	50.00	100	50.00
7-9	13	21.66	13	32.5	6	20.00	17	17.00	5	25.00	54	27.00
<b>Total</b>	<b>60</b>		<b>40</b>		<b>30</b>		<b>50</b>		<b>20</b>		<b>200</b>	

**Table 3: Size of Human Resources (Employment Pattern)**

size of Human Resources	Stone Carving		Pattachitra		Filigree		Applique		Others		Total	
Family Members	250	71.42	300	85.71	250	45.45	160	80.00	300	85.71	1260	70.00
Hired Workers	100	28.57	50	14.28	300	54.54	40	20.00	50	14.28	540	30.00
<b>Total</b>	<b>350</b>		<b>350</b>		<b>550</b>		<b>200</b>		<b>350</b>		<b>1800</b>	

**Table 4: Marketing Problems**

Particulars of Marketing Problems	Stone Carving		Pattachitra		Filigree		Applique		Others		Total	
Rapid changes in consumer preferences and tastes	23	38.33	10	25.00	6	20.00	25	50.00	10	50.00	74	37.00
Inadequate advantage and publicity	21	35.00	20	50.00	12	40.00	15	30.00	5	25.00	73	36.50
Un-remunerative pricing	12	20.00	5	12.50	8	26.66	5	10.00	5	25.00	35	17.50
Exploitation by middlemen	4	6.66	5	12.50	4	13.33	5	10.00	Nil	Nil	18	9.00
<b>Total</b>	<b>60</b>	<b>100</b>	<b>40</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>20</b>		<b>200</b>	<b>100</b>

**Table-1 Foreign Tourist Arrival in India**

<b>Sl no</b>	<b>Year</b>	<b>FTA in India in millions</b>	<b>Percentage over the previous year</b>
1	1997	2.32	3.8
2	1998	2.36	-0.7
3	1999	2.48	5.2
4	2000	2.65	6.7
5	2001	2.54	-4.3
6	2002	2.38	-6.0
7	2003	2.73	14.3
8	2004	3.46	26.8
9	2005	3.92	13.3
10	2006	4.45	13.5
11	2007	5.08	14.3
12	2008	5.28	4.0
13	2009	5.17	-2.2
14	2010	5.78	11.8
15	2011	6.29	8.9
16	2012(Till june)	3.24	7.4

**TABLE—2 Foreign Exchange Earning (FEE) in Rs. Crore from Tourism in India**

Sl.no	year	FEE from tourism	Percentage change over the previous year
1	1997	10511	4.6
2	1998	12150	15.6
3	1999	12951	6.6
4	2000	15626	20.7
5	2001	15083	-3.5
6	2002	15064	-0.1
7	2003	20729	37.6
8	2004	27944	34.8
9	2005	33123	18.5
10	2006	39025	17.8
11	2007	44360	13.7
12	2008	51294	15.6
13	2009	53700	4.7
14	2010	64889	20.8
15	2011	77591	19.6
16	2012	43760	24.4

## References :

1. UNWTO World Tourism Barometer June 2008. 6. World Tourism Organization. June 2008.
2. "UNWTO technical manual: Collection of Tourism Expenditure Statistics" (PDF). World Tourism Organization. 1995.p. 14.
3. "UNWTO World Tourism Barometer June 2009". UNWTO World Tourism Barometer (World Tourism Organization) 7 (2). June 2009.
4. UNWTO World Tourism Barometer January 2010. 8. World Tourism Organization. January
5. Theobald, William F. (1998). *Global Tourism* (2nd ed.). Oxford [England]: Butterworth–Heinemann. pp. 6–7. ISBN 0750640227.
6. Hunziker, W; Krapf, K (1942) (in German). *Grundriß Der AllgemeinenFremdenverkehrslehre*. Zurich: Polygr. Verl. OCLC 180109383.
7. *Statistiucal bulletins of DoT Govtt. Of Odisha*
8. *Departmental records of Dept. of Handicraft, Govt. of Odisha.*
9. Batra, G.S., *Marketing of Tourism – Global Prespective*, Deep & Deep Publications, New Delhi, 1995.
10. Bryden, John, M. *ND Developmetn, ambridgeUniveristy Press.*
11. Burkart A.J. "The Management of Tourism", London Heinemann, 1975.
12. Burkart, A.J., and Medlik, S., *Tourism: Paast, Present and Furture*, London, Heinemann.
13. Carson L. Jenkins, *Tourism in Third World Development, Factor Fiction*, Deep and Deep Publications Pvt. Ltd., New Delhi, 2001.
14. Christopher J Holoway, "The business of Tourism" , Butterworth Heinemann, 1944.
15. Clare A Gunn, "Tourism Planning' (Fourth Edition), John Wiley, 2002.
16. Coleman, S and Crang M, "Tourism: Between Place and Performance", Berghahn Books.
17. Collier, Allan, *Principles of Tourism*, Pitman New Zealand.
18. Cooper, C, "Tourism product life cycle", Wiley, 1994.
19. Crampon, L.T., *The Development of Tourism*, University of Colorado Press.
20. Dhas, R.K., *Temples of Tamil Nadu*, Visaka Press, Mumbai, 1991.
21. Donald E Hawking, "Tourism Planning and Development", George Washington University, 1980.
22. Dwivedi, R.S., *Research Methods in Behavioral Sciences*, Macmillan Indian Ltd., New Delhi, 1997.
23. Forster Douglas, *Travel and Tourism Management*, Macmillan, London, 1985.
24. McIntosh RW, "Tourism Principles, Practices and Philosophies" Ohio, Grid, 1977.

## INDIVIDUALS IN THE ERA OF ECONOMIC TURMOIL

Dr VK Arora<sup>\*</sup>

---

### ABSTRACT

*We as human beings interact with others our family members, friends, colleagues, acquaintances and even strangers. Sometimes we also interact with ourselves. Human brain controls the expressions and feelings which can be analyzed through his/her face perception, attitude and behavior. Brain Processing is a psychological factor which broadly fallouts our personality into five means; stable, towards depression, depressed, recovery or happiness. Let's bifurcate the affecting attributes (which imputes vital role in the brain processing) into two i.e. Non-economic and Economic (as factors). Non-economic factors are Education, Knowledge, Prestige, Relationship, Family, Health and/or Unique desires whereas Economic factors are the conditions whether the economy is Stable, Booming or in Downfall.*

*It has been endeavored to identify several reasons responsible for a country's economic downfall. Elaborations are made on two parts one as Country Face (sequel of Government's responsibility) and the other one as Human Face (sequel of Individual's responsibility).*

*Furthermore a Ten Points' Model has been suggested for individuals as a remedy for economic recovery. Following those we eventually can move towards happiness from a kind of depression and also for a healthy and wealthy society and thereby the country.*

**Keywords** – *Individual's Psychology, Economic Downfall, Ten Points Model, Economic Recovery, Social Change*

---

### 1. Introduction

Human beings interact with one another, may be a family member, friend, colleague, acquaintance and/or stranger. At times we also interact with ourselves. The face of a human being is controlled by the brain behind it which impasses the signals (mind) of expressions and feelings. Seeing one's face we get a perception regarding the attitude, behavior and personality of that person. Brain Processing is a psychological factor which transforms our personality through various ways.

---

<sup>\*</sup> Professor, Management Studies, ITS Mohan Nagar Ghaziabad, Email: [arora\\_vk@yahoo.com](mailto:arora_vk@yahoo.com) | Mobile: 0 9811593059, Residence: E-10 Sector 72 Noida – 201307.

There are many factors which influence our psychology. Let us divide these factors into two. One is 'Non-economic factors' and other as 'Economical factors'. Non-economic factors are related with Education, Knowledge, Prestige, Relationship, Family, Health and/or Unique desires. Economic factors are related with the economic condition of the Individuals or his family. This condition very much depends upon the Country's overall economy; whether it is Stable or in Boom or falling down. Economic factors play a vital role in the brain processing of a human being inducing his or her personality.

Country's economy depends upon many attributes in which World's economic condition, Government Policies, Corruption Level, Law & order, Infrastructure, Resource Utilization, Education & Skill level, Innovations, work system & environment are important ones. The prime responsibility with these factors lies with the Government of respective country. Along with which a latent energy (influence) can be put on from the citizens of that country as Individuals. Both these set of responsibilities at macro and micro lever are very much intertwined.

This paper emphasizes to the individual's responsibility as a remedy to the nation's economy downfall. Paper suggests a ten points' model (for individuals) as a challenge ahead for economy recovery, following which we ignite a kind of parallel effort for economic reform. For a social change it meshes significant role for individuals to move from a kind of depression towards happiness. This will give a healthy and wealth society (with stability) and thereby sound country conditions.

## **2. Brain Processing and Face Perception**

Human Face refers to the face are of a human being from forehead to chin and ear to ear. But when we talk about the expressions on that face, it has strong correlation with the perception which one carries. 'Let's see his face after getting the news' refers that face expressions have strong connectivity with perceptions.

In general, face perception implies to an individual's understanding, particularly the human face, especially in relation to the associated information processing in the brain. Face perceptions are very complex as the recognition of facial expressions involves extensive and diverse areas in the brain. No doubt psychology plays very crucial role. The result of brain processing is a psychological phenomenon which broadly classifies as a) Stable b) Towards Depression c) Depressed d) Recovery and e) Happiness. There are several factors together responsible for such brain processing and results. Let's categorize these factors into two categories i.e. Economic and Non-economic.



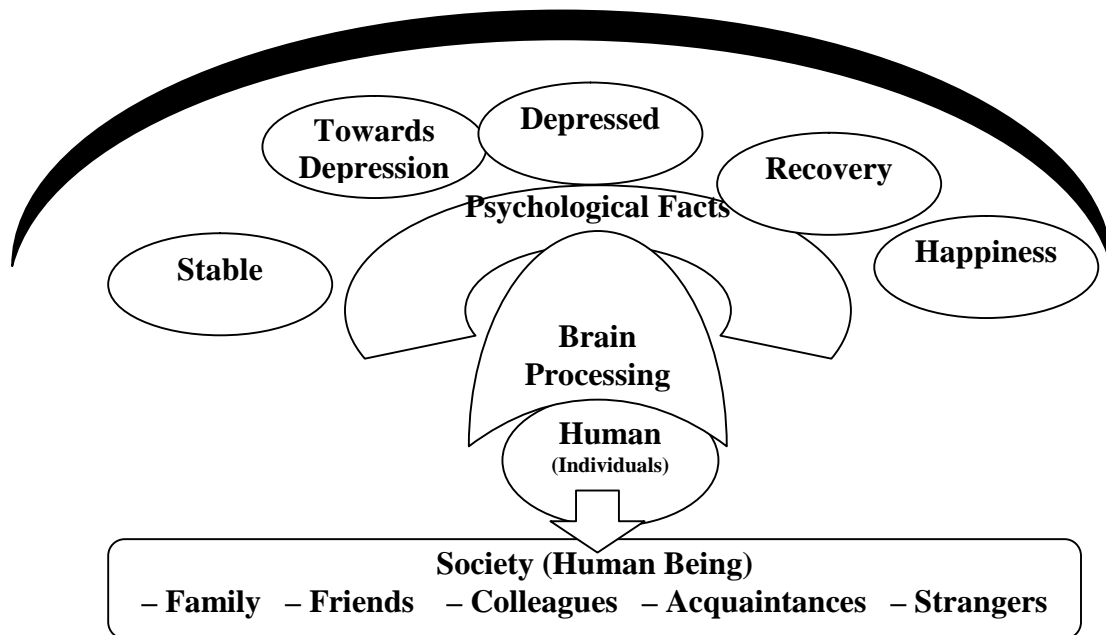


Figure 1: Factors in Brain Processing

The Non-economic factors responsible in the contribution of brain processing thoughts are generally because of education level, knowledge, prestige issues, relationships, family, health and sometimes unique desires. How much these factors affect one's psychology and processing very much depends upon the age and stage of the human beings.

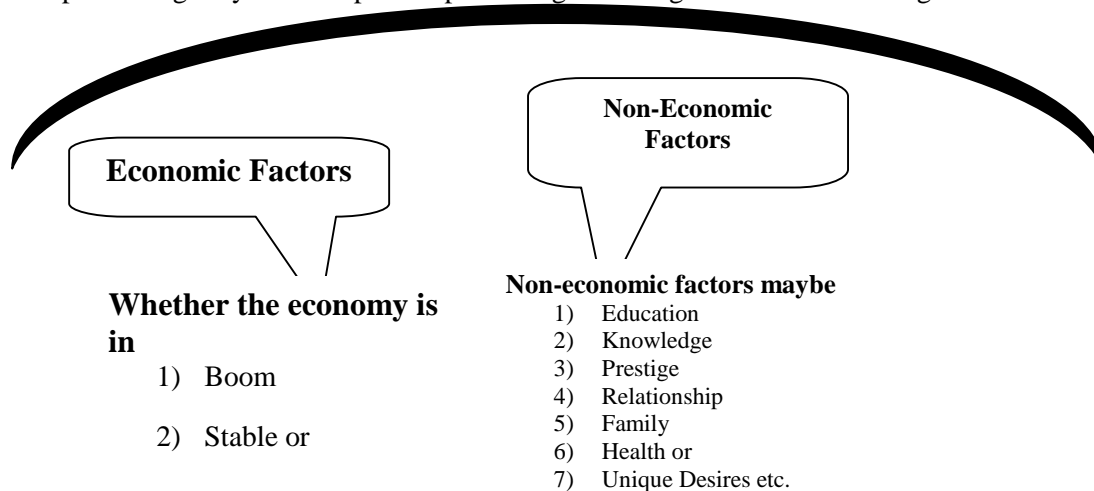


Figure 2: Factors affecting Human Psychology

As shown in the figure 2, another important factor is the Economic condition; whether the economic condition of Individual is good or bad. In other words we can say that the economic condition means the Gap between their earning and expenditures. Gap is positive or negative affect the psychology of leading person(s) of a family. If the process is continued for a longer period then through the diffusion of under thinking process it impacts to all the members of that family. This kind of flow in depression is not at all good for any family as a unit of our society.

In mass we know that the individual economic condition very much depends upon the economic condition of the region and/ or country. Going ahead when we talk about the economic condition of any country we can broadly segregate it in three categories say, it is in either Booming or Stable or in Downfall stage.

Both the factors (economic and non-economic) are equally responsible in affecting the Human Psychology in today's and upcoming time.

### **3. Economic Downfall at Macro level**

The biggest picture of economic is Global Economy or World Economy. After Globalization, the global economies impact the economic status of individual countries. Apart from this there are many other internal reasons as given below. Economy of a country is booming means it's augmenting and at healthy side. And opposition to that when the economy of any country is in downfall means it's crucial and a matter of concern for the leaders of that country. There are methods to evaluate the economy of a country through various instruments.

#### **3.1 Worldwide Economy**

Global economy refers to the economies of the entire world's countries. This can also be perceived as the economy of the global regions or global societies. Now global regions are the superset of that country and similarly global society is the superset of the societies where we dwell. It can also be computed using various methods or ways. When we say that there is a crisis in the world economy, means there is a depression better known as recession.

While moving through the booming economy, as a cycle there has to come a recession and how long it is going to stay majorly depends upon the size of bubble which has bust after booming session. Whenever it bursts the ripple factor distresses the economy of all the countries of the world. For the singular country's point of view the core solution is of becoming self-reliant country (which is very difficult in the global scenario). What and how much we are importing and exporting in the global market should have an eye.

#### **3.2 Government Policies & Support**

Government makes policies to combat such economic crisis through various techniques. The instruments used are in financial side, manufacturing side and governance

side. Government has various ministries, authorities and institutions to support and control the required policies. Now again the impact of these policies depends upon the strategies Government plans to stick with, on which policies are drawn. The Control and feedback mechanisms are too important in such cases. Some plan for independent governance on this governance (government) may work.

### **3.3 Corruption Level**

It is definitely a termite which can erode the domino effect of government policies any time. Before we find a solution to it we need to comprehend the concept of ethical flow in our societies as a whole. In the developing countries the ethical practices flow from Top to Bottom; and therefore ultimately the solution to the corruption very much depends upon the Will of the Country Head. Corruption of any kind is dangerous for societal growth. It affects other major reasons also of economic crisis such as law & order, infrastructure development, resource utilization, learning and working environment.

### **3.4 Law and Order**

Red-tapism, threats and safety are very significant issues with the people and organizations in progress. Individual entrepreneurs to business giants all want a safe and secure environment in the work platform where law and order play very substantial role. This is also very interesting to ponder that it is the counter part of the political benefits. It is very much seen that as an instrument (tool) it is used to take political advantages and stability by the regional and/or center government.

### **3.5 Infrastructure**

Industrial Corridors, rails, roads, logistics providers, trailers, coaches, containers, power, water, safety instruments, sea and airports, procurement methods etc. are the elements in shaping a country's economy. As discussed above it highly depends upon the strategies and policies drawn and implemented by the Government of that country. Regular check and control is highly appreciated to avoid kickbacks in this sector.

### **3.6 Resource Utilization**

When we discuss about the resource utilization the objective(s) which comes to our mind is interlinked with economic system. Apart from this the social and environmental systems are also important to enunciate longer and stable economic advantages. The process of resource utilization should not limit itself for development rather it should be for Sustainable Development. Very soon probably we will be talking of the Universal environment as we are making ourselves ready to extract the resources of other planets and asteroids. For longer term stability and sustainability is underlying.

### **3.7 Education Environment**

To understand the educational environment we need to answer few questions as stated below.

What all the education and degrees are available for the citizens? Who all are providing this education and what are the motives and interests of these education providers? What is the quality of the education and skill sets given to the participants? Whether (after education) they are employable or not, and if not what are they doing? If they are employed what exactly they are doing, is this the optimal utilization of the personnel. We also have to mend that the center controlling bodies are honest, efficient and intelligent enough to handle the issues.

### **3.8 Skilled Workers**

Skilled workers are the workers having skill of any professional ability. It matters a lot that in the population of any country how many people are skilled. That way we ensure the optimum utilization of human resource. Higher skilled population can become an asset to any country's economy. Adequate number of training programs in acquiring different skill sets to the citizen is the inner strength of the Economy. Adverse population with no skills or unemployment is no doubt a problem.

### **3.9 Innovation Index**

In the economic development and stability of any nation the role of small and medium enterprises cannot be neglected. Entrepreneurial environment and culture are like a catalyst in the situations of economic turmoil. Both product and process innovation are essential. It changes the complete thinking. Thinking process to remain focused and putting energy in the right direction is the key. How many creativities we can convert into innovations and how we can defuse the same for the best commercial utilizations is the key remedy for the downfall. High Innovation index of a country shows the futuristic economic safety.

### **3.10 Work System & Environment**

The work environment is the biggest motivating factor for the best outcomes. Whether it is conducive or not implies directly with the profit of the organization. It highly depends upon the pedagogy an organization follows but with the help of knowledge and information management one can deal with it very well. Honesty and transparency are the main components. What we need to be careful about is the yes-man politics and management. It harms the organization and the working environment in many seen and unseen ways.

Downfall in the economy of any region or country arises due to any of the reasons like unstable world economy, Poor/ routine Government Policies, High level of corruption, Uncontrollable law & order, Time taking & pathetic infrastructure, Lack of resources

utilization with sustainability, tragic education environment in mass, Unskilled Workers in mass, No/less innovation practices and/or conservative work system & environment.

#### 4. Solution of Turmoil at Micro Level

In the previous section we have seen the problems at the macro level. The solution of the problem of economic downfall is looked after by the higher ups and authorities mainly Government. The steps taken by the Government have little interference with the public in large. Question here arises that apart from those remedies (taken up by the Government) what steps can be taken by citizens/ countrymen or individuals for building a stronger economy. Whether we can contribute to the transformation or not? And if yes; how we can?

Each individual is the unit of a larger community or society. Family members, neighbors, town, area village, district, state (region), country and the world form a larger community in the life of every human being. At the same time we must learn that full human potential cannot be reached if individuality is suppressed by the society or leaders. It is the responsibility of the individuals to watch over the authorities and making sure that the objectives and results are beneficial for all.

First of all let's understand the linkage of responsibilities (both government and individuals) in figure 3 and then we can move forward to find out the steps that might be taken by the individuals.

##### 4.1 Interlinked Responsibilities

Both the Government (at macro level) and individual citizens (at micro level) can help for economic change especially at the time of downfall. Government responsibilities majorly lie with the policy planning, implementation and control for smooth functioning, which ultimately reflects the Country Face and becomes a model for other countries.

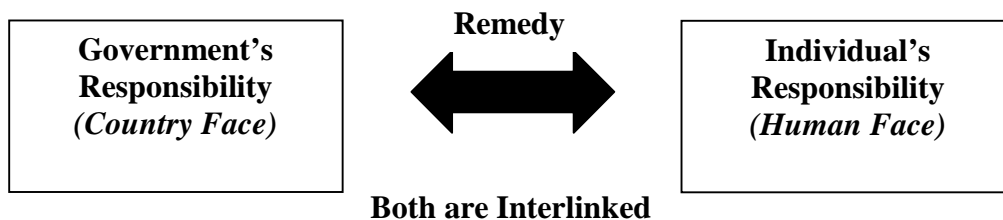


Figure 3: Interlinked Responsibilities

On the other hand we have individuals like us. We are the only active component in the system. We also have a superb role in the revolution and social change for social benefits. The most important concept is this, that as we and our belongings are the function of Government policies and system like-wise Government is also a function of our

understanding of responsibilities and duties. This is perhaps a responsible citizen and thereby a responsible organization or society. Proper adherence of Individual responsibilities uplifts the human faces and becomes role model for others following a unique and iterative culture in the society.

#### 4.2 Challenges ahead for Individuals (Ten Points Model)

The model presented here (as shown in the figure 4) suggests Ten Points, which will strengthen the psychology and confidence of the human beings as individuals against economic crisis.

Trust yourself is the focal mantra one must recognize even at the time of depression. Yes we can change it is the key. Like the vision of a project it actually works as a motive. In the next step one has to take his work (whatsoever) as a soul mate and try to develop (being a part of the system) intrapreneur-oriented environment where innovations are the assets and reason to develop ourselves.

Our duties towards others in developing their skill sets i.e. imparting knowledge (as an entrepreneurial culture) along with our learning from learned people (guru) is the edge and gives us the surety of being successful. For releasing and relaxing our body and mind, we can go for physical exercises and even meditation. This really helps us in maintaining ourselves.

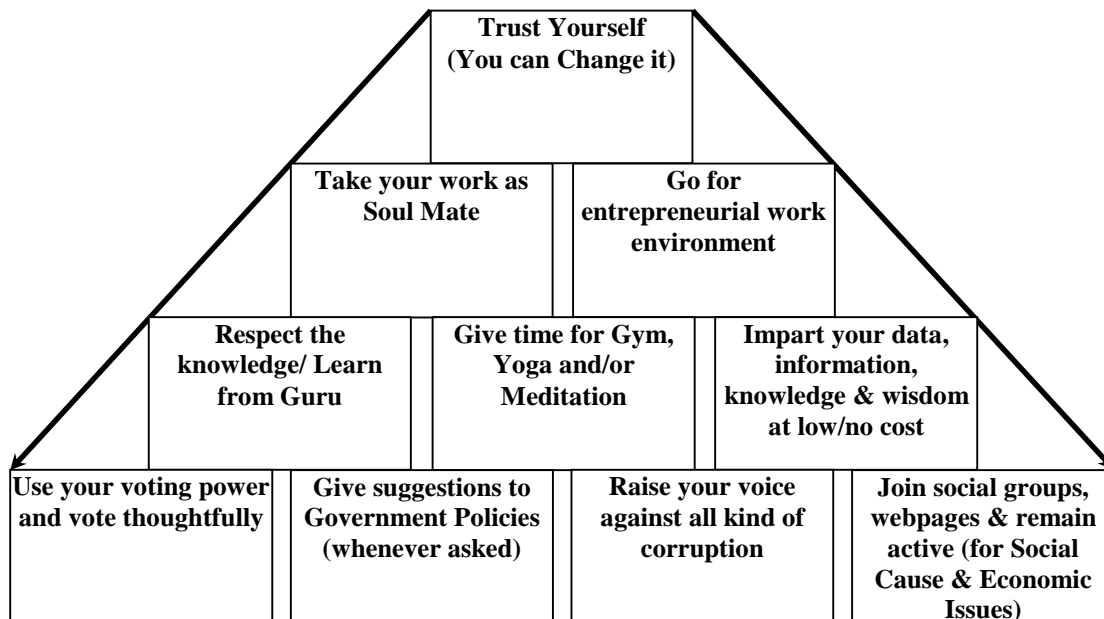


Figure 4: Ten Points Model

After working for ourselves and nearby we need to float the culture in the society/community and for which we must join social groups, societies and web pages. And not only joining remaining active is the concerns. Raising voice against any kind of corruption is what we must do. At the same time it also comes in our domain to always use our voting power and vote for the best suitable candidate and/or political party through our own thought process. During the political tenure of any party we should remain active in suggesting authorities including Government for sharing of data, information and suggestions.

## 5. Conclusion

In the article we have tried to understand the functionalities coming to the realm of Government and Individuals. Because of whatsoever reason if the Government is not yielding a desired impact (in the accentuation of Economic stability and growth) we need to come forward with desired skill sets to hold the responsibility.

It will change the depression among us, our known ones and even the unknown. And ultimately give shape in the recovery process for rendering happiness to a group and finally creating a Healthy and Wealthy Society. Country face which is very much interlinked with the human face has to give a motivational kick in the world playground of economy.

## 6. References :

- Arora, V. K. (2013). *Beehive Entrepreneurship for Social Causes*. ZIJMR (Zenith International Journal of Multidisciplinary Research), 98-104.
- Arora, V.K. (2012). *Essentials for Entrepreneurship Development*. Globsyn Management Journal, 51-59.
- Herrman H, Saxena S, Moodie R. (2005) *Promoting mental health: concepts, emerging evidence, practice*. Geneva, World Health Organization. ([http://www.who.int/mental\\_health/evidence/en](http://www.who.int/mental_health/evidence/en), accessed 10 December 2010).
- Bruce, V. and Young, A. (2000) *In the Eye of the Beholder: The Science of Face Perception*. Oxford: Oxford University Press.
- *Impact of economic crises on mental health* ([http://www.euro.who.int/\\_data/assets/pdf\\_file/0008/134999/e94837.pdf](http://www.euro.who.int/_data/assets/pdf_file/0008/134999/e94837.pdf))
- *Chairman Ben Bernanke Lecture Series Part I* (<http://www.ustream.tv/recorded/21242022>) recorded live on March 20, 2012 10:35am MST at a class at George Washington University.
- *Wikipedia Web links*  
[http://en.wikipedia.org/wiki/Face\\_perception](http://en.wikipedia.org/wiki/Face_perception)  
[http://en.wikipedia.org/w/index.php?title=Special:Book&bookcmd=download&collection\\_id=37c5e382476f9bc5&writer=rl&return\\_to=Book%3AGreat+Depression](http://en.wikipedia.org/w/index.php?title=Special:Book&bookcmd=download&collection_id=37c5e382476f9bc5&writer=rl&return_to=Book%3AGreat+Depression).

## THE CHALLENGE OF ENDING RURAL POVERTY IN INDIA BY 2015

R. Lilambeswara Singh\* and P. Venkata Rao\*\*

---

### ABSTRACT

*Today 1.2 billion people live in 'extreme' poverty. The great majorities 75% work and live in rural areas. India is home to 22 percent of the worlds poor. Such a high incidence of poverty is a matter of concern in view of the fact that poverty eradication has been one of the major objectives of the development planning process. The objective of the study to examine the estimates of incidence of poverty in India and to discuss the details of the major rural poverty alleviation programmes in India. The present study is based on secondary data. Eradication of poverty in India is generally only considered to be a long-term goal. Increasing stress on education, reservation of seats in government jobs and the increasing empowerment of women and the economically weaker sections of society, are also expected to contribute to the alleviation of poverty. It is incorrect to say that all poverty reduction programmes have failed. In conclusion of this study there are no shortcuts or quick fixes to poverty reduction. There must be change in the access of the poor, especially women, to material factors such as land, water, infrastructure, technology and knowledge; and their participation in institutions and alliances is essential. It is necessary for board partnerships to be mobilized. It is the poor who need to be given power and voice to be able to setup institutional frameworks that will work best for them in poverty reduction.*

**Key words:** Poverty; development; extreme; empowerment; technology.

---

### Introduction

**Today 1.2 billion people live in 'extreme' poverty.** The great majorities 75% work and live in rural areas. Despite rural urban migration and increases in urban poverty, the percentage of the poor living in rural areas will stay high. Even by 2020 60% of the poor will be rural; the percentage is expected to drop 10 points by 2050. International fund for agricultural development (IFAD) response in its rural poverty report 2001: the challenge of ending rural set poverty by 2015 and reaching other development goals as out in the millennium declaration are to focus on rural poverty reduction, to reverse the decline in the flow of resources to the rural and agricultural areas and to ensure that the institutions in the rural areas are developed to increase the capabilities of the poor to help themselves (IFAD 2001).

---

\* Research Scholar, Dept. Of. Commerce, Sri Venkateswara University, Tirupati.A.P.

\*\* Professor & Dean, Dept. Of Commerce, Vikramasimhapuri University, Nellore.A.P.



India is home to 22 percent of the worlds poor. Such a high incidence of poverty is a matter of concern in view of the fact that poverty eradication has been one of the major objectives of the development planning process. Indeed, poverty is a global issue its eradication is considered integral to humanity's quest for sustainable development. Reduction of poverty in India is, therefore, vital for the attainment of international goals (tenth five year plan 2002-07).

### **Literature on poverty in India**

Economics literature in the last few decades has been concerned much with the problem of poverty, which has been considered one of the most serious problems associated with modern economic development (Dreze, Jean et al. 1995) the conventional studies of measurement of absolute poverty have defined poverty as the lack of income to meet the minimum requirements for subsistence (Henry 1991). The conventional studies of measurement of absolute poverty have defined poverty as the lack of income to meet the minimum requirements for subsistence (Henry et al. 1991) there have been various attempts to measure the extent of absolute poverty in India on the basis of the concept of poverty line, e.g., studies of Bardhan, Minhas, Dandekar and Ruth, Ojha, Ahluwalia, Vaidyanathan, Bhatt, Jain Tendulkar and planning commission. All these studies have defined poverty on the basis of the cost of minimum diet to maintain nutritional level of subsistence and used NSSO data to measure per capita consumption expenditure of the poor families. The planning commission has defined the poverty line on the basis of nutritional requirements of 2,400 calories per person per day for rural areas and 2,100 calories per person per day for urban areas. On the basis of this requirement, the poverty line turns out to be a monthly income of Rs.228 and Rs.264 for rural areas and urban areas respectively at 1992-1993 prices (EPW research foundation, 1993). According to Planning Commission, percentage of the poor below poverty line according to the above norms was 26 in 1999. However, if we accept the relevant international norm (income per person of 1 dollar a day), the percentage of poor in India is that year was about 52.5(world development report, 1999). Moreover, the head count index as given by the above measures fails to take into account the income shortfall of the poor from the poverty line. One of the ways to overcome this problem is to use the poverty gap (PG) index, which takes into consideration the difference of the per capita consumption from the poverty line. A more comprehensive measure is the squared poverty gap (SPG) index (ninth five year plan document). It has been emphasized by many that measurement of poverty should be linked with capabilities and entitlements (Tendulkar 1995).

Rural poverty has mainly been attributed to pattern of landownership, caste system, pattern of agricultural growth leading to asset transfer from smaller to larger farmers, subsidization of non-labour inputs, anti-poor agricultural strategy of the plans (Parthasarathy 1994), privatization of common property resources like, village grazing by the government etc.(Bhattacharya 1991). Theoretical measures suggested for removal of poverty in India

include, productivity improvement, technology up gradation and creation of new demand, acceleration the rate of agricultural growth development, accelerated social development women's access to productive resources, organizing the poor (Misra 2005).

### **Objectives**

1. To examine the estimates of incidence of poverty in India.
2. To discuss the details of the major rural poverty alleviation programmes in India.

### **Methodology**

The present study is based on secondary data. The required data were collected from various sources, i.e. draft of the five year plan, national sample survey organization, various annual economic surveys and other official records.

### **Historical trends**

The proportion of India's population below the poverty line has fluctuated widely in the past, but the overall trend has been downward. However, there have been roughly three periods of trends in income poverty. 1950 to mid-1970s: income poverty reduction shows no discernible trend. In 1951, 47% of India's rural population was below the poverty line.

The proportion went up to 64% in 1954-1955; it came down to 45% in 1960-1961 but in 1977-1978 and 1986-87, with rural income poverty declined from 51% to 39%. It went down further to 34% by 1989-90. Urban income poverty went down from 41% in 1977-78 to 34% in 1986-87, and further to 33% in 1989-90. After 1991: this post economic reform period evidenced both setbacks and progress. Rural income poverty increased from 34% in 1989-90 to 43% in 1992 and then fell to 37% in 1993-94. Urban income poverty went up from 33.4% in 1989-90 to 33.7% in 1992 and declined to 32% in 1993-1994 also, NSSO data for 1994-95 to 1998 shows little or no poverty reduction, so that the evidence till 1999-2000 was that poverty particularly rural poverty had increased post reform. However, the official estimate of poverty for 1999-2000 was 26.1%, a dramatic decline that led to much debate and analysis. This was because for this year the NSSO had adopted a new survey methodology that led to both higher estimated mean consumption and also an estimated distribution that was more equal than in past NSS surveys. The latest NSSO survey for 2004-05 is fully comparable to the surveys before 1999-2000 and shows poverty at 28.3% in rural areas, 25.7% in urban areas and 27.5% for the country as a whole, using uniform recall period consumption.

The corresponding figures using the mixed recall period consumption method was 21.8%, 21.7% and 21.8% respectively. Thus, poverty has declined after 1998, although it is still being debated whether there was any significant poverty reduction between 1989-90 and 1999-2000. The latest NSS survey was so designed as to also give estimates roughly, but not fully, comparable to the 1999-2000 survey. These suggest that most of the decline in rural

poverty over the period during 1993-94 to 2004-05 actually occurred after 1999-00(sasudhir vaidya 2009). The following table shows the overall poverty in India over various years given by tenth five year plan.

Table-1. Poverty scenario India

Year	Poverty rate(per cent)		
	Rural	Urban	combined
1973-1974	56.4	49.0	54.9
1977-1978	53.1	45.2	51.3
1983	45.7	40.8	44.5
1987-1988	39.1	38.2	38.9
1993-1994	37.3	32.4	36.0
1999-2000	27.1	23.6	26.1
2007*	21.1	15.1	19.3

Source: planning commission 10<sup>th</sup> first year plan (2002-2007)

2007\*: the poverty projection 2007.

### **The frame work of analysis having rural poverty 2015.**

The rural poor suffer multiple and linked disadvantage. They live mostly in remote areas, are usually unhealthy and illiterate, work insecure and relatively unproductive jobs, and are subject to discrimination either as women or as ethnic minorities. Rural poverty flows from as well as perpetuates the lack of access to essential assets. Poverty reduction, true dore, involves changes in material factors such as land, eater, infrastructure, technology and knowledge. It also involves changes in social and economic relations as well as in institutions that give the poor greater control over their environment (Atiqure Rahman and John Westlely 2001). Planning Commission identified 27 monitor able national targets for the 11<sup>th</sup> plan.

The reduction in head count ratio of consumption poverty by 10 percentage points is one of them. The projected population and the rural BPL population in India for the period 2008-15 are given in table-2. It is evident from the figures that in 2015 there will be about 18.53 crore BPL population is rural areas constituting 22% of the total rural population. Thus

there is a need to make special efforts to reduce the rural BPL population in time bound manner.

**Table-2. Rural BPL population by 2015 (in crore)**

Year	Total population	Rural population	Rural BPL population	RURAL HH
2008-09	114.75	80.45	20.92	4.23
2009-10	116.25	81.13	20.50	4.12
2010-11	117.76	81.81	20.09	4.02
2011-12	119.27	82.49	19.69	3.94
2012-13	120.78	83.17	19.29	3.86
2013-14	122.29	83.85	18.91	3.78
2014-15	125.31	84.53	18.53	3.71

Source: poverty eradication in India by 2015, 2008

### Assumptions

1. Based on the annual population growth rate 2008-2015 (1.3%)
2. Based on the per annum decline ratio for rural poverty 2008-15

The rural poor primarily comprise of small and marginal farmers, especially in rain fed areas, landless laborers, fisher-folk, herders and women-headed households. Household below poverty line subsist on multiple sources of income. The current poverty line is of the order of Rs.22,000 per annum for a household of five members the proposed strategy envisages that through a mission mode approach to implementation of the poverty reduction schemes it is possible to lift the 4.5 crore BPL household above poverty line by 2015.

### Rural poverty in India

India is a more rural based country highly dependent on agricultural sector. There is higher concentration of poverty in the rural India according to the given statistics. Government's plans and procedures have failed many times. The important reasons for country's poverty are as follows;

1. Alarming population growth

2. Lack of investment
3. Lower literacy rate
4. Regional inequalities
5. Failure of PDS system

The government of India has taken various steps from time to time to reduce poverty in rural India. The recent steps are as follows;

- Small farmer's development programme.
- Drought area development programme.
- Food for work programme.
- Minimum needs programme.
- Integrated rural development programme.
- Rural labour employment guaranty programme.
- Assurance on employment

#### **Rural poverty alleviation programmes**

Both self and wage employment programme and the programme on rural housing form the major plank of the poverty alleviation programmes. The ministry of rural development conducts a below poverty line census in the rural areas of the country in the beginning of each plan period, through the states for identification of persons living below the poverty line.

**National rural employment guarantee (NREGA):** was passed in September 2005. The act provides 100 days assured employment every year to every rural household in 200 districts. Later, the scheme will be extended to 600 districts. One third of the proposed jobs would be reserved for women. The central government will also establish national employment guarantee funds. Similarly state governments will establish state employment guarantee funds for implementation of the scheme. Under the programme if an applicant is not provided employment within fifteen days/he will be entitled to a daily unemployment allowances.

**National food for work programme (NREGA):** was launched in 2004 in 150 most backward districts of the country. The programme is open to all rural poor who are in need of wage employment and desire to do manual unskilled work. It is implemented as a 100 percent centrally sponsored scheme and food grains are provided free of cost to the states. Once the NREGA is in force the NFWP will be subsumed within programme.

**Prime Minister Rozgar yozna (PMRY):** was started in 1994. The aim of the programme is to create self employment opportunities for educated unemployed youth in rural areas and small towns. They are helped in setting up small business and industries.

**Rural employment generation programme (REGP):** was launched in 1995. The aim of the programme is to create self employment opportunities in rural areas and small

towns. A target for creating 25 lakh new jobs has been set for the programme under the tenth five year plan.

**Swarnajayanti gram swarozgar yojana (SGSY):** was launched in 1999. The programme aims at bringing the assisted poor families above the poverty line by organizing them into self help groups through a mix of bank credit and government subsidy.

S.No.	Anti Poverty Programmes	Year of Beginning	Objective/Description
1	Antodaya Yojana	1977	To make the poorest families of the village economically independent (only in Rajasthan)
2	Swarnajayanti Gram Swarozgar Yojana (SGSY)	1999	Assistance is given to the poor families living below the poverty line in rural areas for taking up self employment.
4	Sampoorna Gramin Rozgar Yojana (SGRY)	2001	Providing gainful employment for the rural poor.
6	Employment Assurance Scheme	1993	To provide gainful employment during the lean agricultural season in manual work to all able bodied adults in rural areas who are in need and desirous of work, but can not find it..
7	Pradhanmantri Gramodaya Yojana (PMGY)	2000	Focus on village level development in 5 critical areas, i.e. primary health, primary education, housing, rural roads and drinking water and nutrition with the overall objective of improving the quality of life of people in rural areas.

8	National Rural Employment Guarantee Scheme (NREGS)	2006	To provide legal guarantee for 100 days of wage employment to every household in the rural areas of the country each year, To combine the twin goals of providing employment and asset creation in rural areas
9	Swarnajayanti Shahari Rozgar Yojana (SJRY)	1997	It seeks to provide employment to the urban unemployed lying below poverty line and educate upto IX standard through encouraging the setting up of self employment ventures or provision of wage employment.
10	Antidaya Anna Yojana	2000	It aims at providing food securities to poor families.
11	National Housing Bank Voluntary Deposit Scheme	1991	To utilize black money for constructing low cost housing for the poor.
12	Integrated Rural Development Programme (IRDP)	1980	All Round development of the rural poor through a program of asset endowment for self employment.
13	Development of Women and Children in Rural Areas (DWCRA)	1982	To provide suitable opportunities of self employment to the women belonging to the rural families who are living below the poverty line.
14	National Social Assistance Programme	1995	To assist people living below the poverty line.



15	Jan Shree Bima Yojana	2000	Providing insurance security to people below poverty line.
16	Jai Prakash Narayan Rojgar Guarantee Yojana	Proposed in 2002-03 budget	Employment Guarantee in most poor districts.
17	Shiksha Sahyog Yojana	2001	Education of Children below poverty line.

**Pradhan Mantri Gramodaya Yozana (PMGY):** launched in 2000, additional central assistance is given to states for basic services such as primary health, primary education, rural shelter, rural drinking water and rural electrification.

**Sampoorna Grameen Rozgar Yojana (SGRY):** launched in 2001, aims at providing additional wage employment in rural areas and there by food security any improve nutritional levels. The SGRY is open to all rural poor who are in need of wage employment and desire to do manual and unskilled work around the village/habitat. The programme is implemented through the panchayati raj institutions.

**Rural Housing-Indira Awaas Yojana (IAY):** operationalised from 1999-2000 is the major scheme for construction of houses for poor, free of cost at the unit cost of Rs.20,000 in plain areas and Rs.22,000 in the hilly/difficult areas. The ministry of rural development (MORD) provides equity support t the housing and urban development corporation (HUDXCO) for this purpose.

**Annapurna:** the beneficiaries under the programme are given 10kgs of food grains per month free of cost.

**Rural employment generation programme (REGP):** the khadi and village industries commission (KVIC) are implementing REGP, launched in 1995 with the objective of creating self-employment opportunities in the rural areas and small towns. Under REGP entrepreneurs can establish village industries by availing of margin money assistance form the KVIC and bank loans, for projects with a maximum cost of Rs.25 lakh. Since the inception of REGP, up to 31 march 2004, 1, 86,252 projects have been financed and 22.75 lakh job opportunities created.

A target of creating 25 lakh new jobs has been set for the REGPL during the tenth plan 8.32 lakh employment opportunities have already been created during 2003-04. For 2004-05, a target of creating 5.25 lakh job opportunities has been fixed.

## Conclusion

In conclusion, there are no short cuts or quick fixes to poverty reduction. The process requires dedicated and consistent commitment that is flexible and involves both the poor and institutions. Poverty reduction India depends on progress in farm yields and employments, followed by efforts towards promoting employment-intensive, non-farm activities, with a fall in the number of people involved in agriculture. Enhanced small-scale agricultural development can meet immediate poverty reeducation targets and can help create new opportunities for employment and income in other sectors.

## References

1. Sudhir vaidya, (2009) *national rural employment guarantee act (NREGA) with schemes and guideline*, arise publication, New Delhi, pp 1-8.
2. *Income-generating programmes for poverty alleviation through non-formal education: summary of research studies on innovative approaches to income-generating programmes for poverty alleviation/undertaken by APPEAL resource and training consortium*. Bangkok: UNESCO Bangkok, 2003, pp159-160.
3. *Poverty eradication in India by 2015, rural household centered strategy paper department of rural development, ministry of rural development government of India*, 15 November 2008, pp. 1-35.
4. IFAD, *rural poverty report: the challenge of ending rural poverty*, oxford: oxford university press for IFAD, 2001, pp.15-16.
5. Atiqure rahman and john westlely,(20014) *the challenge of ending rural poverty*, development police review, 19(4):553-562.
6. *Poverty alleviation in rural India-strategy and programmes*, tenth five year plan 2002-07.
7. Bhattacharya, nikhilesh et al., (1991) *poverty, inequality and PLrics in rural India*, sage publications, New Delhi.
8. Dreze, jean et al. (1995), *the political economy of hunger* OUP, oxford.
9. EPW research foundation (1993) *poverty levels in India; norms, estimates and trends*, EPW, vol.XXVIII, no.38, august 31.
10. Henry, paul-marc et al. (1991), *poverty, progress and development*, kegan Paul international, UNESCO.
11. Parthasarthy, G. (1994), *poverty alleviation, the algebra of hunger*.
12. Tendulkar, suresh D. and L.R.Jain (1995), *poverty alleviation, economic and poverty*, EPW, vol.XXX, no.23, June 10.
13. UNDP; *human development report*, 1996, 1997, 1998 OUP.
14. S.N. Misra (2005), *poverty and its alleviation*, deep and deep publication, New Delhi, pp.130-141.en. Wikipedia.org.

## AN ANALYTICAL STUDY ON ICICI AND BANK OF RAJASTHAN MERGER

Prof. Deepa Chavan\* and Dr.Makarand Upadhyaya\*\*

---

### ABSTRACT

*Mergers and acquisitions is a team of skilled, talented, and experienced industry professionals which revolutionizes corporate strategies and set new benchmarks in the business world.*

*The primary objective of an organization towards M &A's is to create a niche of core competencies and improve transform the organizational culture to a better and improved form. It helps in design and develops systems in accordance to the changing face of business across all industrial sectors. An organization aims in Mergers and acquisitions are committed to extend the relationship with clients beyond the professional horizons to provide them high level of satisfaction and assurance.*

*Merger deals are grouped into 3 categories viz, Voluntary Merger, Compulsory Merger and Universal Banking Model which is based on the motives. The ICICI Bank Merger with Bank of Rajasthan is the seventh voluntary merger and the latest in India after the merger of HDFC Bank - Centurion Bank of Punjab in the year 2008, compared with other voluntary mergers. This deal also has background of the merger including various regulatory interventions of authorities like the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and Foreign Investment Promotion Board (FIPB). Because of poor corporate governance of the target bank and cancellation of Extra Ordinary General Meeting (EGM) by the Calcutta District Civil Court this deal also got lots of attention. In this case, an attempt has been made to analyze the probable impact of strategic tools and features of the banks on pre and post merger performance.*

**Key Words:** Bank, Merger, ICICI, Bank Of Rajasthan, Growth.

---

---

\* Associate Professor at KG. Mittal Institute of Management, Mumbai, India.  
Email : [deepachavan.m@gmail.com](mailto:deepachavan.m@gmail.com)

\*\* Associate Professor in Marketing at College of Business Administration, Jazan University, Jazan, Saudi Arabia. Email: [makarandjaipur@gmail.com](mailto:makarandjaipur@gmail.com)

## **INTRODUCTION**

Merger has been identified as an important tool to achieve profitable growth of business and to limit competition, and increase in income with less investment, to gain economies of large scale to access foreign market, to achieve diversification and utilize underutilized market opportunities.

The merger of ICICI Bank and Bank of Rajasthan is substantially to enhance the network of ICICI Banks Branch which is already the largest private sector bank in India which especially strengthen its presence in northern and western India. To enhance the ability of the merged entity to capitalize on the growth opportunities in the Indian economy it would combine Bank of Rajasthan's branch franchise with ICICI Bank's strong capital base. Bank of Rajasthan is the third acquisition by ICICI Bank. ICICI Bank had earlier acquired Bank of Mdhura in 2001 and Bank of Maharashtra-based Sangli Bank in 2007.

## **LITERATURE REVIEW**

Gallet C.A (1996), had examine the relationship between mergers in the U.S. steel industry and the market power, which estimates the degree of market power from a system of demand and supply equations. Anup Agraval Jeffrey F. Jaffe (1999), they examines the literature on long-run abnormal returns following mergers. The paper also examines explanations for any findings of underperformance following mergers. We conclude that the evidence does not support the conjecture that underperformance is specifically due to a slow adjustment to merger news. Saple V. (2000), he found that the target firms were better than industry averages while the acquiring firm shad lower than industry average profitability. Overall, acquirers were high growth firms which had improved the performance over the years prior to the merger and had a higher liquidity. Beena P.L (2000), she attempts to analyze the significance of merger and their characteristics. The paper establishes that acceleration of the merger movement in the early 1990s was accompanied by the dominance of merger between firms belonging to the same business group of houses with similar product line.

## **RESEARCH METHODOLOGY**

### **Research Methodology and Analysis:**

The study is on the basis of Secondary Data Collection. Secondary Data was collected from the Annual Report of Bank and various other sources. Research may be defined as the research for knowledge through an objective. The ratios taken by researcher in our research are analyzed by using Paired T-Test to investigate any significant difference. The data analysis is done using SPSS.

**Research Objective:**

- To study the pre and post Merger impact of Bank.
- To understand the financial performance and differences.
- To understand the importance of Merger in Bank.

**Data Collection:**

The study is on the basis of Secondary Data Collection. Secondary Data was collected from the Annual Report of Bank and various other sources.

**Data Analysis:**

**H<sub>0</sub>(1):** There is no significance difference in financial performance amongst the selected Banks

With respect to their pre and post Merger Analysis.

**H<sub>1</sub>(1):** There is a significance difference in financial performance amongst the selected Banks

with respect to their pre and post Merger Analysis.

**H<sub>0</sub>(2):** There is no significance difference in Earning per Share (EPS) amongst the selected

Banks with respect to their pre and post Merger Analysis.

**H<sub>1</sub>(2):** There is a significance difference in Earning per Share (EPS) amongst the selected

Banks with respect to their pre and post Merger Analysis.

**Descriptive Table:****Descriptive**

		N	Mean	Std. Deviation	Std. Error
Net_Profit_Ratio	Pre-Merger	3	10.3200	.54286	.31342
	Post-Merger	3	14.5567	2.10165	1.21339
	Total	6	12.4383	2.69619	1.10072

EPS_Ratio	Pre-Merger	3	35.9967	2.98791	1.72507
	Post-Merger	3	45.8400	9.99719	5.77188
	Total	6	40.9183	8.52150	3.47889
Debt_Equity_Ratio	Pre-Merger	3	4.7600	4.42539	2.55500
	Post-Merger	3	4.0800	.16093	.09292
	Total	6	4.4200	2.82537	1.15345
Current_Ratio	Pre-Merger	3	.5733	.71591	.41333
	Post-Merger	3	.5533	.67308	.38860
	Total	6	.5633	.62157	.25375

**Interpretation:**

The above table provides us the Statistics regarding MEAN and Std.DEV of the ICICI banks with respect to their pre and post Merger Analysis. The above analysis shows The Net profit Ratio is deviated 2.69619 from 12.4383, Earning per Share Ratio deviated 8.52150 from 40.9183, Debt/Equity Ratio deviated 2.82537 from 4.4200 and Current Ratio is deviated by .62157 from .5633.

**ANOVA Analysis:**

The following ANOVA table gives us an insight regarding the existence of significant differences of banks financial performance in India with respect to their pre and post merger analysis. We have taken 95% level of significance to analyse the data.

**ANOVA**

		Sum of Squares	df	Mean Square	F	Sig.
Net_Profit_Ratio	Between Groups	26.924	1	26.924	11.429	.028
	Within Groups	9.423	4	2.356		

Total		36.347	5			
EPS_Ratio	Between Groups	145.337	1	145.337	2.670	.178
	Within Groups	217.743	4	54.436		
	Total	363.080	5			
Debt_Equity_Ratio	Between Groups	.694	1	.694	.071	.803
	Within Groups	39.220	4	9.805		
	Total	39.914	5			
Current_Ratio	Between Groups	.001	1	.001	.001	.974
	Within Groups	1.931	4	.483		
	Total	1.932	5			

**Interpretation:**

The above analysis shows that there is a significance difference in Earning Per Share Ratio with respect to their pre and post merger analysis so we accept the  $H_0(2)$  and reject the  $H_1(2)$ . Whereas in case of Debt/Equity Ratio and current we reject  $H_1(1)$  and accept  $H_0(1)$  with respect to their pre and post merger data analysis at 95% level of significance. For the Net profit Ratio we accept the alternate hypothesis i.e.  $H_1(1)$  and reject  $H_0(0)$

**Paired T-Test SPSS Analysis:**

**What it does:** The Paired Samples T Test compares the means of two variables. It computes the difference between the two variables for each case, and tests to see if the average difference is significantly different from zero.



**SPSS Output**

Following is sample output of a paired samples T test. We compared the mean test scores before (pre-test) and after (post-test) the Merger completed a test preparation course. We want to see if our test preparation course improved the performance of Bank.

First, we see the descriptive statistics for both variables.

**Paired Samples Statistics**

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	BM_2	12.6425	4	18.46426	9.23213
	AM_2	16.6225	4	20.10013	10.05007
Pair 2	BM_3	12.3200	4	14.70034	7.35017
	AM_1	13.0925	4	16.15453	8.07726
Pair 3	BM_3	12.3200	4	14.70034	7.35017
	AM_3	19.0575	4	25.57052	12.78526

**Interpretation**

In the above analysis in paired Sample Statistics Box, the mean for the Pair 1 before Merger\_2 is 12.6425 where for after merger \_2 the mean is 16.6225. The Standard Deviation for the Before Merger\_2 is 18.46426 and After Merger\_2 is 20.10013. In Pair 2 Before Merger\_3 is 12.3200 where for After merger \_1 the mean is 13.0925. The Standard Deviation for the Before Merger\_3 is 14.70034 and After Merger\_1 is 16.15453. Where in Pair 3 Before Merger\_3 is 12.3200 where for After merger \_3 the mean is 19.0575. The Standard Deviation for the Before Merger\_3 is 14.70034 and After Merger\_3 is 25.57052. The number of participants in each condition (N) is 4.

Next, we see the correlation between the two variables.

**Paired Samples Correlations**

		N	Correlation	Sig.
Pair 1	BM_2 & AM_2	4	.998	.002
Pair 2	BM_3 & AM_1	4	.997	.003
Pair 3	BM_3 & AM_3	4	.999	.001

There is a strong positive correlation shows that the Bank performs best not only before merger but also after merger.

Finally, we are comparing the results of the Paired Samples T Test. This test is based on the difference between the two variables. Under "Paired Differences" we see the descriptive statistics for the difference between the two variables.

**Paired Samples Test**

		Paired Differences					T	Df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	BM_2 - AM_2	-3.98000	2.11204	1.05602	-7.34073	-.61927	-3.769	3	.033
Pair 2	BM_3 - AM_1	-.77250	1.90157	.95078	-3.79832	2.25332	-.812	3	.476
Pair 3	BM_3 - AM_3	-6.73750	10.89416	5.44708	-24.07255	10.59755	-1.237	3	.304

Pair 1:

The T value = -3.769

We have 3 degrees of freedom

Our significance is .033

Pair: 2

The T value = -.812

We have 3 degrees of freedom

Our significance is .476

Pair 3:

The T value = -1.237

We have 3 degrees of freedom

Our significance is .304

### **Interpretation:**

The above table shows that in Pair 1 we have T-Value is-3.769 ,Degree of freedom is 3 and Our significance is .033.In Pair 2 we have T-Value is -.812,Degree of freedom is 3 and Our significance is .476. Where is Pair 3 we have T-Value is -1.237, Degree of freedom is 3 and Our significance is .304.

As per the above analysis we can say that according to the standard all the significance value is less than .05 at 95 % level of significance which shows that there is a significance difference in financial performance amongst the selected Banks with respect to their pre and post Merger Analysis therefore we accept the null hypothesis  $H_0$  (1) and reject the  $H_1$  (1).

### **LIMITATIONS OF THE RESEARCH**

This research study is mainly based on secondary data derived from the annual reports of Bank .The reliability and the finding are contingent upon the data published in Annual report.

Accounting ratios have its own limitation, which also applied to the study. The study is limited to three years before merger and three years after merger only.

### **CONCLUSIONS**

The case of ICICI Bank Ltd. states that how an organization can become market leader by adopting some strategic tools like mergers and acquisitions.

Primary reason for the merger between ICICI Bank and the Bank of Rajasthan, a major landmark in Indian Banking history, has occurred due to the regulatory interventions of the authorities. In this paper, the strategic similarity and dissimilarity of both ICICI Bank and

the BoR are analyzed in detail. It is interesting to note that after the announcement of the merger, the BoR gained about 77% in price and ICICI Bank declined by 1.7%. The sharp increase in the share price of the BoR can be explained as a shift to the price offered by ICICI Bank. This states that the M&As have become a major strategic tool for achieving the same objective and it is imperative to avoid the possibilities of small banks from becoming the target of huge foreign banks which are expected to come to India.

- To create synergy, expanding the operations, cutting costs and economies of scale Firm need to go for the merger.
- (M&As) is the need of business enterprises for achieving the economies of scale, growth, diversification, synergy, financial planning, Globalization of economy,
- For achieving higher profit and expanding market share companies go for Merger and Acquisitions (M&A's).
- To replace the competitor and to occupy the best position in the market Merger and Acquisition is the best strategic tool which a firm needs to follow.

## References

- Sony Kuriakose, M S Senam Raju and G S Gireesh Kumar (2000 and 2009), *ICICI Bank- Bank of Rajasthan Merger: An analysis of strategic Features and Valuation*, (<http://ssrn.com>).
- Dr. Abhinav Bhatnagar; Ms. Nitu Sinha, 5, May ( 2012 ), *Strategic Move Of ICICI Bank: A Case Study Of Merger Of ICICI Bank And Bank Of Rajasthan*, *International Journal of Multidisciplinary Research*, ([www.zenithresearch.org.in](http://www.zenithresearch.org.in)).
- Mital Menapara and Dr. Vijay Pithadia, "A Study On Financial Performance Of Selected Companies During Pre-Post Merger And Acquisition", ([www.abhinavjournal.com](http://www.abhinavjournal.com)).
- Hari Krishan, Student: CS Professional Programme, The Institute of Company Secretaries of India (September 2012), *A review of Mergers & Acquisitions in India*, CCI.
- *The Economics Times ET Bureau* May 18, 2010, "Bank of Rajasthan to merge with ICICI Bank".  
*Annual Report of ICICI Bank for the year- 2007, 2008, 2009, 2010, 2011*,

## A GLIMPSE OF CUSTOMER RELATIONSHIP MANAGEMENT INITIATIVES IN INDIAN BANKING SECTOR

Mr.T.P.Sarathi\* Dr. S.E.V.Subrahmanyam\*\* Dr.T.Narayana Reddy\*\*\*

---

### ABSTRACT

*The primary objective of the study was to identify the factor important for selecting a particular bank. This article focused on role of banking personnel in customer satisfaction. At the end we find out through the factor analysis, conducted to identify the factor important for selecting a particular bank and identified three factors influencing the bank brand selections of sample customers of focus pre selected banks. The factors identified are, quality service, effectiveness of marketing programmes and convenience in transaction. This study is based on 120 customers in different banks.*

**Keywords:** banking sector, CRM, customers, factors.

---

### INTRODUCTION

Customer relationship management (CRM) is a business strategy that aims to understand, anticipate and manage the needs of an organization's and potential customers. It is a journey of strategic, process, organization and technical change whereby a company seeks to better manage its own enterprise around customer behaviors. It entails acquiring and deploying knowledge about one's customers and using this information across the various touch points to balance revenue profits with maximum customer satisfaction.

CRM is a management approach that seeks to create, develop and enhance relationships with carefully targeted customers to maximize customer value, corporate profitability and in turn, shareholder value. Customers are getting actively involved, either directly or indirectly with production processes. It won't be long before they become valuable CRM stakeholders. CRM is a comprehensive approach which provides seamless integration of every area of business that touches the customer-namely marketing; sales, customer service and field support-through the integration of people, process and technology, taking

---

\* Assistant Professor, Department of Management Studies, Sreenivasa Institute of Technology and Management Studies, Chittoor.

\*\* Director, Department of Management Studies, Sreenivasa Institute of Technology and Management Studies, Chittoor.

\*\*\* Assistant Professor, Department of Humanities, JNTU College of Engineering, JNTUA, Anantapur

advantage of the revolutionary impact of the internet more effectively. An enhanced relationship with one's customers can ultimately lead to greater customer loyalty and retention and also, profitability. In addition, the repaid growth of the internet and its associated technologies has greatly increased the opportunities for marketing and has greatly increased the opportunities for marketing and has transformed the way relationship between companies and their customers are managed (Bauer et al, 2002).

## RESEARCH OBJECTIVES

- To find out different factors responsible to choose a bank.
- To find out the role of banking personnel in customer satisfaction.

## LITERATURE REVIEW

The essence of a customer centric company is the capability to treat customers individually and even uniquely, based on customer's preference (Bose, 2002). Dyche (2002) suggests that the vision of this marketing strategy relies heavily on information technology when companies have to track individual customers, analyze them, differentiate them and serve them differently. Following this strategy, an organization may have to change the culture, the structure and even, the core business processes. To support customer centric strategy, many banks consider customer relationship management (CRM) as an effective solution (Reynolds 2002, Bose 2002, and Kim et al 2004).

According to Parasuraman et al. (1985), the study of quality in services has gained interest just after the concern on improving the quality of products appeared, and services are increasingly important in the global economy. Like machines transformed the agricultural economy into an industrial one, the information technology nowadays changes the industrial economy in such a way that it becomes characterized as bases on services (Fitzsimons, 2000). The banking sector has already been depicted (Parasuraman et al..1993, and Mukherjee et al, 2003) as exhibiting little market orientation and fulfilling services with little regard to customer needs, as well as including branches dissimilar in efficiency (Berger & Mester, 1997; Berger et al.. 1994). Long lines, limited time for customer servicing, transaction errors due to the banks personnel, and excessive bureaucracy have been said to be the most frequent problems in using banking services (Mattos, 1999), however, contemporary factors like more demanding and informed customers, emergence of new technologies, and the competition increase (Cooke, 1997; Angelis et al. 2005) modified the relationship between banks and customers, and strategies for survival and business expansion started to approach this seriously (Global Finance, 2000) and target service quality (Frei et al.. 1997). In fact, customers determine the frequency of their contacts with companies based on the experiences they have with the services, and this exerts substantial impact on the profitability of organizational in the long run (Bolton & Lemon, 1999); Mukherjee et al.. 2003; Bhat, 2005). Customers who are satisfied with service quality are less likely to shift to other banks,

therefore increasing such things as loyalty and retention (Al-Hawari et al...2005; Angelis et al...2005).

## RESEARCH METHODOLOGY

It is based on both primary and secondary data. Primary data are collected through questionnaire. CRM efficiency is measured on a five likert scale. Then to analysis these data the researcher used different statistical tools and techniques. Secondary data is collected through different library sources, journals, books and periodicals.

### Hypothesis:

H1: there is significant influence of different persons in the choice of bank.

## ANALYSIS

To analyze the data let us take two alternative hypotheses.

H0: there is no significant influence of any person in the choice of bank.

H1: there is significant influence of different persons in the choice of bank.

**Table 1: factors important for selecting a bank**

SL. NO	SBI	ANDHRA	ICICI	IDBI	CITI	HDFC
1	Quality service	quality service	Convenience in transaction	Effectiveness of marketing programme	Quality service	Effectiveness of marketing programme
2	Effective ness in transacti on	Convenience in transaction	Quality service	Quality service	Convenience in transaction	Quality service
3	Conveni ence in transacti on	Effectiveness of marketing programme	Effectiveness of marketing programme	Convenience in transaction	Effectiveness of marketing programme	Convenience in transaction

**Table 2 (a): factors important for selecting a bank****STATE BANK OF INDIA**

FACTOR	STATEMENTS	FACTOR LOADING	INITIAL ELIGEN VALUES	VARIANCE CUMULATIVE %	NAMING
F1	Quality of service	.858	2.597	32.463	Quality service
	Quality of manpower	.734			
F2	Ownership pattern	.884	1.761	54.470	Effectivene ss of marketing programme
	Advertisement	.587			
	Reputation of bank	.670			
F3	Reputation of bank	.767	1.101	68.230	Convenienc e in transaction
	Convenience in transaction	.719			
	Number of products	.643			

**Table 2(b): factors important for selecting a bank****ANDHRA BANK**

FACTOR	STATEMENTS	FACTOR LOADING	INITIAL EIGENVALUES	VARIANCE CUMULATIVE %	NAMING
F1	Reputation of bank	.760	1.864	45.402 72.348	Quality service
	Quality of service	.734			
	Quality of manpower	.624			



	Number of products	.508			
F2	Interest rate	.805	1.768	59.796	Convenience in transaction
	Convenience in transaction	.815			
F3	Ownership pattern	.609	1.152	59.796	Effectiveness of marketing programme
	advertisement	.865			

**Table 2 (c): factors important for selecting a bank****ICICI BANK**

FACTOR	STATEMENTS	FACTOR LOADING	INITIAL EIGEN VALUES	VARIANCE CUMULATIVE %	NAMING
F1	Reputation of bank	.575	2.743	34.283 74.992	Convenience in transaction
	Ownership pattern	.876			
	Interest rate	.708			
	Convenience in transaction	.618			
F2	Quality of service	.876	2.035	59.719	Quality service
	Quality of manpower	.923			
F3	advertisement	.857	1.222	59.719	Effectiveness of marketing programme
	Number of products	.902			

**Table 2 (d) : factors important for selecting a bank****IDBI BANK**

FACTOR	STATEMENTS	FACTOR LOADING	INITIAL EIGENVALUES	VARIANCE CUMULATIVE %	NAMING
F1	Reputation of bank	.739	2.471	47.557	Effectiveness of marketing programme
	Quality of manpower	.607			
	Interest rate	.872			
	advertisement	.670			
F2	Ownership pattern	.714	1.334	62.682	Quality service
	Quality of service	.798			
F3	Convenience in transaction	.816	1.210	76.148	Convenience in transaction
	number of products	.685			

**Table 2 (e): factors important for selecting a bank****CITI BANK**

FACTOR	STATEMENTS	FACTOR LOADING	INITIAL EIGEN VALUES	VARIANCE CUMULATIVE %	NAMING
F1	Quality of service	.878	2.646	33.077	Quality service
	Quality of manpower	.727			
	Reputation of bank	.694			
	Number of	.528			

	products				
F2	Convenience in transaction	.852	1.909	56.939	Convenience in transaction
	Interest rate	.842			
F3	Ownership pattern	.761	1.001	69.452	Effectiveness of marketing programme
	advertisement	.813			

**Table 2(f): factors important for selecting a bank****HDFC BANK**

FACTOR	STATEMENTS	FACTOR LOADING	INITIAL EIGEN VALUES	VARIANCE CUMULATIVE %	NAMING
F1	Ownership pattern	.805	2.031	44.536	Effectiveness of marketing programme
	advertisement	.681			
	Number of products	.846			
	Reputation of bank	.533			
F2	Quality of service	.750	1.532	58.969	Quality service
	Quality of manpower	.775			
F3	Interest rate	.759	1.155	72.109	Convenience in transaction.
	Convenience in transaction	.735			

Quality of service emerged as the first factor for selection of bank brands by the respondents of SBI, Andhra bank and CITI bank, effectiveness of marketing programme emerged as the factor the selection of the bank by the respondents of IDBI and HDFC bank. Conveniently of transaction emerges as the most important factor for the selection of bank used by the respondents of ICICI bank.

**Table 3: factors important for selecting a bank**

Bank / factors		SBI	Andhra	ICICI	IDBI	CITI	HDFC
Reputation of bank	Mean	4.7750	4.2250	4.6750	3.3077	4.6750	4.9000
	Mode	5.00	5.00	5.00	5.00	5.00	5.00
	Standard deviation	.42290	1.07387	.57233	1.52443	.72986	.30382
Ownership pattern	Mean	3.1250	2.3750	3.8250	2.2051	3.4750	3.3750
	Mode	4.00	2.00	4.00	2.00	4.00	3.00
	Standard deviation	1.15886	.95239	1.15220	1.05580	1.10911	1.12518
Quality of service	Mean	4.6250	4.3000	4.5250	4.4000	4.4000	4.9500
	Mode	5.00	5.00	5.00	5.00	5.00	5.00
	Standard deviation	.62788	.96609	.55412	1.05733	.63246	.22072
Quality of manpower	Mean	4.2500	4.0500	4.4250	3.7895	4.4000	4.5500
	Mode	5.00	4.00	4.00	4.00	5.00	5.00
	Standard deviation	.89872	.84580	.54948	.93456	.67178	.67748
Interest rate	Mean	3.7250	3.2000	3.4500	3.0811	4.1500	4.6500
	Mode	3.00	4.00	3.00	2.00	5.00	5.00
	Standard deviation	1.10911	1.13680	1.10824	1.40195	1.00128	.83359
Convenience in transaction	Mean	4.5750	3.5500	4.0000	3.1538	4.4750	4.8750
	Mode	5.00	4.00	4.00	4.00	5.00	5.00
	Standard deviation	.67511	1.17561	.84732	1.11304	.64001	.33493
Advertiseme	Mean	2.5500	2.1500	3.1750	2.3846	2.8000	3.2000

nt	Mode	3.00	2.00	5.00	2.00	3.00	3.00
	Standard deviation	1.03651	.73554	1.55064	1.09100	1.11401	1.01779
Number of products	Mean	3.1500	2.2500	3.4000	1.8462	3.3750	3.6750
	Mode	4.00	2.00	4.00	2.00	4.00	4.00
	Standard deviation	1.18862	.98058	1.17233	.70854	1.07864	1.09515

The figures in table-3 depict a visual profile of the mean value of different criteria used by the respondents for selecting a bank brand.

## CONCLUSION

CRM is now becoming a new comprehensive approach for developing business sustainability. CRM implementation is therefore a highly recommended step. This is because CRM is important for industries that have close contact with end customers but have lesser value to industries that are further away from the end customers.

However, while CRM could promise all of these benefits, but still many organizations failed or have failed to implement CRM systems. For banks and other financial institutions, the competition makes it difficult or impossible to show competitive differentiation, and harder than ever to show profit. A typical financial institution has thousands of local, regional, national and global competitors. In this increasingly fragmented industry, most players hold a relatively small and unreliable market share. Customers stick around until enticed by the latest short-term interest rate or direct mail offer. With the entry of many foreign banks and setting up mergers in banking industries the need for attaining competitive advantage remain vital. The management of each banking institutions must realize that the importance of building and maintaining customer relationship should be a major concern for survival.

In this study we find that the factor analysis conducted to identify the factor important for selecting a particular bank and identified three factors influencing the bank brand selection of sample customers of focus pre selected banks. The factors identified are, quality service, effectiveness of marketing programme and convenience in transaction. Quality of service emerged as the first factor for selection of bank brands by the respondents of SBI, Andhra bank and CITI bank, effectiveness of marketing programme emerged as the factor the selection of the bank by the respondents of IDBI and HDFC bank. Conveniently of

transaction emerged as the most important factor for the selection of bank used by the respondents of ICICI bank.

## REFERENCES

- [1] Aaker, D.A. (1991). *Managing Brand equity*. New York Free Press.
- [2] Allred, A.T. and Addams H.L. (2000). "Service Quality at banks and credit Union: what does their customer say?" *international journal of bank marketing*, vol.18, no. 4, pp.200-207.
- [3] Anderson, E.W. and Sullivan M.W. (1993) *The Antecedents and Consequences of Customer Satisfaction For Firms*", *Marketing Science*, 12(2), pp.125-143.
- [4] Angur M.G., Natarjan R. and Jehera J.S. Jr. (1999). "Service quality in the banking industry: an assessment in a developing economy", *international journal of bank marketing*. Vol. 17, no.3, pp.116-123.
- [5] Barnes, J.G. closeness. (1997) "strength and satisfaction: examining the nature of relationship between providers of financial services and their retail customers", *journal of psychology & marketing*. 14(8), 765-790.
- [6] Bates K., Bates H. and Johnston R. (2003), "linking service to profit: the business case for service excellence", *international journal of service industry management*, vol.14, no.2, pp.173-183.
- [7] Berger, A., Leaner, J. and Mingo, J. (1994). "The efficiency of bank branches". Wharton school, center for financial institutions working paper series. 94-27.
- [8] Berry, L, Persuraman, a. (1995): *service de marketing*". So Paulo: Maltese.
- [9] Bolton, R.N. and J.Drew (1991) "A multistage modal of consumers assessment of service: quality and value", *journal of consumer research*, 17(3), pp.375-384.
- [10] Boulding, W., Kalra, A., Staelin R. & Zeithaml, V. (1993). "A dynamic process model of service quality: from expectations to behavioral intentions". *Journal of marketing research*, 30(February), 7-27.
- [11] Brown D.E. and Schneider B. (1998). "Service marketing and management: implications for organization behavior, vol.10. jai press, Greenwich.
- [12] Carmen, J.M. (1990). "Consumer perceptions of service quality: an assessment of the SERVQUAL determine". *Journal of retailing*, vol.66, 1, 5-33.
- [13] Churchill. G. A. & Surprenant, C. (1982). "A Investigation into the Dateminants of Customers satisfaction ". *Journal of marketing*, 19 (November) 491-504 .
- [14] Clarke. M. and payne A. F. T (1993) "Customer Retention: Dose Employee retain Hold the key to Success". In : *Emerging Issues in marketing. Proceeding of the marketing Education Group Conference, Loughborough*(July 1993).

- [15] Cooke, S.D. (1997). "Structural Change in the US banking industry: The Role of information technology". Washington: Us Department Of Commerce. Retrieved August 29, 2003 from [http://www.esa.doc.gov/pdf/structural\\_change.pdf](http://www.esa.doc.gov/pdf/structural_change.pdf).
- [16] cooper Robert G. and Edgett Scott J. (1996). "Measuring service Quality: reconciling performance-Based and perceptions-Minus-Expectations measurement of service Quality". *Journal of Marketing*, 58 (January), 125-131.
- [17] Cronin, J. J. and Taylor, S.A. (1992). "Measuring Service Quality: A Re-examination and Extention" , *Journal of marketing*,56(7),pp. 55-68.
- [18] Corby, L. A. & Stephens, and prices in the Life Insurance Industry". *Journal of marketing sciences*, vol.24 (November),404-411.
- [19] Devlin, S.J., Dong, J. K. & Brown, M. (1993). "Selecting a scale for measuring Quality" *Marketing research*, 5(3), 12-17.
- [20] Dick, A. S. & Basu, A. (1994). "customer Loyalty: Towards an Internal Conceptual Framework". *Journal of Academy of Marketing science*, 22(2), pp. 99-104.
- [21] Dick, A. S. & Basu, A. (1994). "Customer Loyalty: Towards an Internal Integrated Conceptual Framework", *Journal of the Academy of Marketing science*, 22(2), pp. 99-113.
- [22] Ducker, P. (1999). "Desafios gerenciais para o sculo XXI" SO Paulo: ploneira.
- [23] Ducan, E., and G Elliott, (2002), " Efficiency, Customer Service Quality and Finanical Performance among Australian retail Finanical Institutions" *The International Journal of Bank Marketing* , Vol.22, No.5, pp.319-342.
- [24] Dwyer, F.R., schorr, P.H. & Oh, S.(1987). "Developing buyer-seller relationship". *Journal of marketing*, 51(April), 11-27.
- [25] Easton G.S and Jarrell S.L. (1998). "The Effect of Total Quality management on Corporate performance" *Journal of Business*, vol. 71.pp, 253-308.
- [26] Engal, J.E., Blackwell, R.D., & Miniard, P.W. (1993). *Consumer behaviour* (7<sup>th</sup> Ed.). Fort worth, TX: Dryden press
- [27] Furness, P.(2001), "Techniques FOR Customer Modelling in CRM", *Journal of Finanical services Marketing*, vol-5,4,pp 293-307.
- [28] Gavini, A.L. and Athma P. (1997), "Customer service in commercial Banks- Expectation and Reality", *Indian Journal of Marketing*, vol.XXVII, No. 5, 6, 7(May, June, July).
- [29] Gronros, C. (1984a), "A Service Quality Model and its Marketing Implications", *European. Journal of marketing*, volume 18, November 4, pp.36-44.

- [30] Hallowell Roger (1996); "The relationships of customer satisfaction, customer loyalty, and profitability: An empirical study"; *International Journal of service Industry Management*; vol7; No, 4; pp. 27-42.
- [31] Kaptan, Sanjay and Nilkanth V. Sagane (1995), "customer service in bank: some points to ponder", *business analyst*, volume 15, number 1.
- [32] Lau K, Wong S, Ma M and Liu C (2003), "next product to offer for bank marketers", *Journal of database marketing*, vol-10, 4, pp 353-368.
- [33] Lewis, B. and Smith, A.M. (1984), "customer care in financial service organizations", *international journal of bank marketing*, volume 7, number 5, pp 13-22.
- [34] Olsen, M., (1992) "quality in banking services", *department of business studies, Stockholm university*.
- [35] Panda, T.K, (2003), "creating customer lifetime value through effective CRM in financial services industry", *journal of services research*, vol-2, no-2, pp157-171.
- [36] Parasuraman, A., Zeithaml. V.A. and Berry, L.L. (1985), "A conceptual model of service quality and its implications for future research", *journal of marketing*, volume 49, fall, pp.41-50.
- [37] Parasuraman, A., Zeithaml. V.A. and Berry, L.L. (1985), "service quality in financial institutions", *journal of marketing*, volume 39, pp.31-45.
- [38] Paul E. Plesk, "defining quality at the marketing/ development interface", *quality progress*, June 1987.
- [39] Rao, Nageshwar (1987), "customer service in banks must improve, yojna, volume 31, number 31, July 16-31, pp.20-22.
- [40] Ray B (2007), "an analytical approach to understand customers from the perspective of profit making", *marketing mastermind, the Icfai university press*, and pp52-55.
- [41] Ryals, L and Payne, A (2001), "customer relationship management in financial services: towards information enabled relationship marketing", *journal of strategic marketing*, vol-9, pp3-27.
- [42] Sachdev S. B and verma H.V (2004); "relative importance of service quality dimensions: a multi-sectoral study"; *journal of services research*; vol.4; no.1; (April sept); pp.59-81.
- [43] Singh, Balraj, et.al. (1979), "perceived advantage of taking loan from bank and suggestions for improvements", *the banker*, volume XXVI, number 10, December. Pp.24-28.
- [44] Venkatesan, V. (2004); "banks that care", *outlook money*, 15 September, pp.24-28.
- [45] Zeithaml, V.A. and Bitner, Mary Jo (2003); "services marketing: integrating customer focus across the firm"; *Tata McGraw Hill (3ed)*, New Delhi, pp.59-114.



## NICHE MARKETING: FRAY FOR FRAME OF MIND OF CUSTOMERS

Dr. Ajit Kumar Shukla \*

---

### ABSTRACT

*This paper aims at developing a set of items attempting to Niche Marketing. The objective of Niche Marketing is to obtain appropriate position in the market as well as in the mind of customers. Marketers often engage in niche marketing with the aim of uniquely serving the needs of one or a few segments and achieving dominance. When firms serve the needs of particular niches, they also have the opportunity of develop specialized knowledge of the needs and wants of customers in the niches, which may provide them with a competitive advantage relative to firms focusing their marketing efforts more broadly. Niche marketers understand the needs of their customers considerably well enough to satisfy them squarely. Marketers should also recognize that new competitors may enter a market using a niche marketing approach but eventually expand to become competitors in the broader market for a firm's offerings.*

**Key Words:** *Niche marketing, Focused marketing, Market segments, Personal development, Standard of services.*

---

A niche is a more narrowly defined group typically a small market whose needs are not well served. Niches are usually identified by marketers through the division of segments into a number of sub-segments or through defining a group that seeks a definite mix of benefits.

The segments are usually large and a number of competitors are normally attracted to meet the needs of the segment. On the contrary, niches are considerably small and too few competitors are often found to participate in the programme of meeting the needs of the niches.

Niche marketers understand the needs of their customers considerably well enough to satisfy them squarely. This makes the customers prompt enough to pay a premium to the firm for the product placed by it for the purpose. Niche marketing provides opportunity of gaining certain economies through specialisation. The specialisation has provided the niche marketer with the opportunity of playing the role of a specialist in terms of quality service and product-times.

---

\* Professor, Department of Commerce, Faculty of Commerce and Management Studies, Mahatma Gandhi Kashi Vidyapith, Varanasi.

In this context, it may be pointed out that the larger entities ignored the niches for being small. This resulted in a great loss to these large entities and ultimately bigger companies chosen to participate in niches by resorting to decentralization and changing their specific ways of marketing.

Now niche marketing has become the norm and, therefore, small and big firms participate in this mode of marketing as it has size, profit and growth potential.

### **Objective of the study**

The objective of the study is a set of strategic niche marketing, based either on functional brand attributes or on emotional benefits. The aim of the study is to test the suggested niche marketing strategies against one another, assessing their effect on perceived brand positioning and brand attitude. The study would base on the consumer feedback's on these products i.e. what made the consumers reject these brands and what association does an average Indian Consumer have with the equity of these brands. How a marketer gets the niche in the frame of mind of customers?

### **Research Methodology**

The research design to be used will be exploratory research done using observation method and secondary data available from various sources. Major empirical studies, various marketing and brand management journal, research reports, presentations of various seminars and past reviews are critically reviewed and placed within a theoretical framework derived from both early and more recent work in the field of niche marketing.

### **Basics of Niche Marketing**

It is believed that finding a market niche is an important step in developing your core competencies. By assessing your brand, analyzing your competitors and considering corporate goals and objectives, any marketing team can develop a strong brand strategy that will make you the leader in your industry. A well-crafted brand positioning has three primary elements:

1. **Target Market:** A clear identification of the target market you wish to pursuer.
2. **Product Offer:** A definition of the business your company is in or the industry or category it competes in.
3. **Compelling benefit/Reason to purchase:** A statement of your point of difference and key benefits that a product actually offers in the mind of customers.

### **How to Create the Image of Product in the mind of Customers?**

This is more the case with food products. Let's take some live examples of MNCs trying their fate in Indian Market but failed. In India, the habit of the people is to eat fresh products that are bought from the market. If a MNC were to launch tinned food products in

India, it is doubtful that the concept would succeed. The fold up of All season Foods (ASF) is a case in point. ASF tried to launch ready to eat preparations like Pulaos & Vegetable preparations but failed miserably.

Indians prefer slightly sweet taste. Coca Cola, which has a slightly bitter taste, did not find many takers in the Indian Cola drinkers market till Coke slightly modified the formulation to a slightly sweeter formula. It is not surprising that the two international markets in which Pepsi outsells Coke are the Middle East & India, where the consumers have a preference for sweeter taste. Pepsi formulation is far sweeter than Coke.

Market overlooked the critical fact that Indians like to have their milk hot. The American concept of having cold milk in which Kellogg's Cornflakes stay crisp was sadly not possible in India, the flakes turned into a soggy mass as soon as they hit the hot milk. Besides Kellogg's got its pricing wrong. The housewives surveyed in Calcutta (12 in no. & all have bought Kellogg's at some point of time) are of the opinion that quality wise, Kellogg is definitely good but the quantity that comes in one pack lasts for only two to three days if a family of four have it. At close to Rs 40/- a pack, this does not work out to be value for money.

Whirlpool has provided its Refrigerators with the capability to withstand heavy voltage fluctuations: the bane of most houses in the country. It struck a relevant cord with the consumers.

### **Consumer Value Orientation**

Today with changing life style such a Double income-no kids families, nuclear families, working wives, bust work schedules with no more 9-to5 job, extensive traveling in job, little or no time for relatives, even the human values are changing. For example, values such as "Pleasure, Luxury, Exciting life, Status consciousness, Relaxation, Personal Development, Health consciousness, Love for nature and ecology, Convenient and comfortable life, and Self-respect" increase in importance. The marketer has to understand these changing value orientations of the customer and may find a need for having products with brand names, colors, designs and benefits that enhance these important values of customer. For this reason, more emphasis is given on psychographic basis for segmenting the market. There may be considerable psychographic (social class, personality, and lifestyle) differences among the people within a given geographic or demographic group. In psychographic segmentation the market is divided on the basis of social class, personality characteristics, and/or lifestyles. Important class difference exist with regard to promotional response. The social classes have differing media choice and usage patterns.

### **Associating Brand with Personality**

The consumer feels connected to the brand. Consumers can develop relationships with brands on the basis of brand attributes or brand personality. Thums Up, a Coca Cola

beverage brand in India, celebrates the masculinity in you, the strong cola for the real man. For many years, Coca Cola has focused on establishing Thums Up as the ultimate Male Icon amongst beverages. A Thums Up drinker feels good drinking it in front of his (consumer profile is 70% male) peers. This is the third step in the ladder – “How it makes you feel” or emotional differentiation.

## Findings

We have found during research work that for obtaining an appropriate position (Niche) in the market, standard of services must be set and standard of services must be met. Brand is taken as a reliable and trustworthy partner, giving one a sense of being respected and looked up to in the presence of the brand. Love and passion are the affect-based feelings related to brand indicating warmth, affection and passion, possessiveness towards the brand, feeling of uniqueness, and a biased positive feeling towards the brand. Self-connection is the extent to which the brand becomes the focus of the consumer's life. The past, present, and the future (expected) selves ranging across the time horizon. It also comprises of the encouragement of the tolerance in face of the adverse circumstances. Interdependence is the days-to-day routine interaction with the brands and making consumption as an important ceremony to be celebrated. Commitment shows the longevity of the brand relationship and stability to be maintained by a consumer.

## Conclusion

Now niche marketing has become an important task in each and every organization. Marketers should also recognize that new competitors may enter a market using a niche marketing approach but eventually expand to become competitors in the broader market for a firm's offerings. In this deep intensity of competitive era the principles of marketing must be adopted for obtaining the niche in the mind of customers for flourishing of the organization in the days to come.

## References

- Jha, SM. (2013), *Services Marketing*, Himalaya Publishing House, Mumbai.
- John Mullins, Orville Walker, Jr., Harper Boyd, Jean-Claude Larreche, *Marketing Management: A Strategic Decision-Making Approach*, McGraw-Hill/Irwin.
- Kotler, P. and Keller K.L. (2013), “*Marketing Management*”, (14<sup>th</sup> Edition), Pearson, Delhi.
- Kumar Nirmalya (2004), *Marketing as Strategy*, Penguin, New Delhi.
- Rice, Jennifer, *Fruitful Strategy*, <http://brand/blogs.com/mantra/2004> and <http://brand.plogs.com/mantra/20047>
- Ries, A. and Trout, J. (1981) *Positioning, The battle for your mind*, Warner Books-McGraw-Hill Inc., New York, 1981, ISBN 0-446-34794-9
- Shukla, Ajit K., (2013), ‘*Marketing Management*, (2<sup>nd</sup> Edition), Varanasi, Vaibhav Laxmi Prakashan.
- Trout, J. and Rivkin, S. (1996) *The New Positioning: The latest on the worlds #1 business strategy*, McGraw Hill, New York, 1996, ISBN 0-07-065291-0
- Varma, H.V. (2008) *Services Marketing – Text and Cases*, Pearson Education, Delhi.

## **A RESEARCH ON EMPLOYEES' WORK – LIFE BALANCE IN MULTI - NATIONAL BANKING INDUSTRY**

**M.Hariharasudhan\***

---

### **ABSTRACT**

*The research was done using the Descriptive Research technique and a simple flow of questionnaire was initially prepared to conduct a pilot research to evaluate the adoptability and flexibility and to bring in preciseness over the objective of the research. Looking in to the complete aspect of the research, few limitations were laid and the research was confined to a particular industry.*

*The Sampling technique used in this research is Non-Probability Sampling. Data was collected from both primary and secondary sources. The structured Questionnaire was prepared in order to collect primary data directly from employees. Sample size was 100. Various company documents such as records, manuals, bulletin, journals, magazines, and websites are scanned for collecting secondary data.*

*The various statistical tools such as Percentage Analysis, Chi-Square Test, Anova, Factor Analysis and different types of Charts and Tables was used to test the reliability of the data.*

*The research has been done to reveal the present existing scenario among the employees of the Multi-National Banking sector and has proved its result through the research.*

---

### **Industry Profile**

#### **Multi National Banking Industry**

Multinational Companies are the organizations or enterprises that manage production or offer services in more than one country. And India has been the home to a number of multinational companies. In fact, since the financial liberalization in the country in 1991, the number of multinational companies in India has increased noticeably. The banking scenario in India has already gained all the momentum, with the domestic and international banks gathering pace. In India, there are large numbers of global banks controlling huge stakes of the banking entities in the country. The overseas banking units would bring along with it

---

\* B.E.,MBA(Tech. Mgmt.),MSW.,MSc(Psych.),PGDIPR.,PGDCL.,PGDHR.,M.Com – Research  
Scholar Cell: 9962401888 / [Mail:prabandham4000@yahoo.in](mailto:Mail:prabandham4000@yahoo.in)

capital, technology, and management skills. This would lead to higher competition in the banking frontier and ensure greater efficiency. The banking industry is slated for growth in future with a more qualitative rather than quantitative approach.

The profit pool of the Indian banking industry is probable to augment from US\$ 4.8 billion in 2005 to US\$ 20 billion in 2010 and further to US\$ 40 billion by 2015. This growth and expansion pace would be driven by the chunk of middle class population. The increase in the number of private banks, the domestic credit market of India is estimated to grow from US\$ 0.4 trillion in 2004 to US\$ 23 trillion by 2050 and Third largest banking hub of the globe by 2040.

#### **LIST OF TOP 10 MULTI NATIONAL BANKS IN INDIA**

- Ø Standard Chartered Bank (SCB)
- Ø HSBC
- Ø Citi Bank N.A.
- Ø ABN AMRO Bank
- Ø Deutsche Bank
- Ø BNP Paribas
- Ø Bank of America
- Ø Barclays Bank Plc.
- Ø J.P.Morgan Chase Bank N.A.
- Ø American Express Banking Corp.

#### **Research Background**

Work life balance is a self-defined, self-determined state of wellbeing that a person can reach or can set a goal, that allow them to manage effectively multiple responsibilities at work, at home and on their community; it supports physical, emotional, family and community health and does so without grief, stress or negative impact. The demands of work put pressure on the workers especially on their physical and mental psyches. The pressure of work increases as workers have to toil out for longer periods of time. This affects their lifestyle and could lead to damaging their mental health as well.

More women were determined to be working for long hours. Stress is also related to sick leaves and costs companies at least £370 million in a year or around 91 million work days. This is just half of the days lost.

Becoming workaholic does not improve the bottom-line or productivity. When employees work every day, all day, with no time set aside for living life, they just get more stressed. They lose sight of reality and get out of touch with creativity, which is just as important for producing quality work as it is for innovating in business.

### **Definition of Work-Life Balance**

Generally, work life balance is the term used to describe working practices that acknowledge and aim to support the needs of staff in achieving a balance between their homes and working lives.

Work life balance refers to the way a person could combine his work along with other areas of his life like socialization, exercising and childcare. This is often a problem for all because it is about how long they have to work and the nature of their work.

### **Business Benefits of Improved Work-Life Balance**

The benefits of a work-life balance initiative are not confined to just the workforce. Work-life policies and flexible working practices can also help you:

- react to changing market conditions more effectively and meet customer demands - for example, shift work, part-time work and flexi time can help you open longer without making your employees work longer hours
- meet seasonal peaks and troughs in your business
- boost your competitiveness
- become recognized as a business that people want to work for

Many workplaces that offer flexible working practices and leave arrangements have also reported a better financial performance than that of similar workplaces in the same industry.

### **Importance of Work Life Balance**

There is a growing desire to achieve a good work/life balance. With little spare time on the hands, increasing numbers of people value having a good quality of life over earning large amounts of money.

### **What are the Implications?**

- An increase in flexible and part-time working patterns possibly backed up by further legislation.
- A trend towards 'downshifting' to the VCS from the private sector as individuals increasingly comes to value a better quality of life over high salaries.

- Increased personal and social mobility as flexible work arrangements permit more frequent movement.
- An increase in female and older workers as flexible working arrangements attracts them to the sector.
- More complex human resource management to achieve more effective knowledge management and improved sustainability.

### **IMPLEMENTING POLICIES TO ACHIEVE WORK-LIFE BALANCE**

Achieving a work-life balance is not just a one-off exercise, but a long-term commitment to operating your business in a way that respects your employees' responsibilities outside work. Policies designed to help you achieve this need to be tailored to your business and your employees. Make sure you:

- determine your core business requirements first - what you want to achieve
- ask staff - both managers and other workers - what they want
- consult with trade unions/staff associations
- consult all employees affected and agree upon selected policies, eg. flexi time
- decide which of your employees will be covered by the scheme and ensure the scheme does not unfairly discriminate
- draw up written procedures for implementation and evaluation, including regular reassessment
- ensure support from management
- take the lead in demonstrating a commitment to work-life balance
- explain any changes to employees and keep them abreast of regulatory changes, eg. the right for parents to request flexible working

Finding it helpful to conduct a trial or pilot scheme to see how effective and workable your new policies are. Change the programme if it proves necessary and keep track of the progress of your business and your employees' work-life balance. To introduce a hierarchy of needs if there is too much demand for some kinds of flexible working, eg giving priority to parents. One can measure the success of your policies by tracking changes in the rate of absenteeism, rate of staff turnover and customer satisfaction

### **Need for the Research**

The demands for the work life balance solutions by employees and management are increasing at an unprecedented rate. Globalization, competition and career goals are driving corporate India to work, work and work. They don't even find time to realize the fact that outside work they have a life to look over.



They are not able to cope effectively with stressful work and their personal life. The consequences of this imbalance may be due to work stress, family stress, absenteeism, attrition etc., hence it is essential to research the issues concerning to the work life balance to enable the employees to have more control, value and balance both professionally and personally and there by facilitate the organization to attract and retain the talented and contented work force.

### **Objective of the Research**

#### **Primary Objective**

To analyse the impact of work on employees' personal life and how it affects the productivity of the Organization.

#### **Secondary Objective**

- To identify the factors influencing the work-life balance.
- To find out the impact of work on employees' personal life.
- To research the Work-Life balance issues and their influence on employees' productivity.
- To identify the problems caused due to stress in managing work-life balance of employees.
- To provide suitable suggestions towards Work-Life balance issues.

#### **Scope of the Research**

- This research has an impact on shaping the employees personality on how to promote good work/life balance in the workplace.
- Highlights some of the benefits that the organization can gain in terms of productivity besides supporting the employees to come out of their stress caused due to work.
- Providing suitable suggestions towards Work-Life balance issues.

### **Research Methodology**

#### **Research Design**

Research design is a plan to answer whom, when, where, and how the subject under investigation conceived so as to obtain answers to research questions. The type of research design involved in this research is descriptive research studies.

### **Type of Research**

This is a Survey type. The survey deals with personal interviews with management and employees. Personal interviews are selected as the mode of survey to make the research more meaningful & so that maximum information could be collected. For conducting the personal interviews of the employees, questionnaires will be prepared. The questionnaire will be having both open ended & close ended questions.

### **Sample Size**

Sample sizes of 100 employees are taken based on the designation levels.

### **Sampling Methods**

The Sampling Technique followed in this research is

**Non-Probability** based Sampling Techniques.

#### **Convenience sampling**

Technique is followed to collect the data quickly & efficiently from the large number of respondents

#### **Sampling Plan**

- Sampling technique : Convenience samples
- Sample size : Sample size chosen here for this research is 100.
- Sample unit : Employees with different job designations across the Organizations as follows:
  - B1 - Executives
  - B2 - Team Leaders
  - B3 - Team Managers

### **Data Collection**

Data collection method is an integral part of the research design. There are various methods of data collection; each method has its own advantages and disadvantages. Selection of an appropriate method of data collection may enhance the value of research and at the same wrong choice may lead to questionable research findings. Data collection methods include interviews, self-administered questionnaires, observation and other methods. The choice of a method depends on the following factors:

- Nature, scope and objectives of the research
- Availability of resources

- Degree of accuracy required
- Expertise of the researcher
- Time span of the research
- Cost involved

### **Data Collection Procedure**

The Data Collection Procedure has begun with Pilot Testing. The survey was administered to 25 respondents to detect the weakness in the proposed methodology. Based on the responses, the questionnaire was re-designed, re-phrased and improved.

### **Primary Data**

Primary data is the first hand information, which the researcher gets from the population. The tools used for collecting primary data are as follows:

- Interviews
- Questionnaire

These data are collected directly from the employees. The required data was collected by using both open-ended and close-ended questions. This is a preferred technique for collecting the primary data.

The respondents were interviewed in the company during working hours. An interview schedule was prepared in consultation with the personnel department of the organization. This was conducted in formal manner this research work purely relies on primary data. This was collected through a structured questionnaire.

### **Secondary Data**

Ø Secondary data, on the other hand, is those which have already been collected by someone else and which already been passed through the statistical process.

Ø Secondary data pertaining to this research were obtained through the following sources:

- Ø Books
- Ø Magazines
- Ø Internet

Data collection has been completed.

### **Research Instruments**

- Ø Instrument : Questionnaires (personal administered)
- Ø Instrument Design : Both open ended and close ended Questions

### Statistical Tools For Data Analysis

The collected data had been subjected to analysis by using the following appropriate Tools such as:

- Ø Factor Analysis
- Ø Chi – Square test
- Ø Rank correlation
- Ø ANOVA – One way / Two way
- Ø Percentage Analysis

### Percentage Method

The percentage refers to a specified kind of each percentage are used in making comparison between two or more services of date, percentage are based in descriptive relationship. It compares the relative item. Since the percentage reduces everything to a common base and there by allow meaning comparison.

**Percentage of respondent = No of respondents/total respondents \*100**

### Correlation Method

Correlation is a statistical technique which measures and analyses the degree or extent to which two or more variables fluctuate with reference to each other.

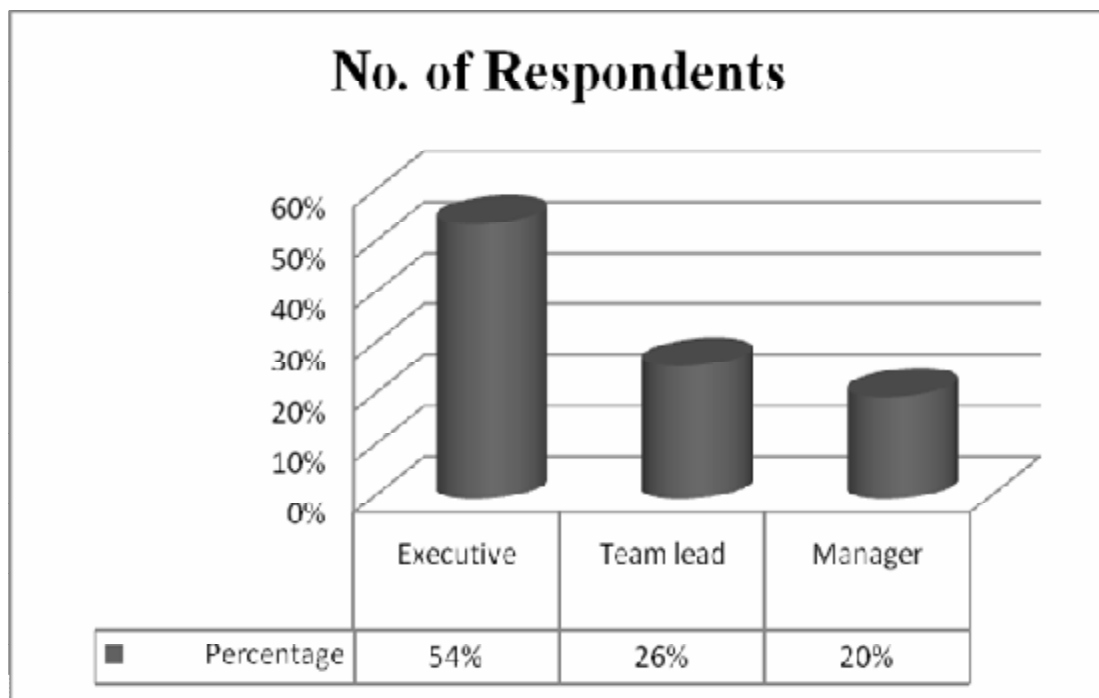
Correlation thus denotes the inter dependence amongst variables. The degree are expressed by a coefficient which ranges between -1 and +1. The direction of change is indicated by + or – signs, the former refers to the sympathetic movement in the same direction and the latter in opposite direction. An absence of correlation is indicated by zero. Correlation thus express the relationship through measure of change and it has nothing to do with the units in which the variables are expressed.

### Data Analysis & Interpretation

#### 1. DESIGNATION OF RESPONDENTS

**Table - 1**

Designation	Percentage
Executive	54%
Team lead	26%
Manager	20%
Total	100%

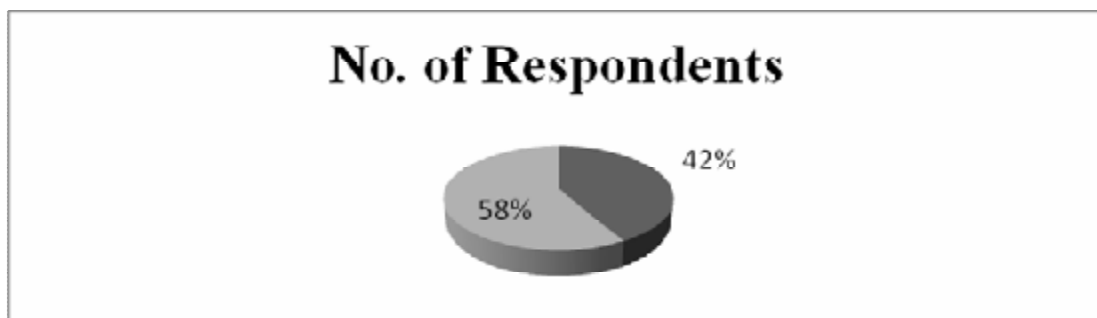
**Figure -1**

## 2. GENDER ANALYSIS

**Table - 2**

Designation		Percentage
	Male	42%
	Female	58%
	Total	100%

Figure - 2



### 3. YEARS OF EXPERIENCE

Table -3

Years of Experience	Percentage
0 - 1 years	6%
1 - 3 years	16%
3 - 6 years	36%
6 - 10 years	14%
>10 years	28%
Total	100%

Figure - 3

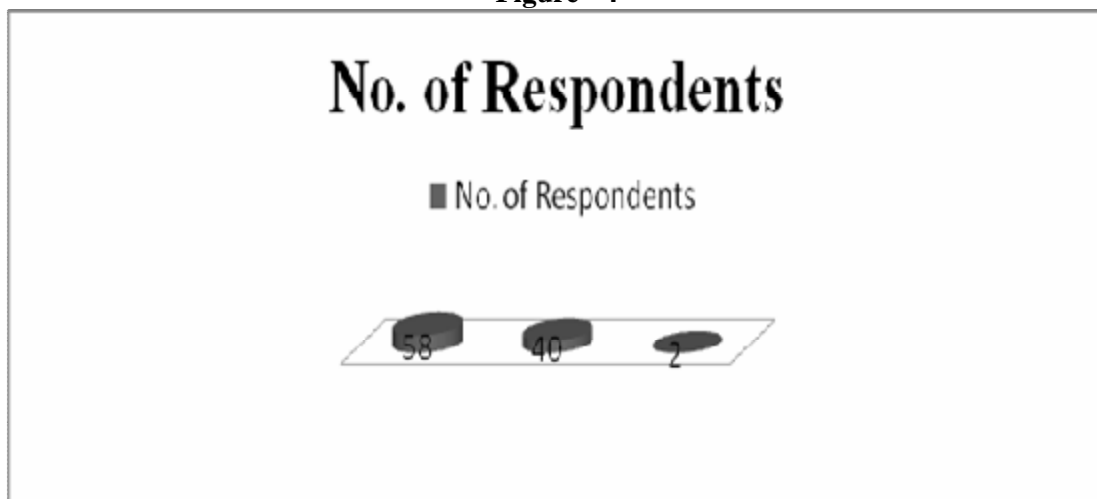


#### 4. AGE GROUP ANALYSIS

Table -4

Age Group		Percentage
	Under 30 years	58%
	31 to 40 years	40%
	over 40 years	2%
	Total	100%

Figure - 4

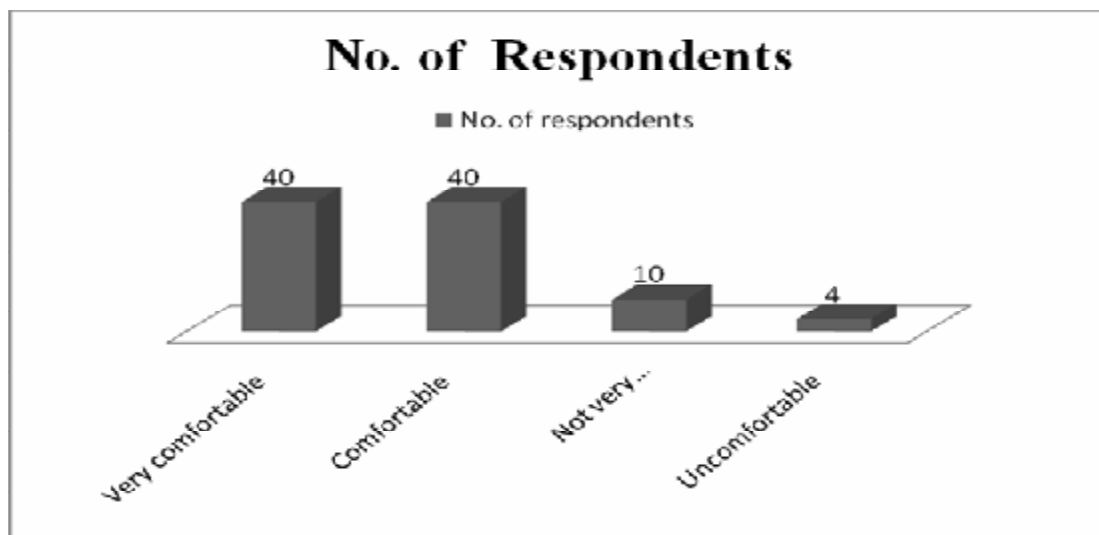


#### 5. COMMUTATION OF EMPLOYEES

Table - 5

Commutation to Work place	Percentage
Very comfortable	40%
Comfortable	40%
Not very comfortable	10%
Uncomfortable	4%
Stressful	6%
Total	100%

Figure -5

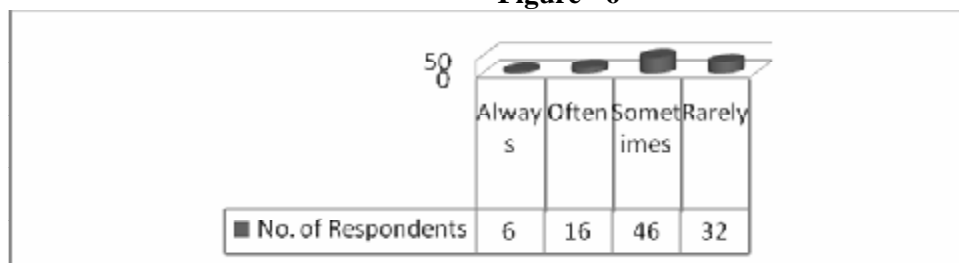


**6. DO YOU FEEL YOU SPEND SUFFICIENT TIME WITH FAMILY?**

Table - 6

Do you feel you spend sufficient time with your family	
Always	6%
Often	16%
Sometimes	46%
Rarely	32%
Total	100%

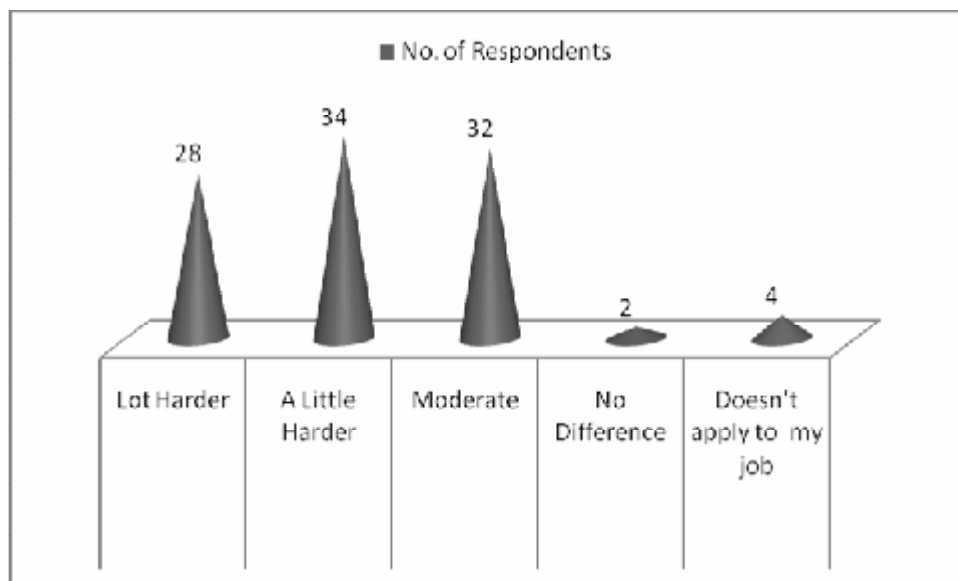
Figure - 6





**7.HOW DEADLINES AND SCHEDULES PRESSURIZE THE EMPLOYEES****Table - 7**

<b>Deadlines and Schedules</b>	
Lot Harder	28%
A Little Harder	34%
Moderate	32%
No Difference	2%
Doesn't apply to my job	4%
<b>Total</b>	<b>100%</b>

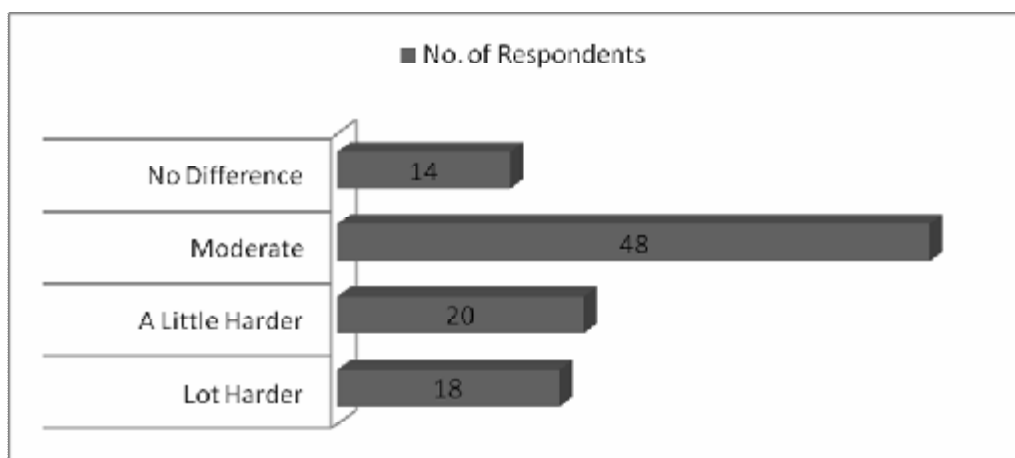
**Figure – 7**

## 8. No. of Hours You Need To Work

**Table - 8**

No. of Hours you need to work	
Lot Harder	18%
A Little Harder	20%
Moderate	48%
No Difference	14%
<b>Total</b>	<b>100%</b>

**Figure - 8**

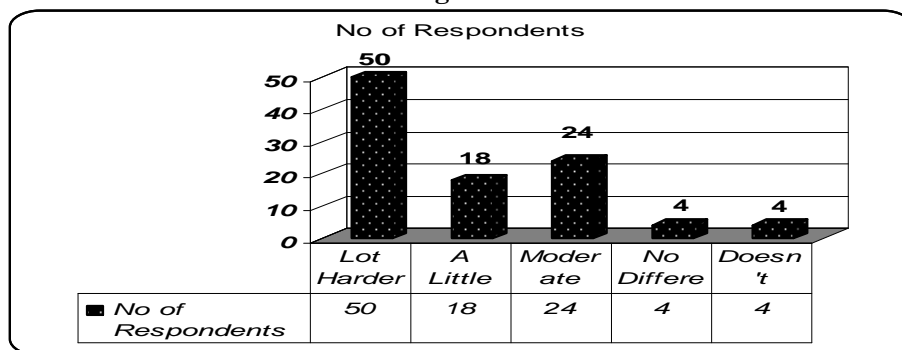


## 9. HOW EASY / DIFFICULT IT IS TO TAKE LEAVE

**Table - 9**

How difficult is to take Leave	
Lot Harder	50%
A Little Harder	18%
Moderate	24%
No Difference	4%
Doesn't apply to my job	4%
<b>Total</b>	<b>100%</b>

Figure -9

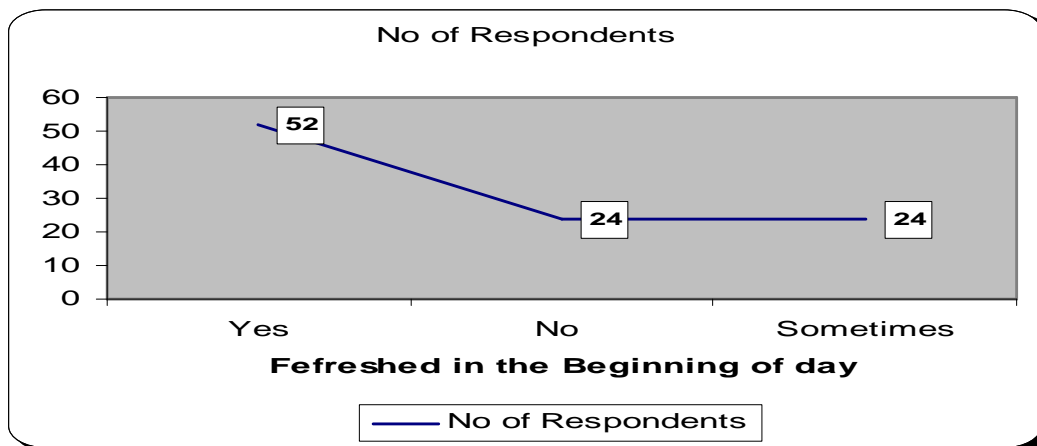


### 10. DO YOU FEEL REFRESHED IN THE BEGINNING OF THE DAY?

Table – 10

	No of Respondents	Percentage
Yes	52	52
No	24	24
Sometimes	24	24
<b>Total</b>	<b>100</b>	<b>100</b>

Figure – 10

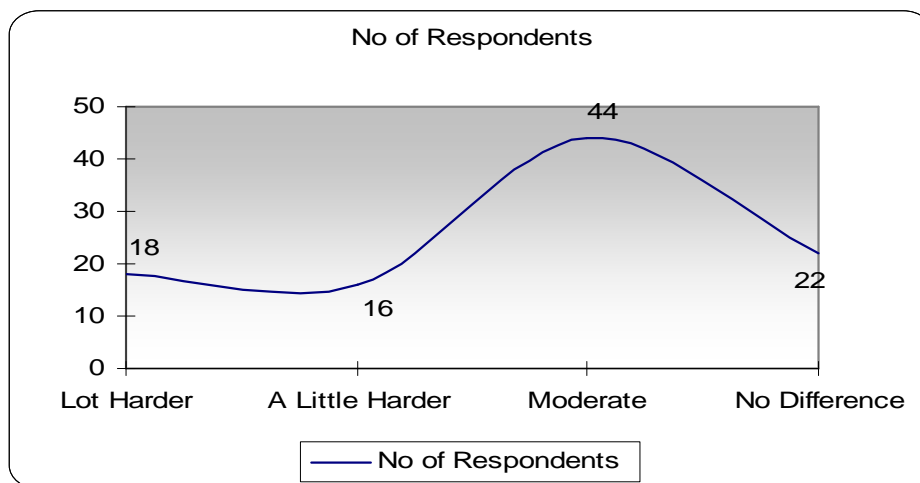


## 11. FLEXIBILITY OF WORKING HOURS

**Table - 11**

	No of Respondents	Percentage
Lot Harder	18	18
A Little Harder	16	16
Moderate	44	44
No Difference	22	22
Total	100	100

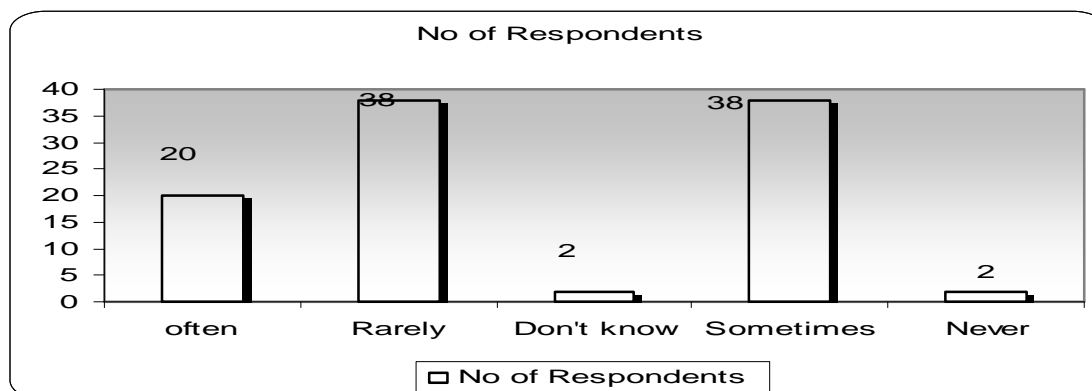
**Figure -11**



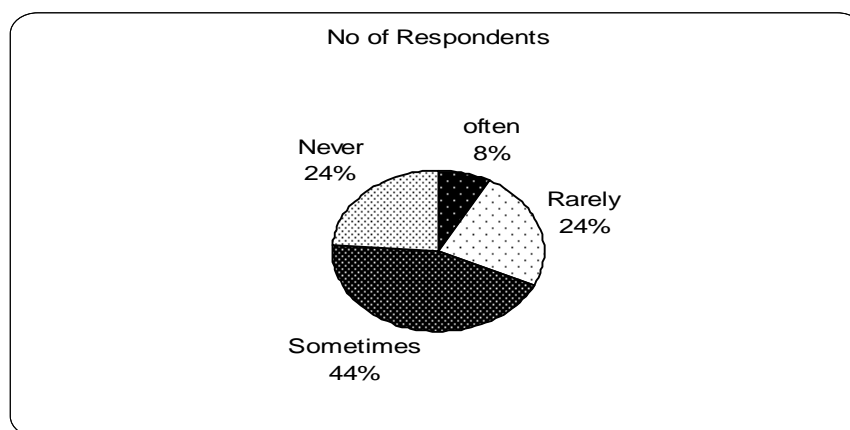
## 11. SPENDING TIME WITH FRIENDS

**Table - 12**

	No of Respondents	Percentage
often	20	20
Rarely	38	38
Don't know	2	2
Sometimes	38	38
Never	2	2
Total	100	100

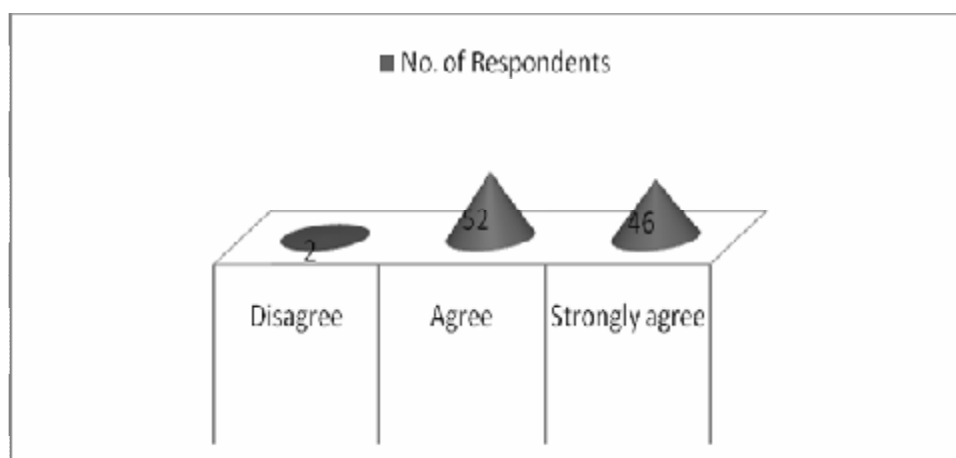
**Figure - 12****10. KEEP HEALTH AND FIT, PLAYING SPORTS AND OTHERS****Table - 13**

	No of Respondents	Percentage
often	8	8
Rarely	24	24
Sometimes	44	44
Never	24	24
Total	100	100

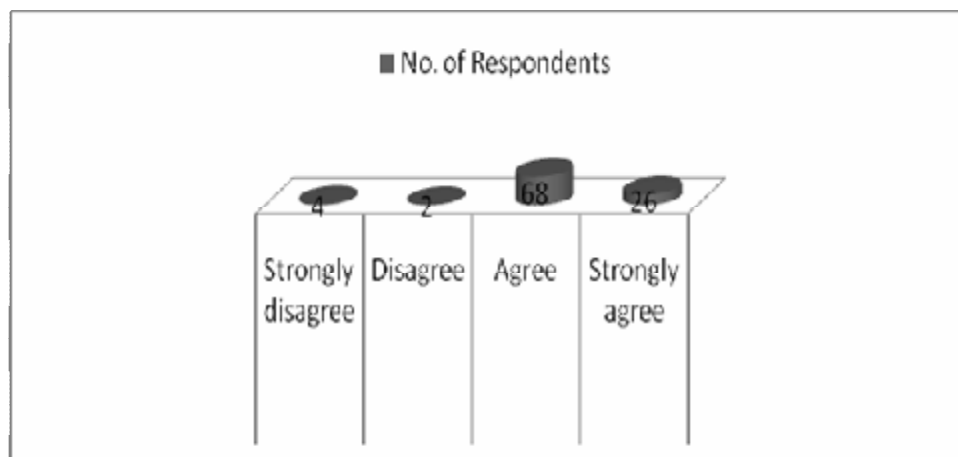
**Figure - 13****WORK LIFE BALANCE ENABLES PEOPLE TO WORK BETTER**

**Table - 14**

		<b>No. of Respondents</b>	<b>Percentage</b>
	Disagree	2	2
	Agree	52	52
	Strongly agree	46	46
	<b>Total</b>	<b>100</b>	<b>100</b>

**Figure - 14****15.WORK LIFE BALANCE PARTLY EMPLOYERS PARTLY INDIVIDUALS****Table - 15**

	<b>No. of Respondents</b>	<b>Percentage</b>
Strongly disagree	4	4.0
Disagree	2	2.0
Agree	68	68.0
Strongly agree	26	26.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

**Figure -15****CROSS TABULATION****MARITAL STATUS AND SUPERIORS' STYLE**

		Do you believe that your superiors style support			Total
		Sometimes	Always	Rarely	
Marital Status	Married	12	22	2	36
	Single	32	22	10	64
Total		44	44	12	100

**CHI - SQUARE TEST**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.144*	2	0.028
Likelihood Ratio	7.309	2	0.026
Linear-by-Linear Association	0.217	1	0.641
N of Valid Cases	100		

**INFERENCE**

From the above table the significance value is less than 0.05. Hence, there exists significant relationship between the Marital status of employees 'and Superior's Style to balance their work and family life.

**CROSS TABULATION****BOTH PARTNERS ARE WORKING AND HEALTH - WORK LIFE BALANCE**

		I find it difficult to create a Health, Work and Life Balance				Total
		Always	Often	Sometimes	Rarely	
Whether both Husband and Wife Working	YES	2	8	18	8	36
	NO	10	14	20	20	64
Total		12	22	38	28	100

**CHI - SQUARE TEST**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.750*	3	0.191
Likelihood Ratio	4.952	3	0.175
Linear-by-Linear Association	0.279	1	0.597
N of Valid Cases	100		

**INFERENCE**

From the above table the significance value is less than 0.05. Hence, there exists significant relationship between both Husband and Wife working and barriers arising in balancing their Health, Family and Work – Life.

**CROSS TABULATION****MARITAL STATUS AND WORK - LIFE BALANCE**

		Do you generally feel you are able to balance your Work and Family Life		Total
		Yes	No	
Marital Status	Married	10	26	36
	Single	58	6	64
Total		68	32	100

**CHI - SQUARE TEST**

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	41.821(b)	1	0		
Continuity Correction(a)	38.983	1	0		



Likelihood Ratio	43.009	1	0		
Fisher's Exact Test				0	0
Linear-by-Linear Association	41.403	1	0		
N of Valid Cases	100				

**INFERENCE**

From the above table the significance value is less than 0.05. Hence, there exists significant relationship between employees' Marital status and Work-Life.

**CROSS TABULATION****DESIGNATION AND WORK - LIFE BALANCE**

		Do you generally feel you are able to balance your work and family life		Total
		Yes	No	
Designation	Executive	44	10	54
	Team lead	12	14	26
	Manager	12	8	20
Total		68	32	100

**CHI - SQUARE TEST**

	Value	df	P value
Pearson Chi-Square	10.801(a)	2	0.005
N of Valid Cases	100		

Accept  $H_0$  (  $p$  value  $< 0.05$ ) there exists significant relationship

**INFERENCE**

From the above table the significance value is less than 0.05. Hence, there exists significant relationship between employees' Designation ( Executive, Team Lead and Managers) and barriers arising in balancing their Work – Life.

**FACTOR ANALYSIS****Factor 1 – Health/Stress related Factors**

I am very busy and impatient

I get angry on a frequent basis

Worry robs me of time and energy

### Factor 2 - Work related Factors

I dislike turning over responsibility to others

I have to cope with too many organizational /job task changes

I feel pressured by too many demands from clients

### Factor 3 – Personal factors

Planning my day-every day is difficult for me

I am unable to establish a clear direction and develop personal and career goals

I find it difficult to create a health work and life balance

Extraction Method: Principal Component Analysis

	Factors	Initial	Extraction
Health / Stress related Factors	I am very busy and impatient	1	0.882
	I get angry on a frequent basis	1	0.546
	Worry robs me of time and energy	1	0.828
Work related Factors	I dislike turning over responsibility to others	1	0.721
	I have to cope with too many organizational	1	0.826
	I feel pressured by too many demands from clients	1	0.463
Personal Factors	Planning my day-every day is difficult for me	1	0.855
	I am unable to establish a clear direction and develop	1	0.862
	I find it difficult to create a health work and life balance	1	0.569

As is evident from the table, the proportion of variance in each variable accounted for the three factors is not the same.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.01	33.444	33.444	3.01	33.444	33.444	2.378	26.427	26.427
2	2.453	27.26	60.704	2.453	27.26	60.704	2.334	25.929	52.357
3	1.089	12.102	72.806	1.089	12.102	72.806	1.84	20.449	72.806
4	0.857	9.523	82.329						
5	0.666	7.403	89.732						
6	0.409	4.54	94.272						
7	0.212	2.36	96.633						
8	0.171	1.899	98.531						
9	0.132	1.469	100						

**ANOVA – ONE WAY****FACTORS MAKING WORK – LIFE BALANCE HARDER**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1978.378	4	494.595	15.109	0
Within Groups	3109.782	95	32.735		
Total	5088.16	99			

**INFERENCE**

- Ø The critical value (sig) is less than 0.05.
- Ø Any value less than this will result in significant effects , ie. The effect on different work experience group with opinion on factors making WLB harder is significant.
- Ø Since this value is usually set at .05, any value less than this will result in significant effects, while any value greater than this value will result in non significant effects.

**POST – HOC TESTS: Multiple Comparisons**

Dependent Variable: Factors making WLB harder

(I) Years of Experience	(J) Years of Experience	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
0 - 1 years	1 - 3 years	18.0417(*)	2.73892	0	10.4251	25.6582
	3 - 6 years	16.5556(*)	2.52291	0	9.5397	23.5714
	6 - 10 years	19.0952(*)	2.79176	0	11.3317	26.8588
	>10 years	19.3810(*)	2.57388	0	12.2233	26.5386
1 - 3 years	1 - 3 years	-18.0417(*)	2.73892	0	-25.6582	-10.4251
	3 - 6 years		1.71907	0.909	-6.2666	3.2944
	6 - 10 years	1.0536	2.09382	0.987	-4.7691	6.8762
	>10 years	1.3393	1.79304	0.945	-3.6469	6.3255
3 - 6 years	1 - 3 years	-16.5556(*)	2.52291	0	-23.5714	-9.5397
	3 - 6 years	1.4861	1.71907	0.909	-3.2944	6.2666
	6 - 10 years	2.5397	1.80208	0.623	-2.4716	7.551
	>10 years	2.8254	1.44166	0.294	-1.1837	6.8345
6 - 10 years	1 - 3 years	-19.0952(*)	2.79176	0	-26.8588	-11.3317
	3 - 6 years	-1.0536	2.09382	0.987	-6.8762	4.7691
	6 - 10 years	-2.5397	1.80208	0.623	-7.551	2.4716
	>10 years	0.2857	1.87277	1	-4.9222	5.4936
>10 years	1 - 3 years	-19.3810(*)	2.57388	0	-26.5386	-12.2233
	3 - 6 years	-1.3393	1.79304	0.945	-6.3255	3.6469
	6 - 10 years	-2.8254	1.44166	0.294	-6.8345	1.1837
	>10 years	-0.2857	1.87277	1	-5.4936	4.9222

\* The mean difference is significant at the .05 level.

**INFERENCE**

- Ø In the above multiple comparisons, the result shows that all other groups except 0 – 1 years work experience group has significant effects on factors making WLB harder ( i.e., < 0.05)
- Ø 0 – 1 years work experience group has non - significant effects on factors making WLB harder ( i.e., > 0.05)

**ANOVA – ONE WAY****HOW BIG IMPACT WORK HAS ON WORK – LIFE BALANCE**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	480.687	4	120.172	5.482	0.001
Within Groups	2082.353	95	21.92		
Total	2563.04	99			

**INFERENCE**

- Ø The critical value (sig) is less than 0.05.
- Ø Any value less than this will result in significant effects , ie. The effect on different work experience group with opinion on Impact work has on work – Life balance.
- Ø Since this value is usually set at .05, any value less than this will result in significant effects, while any value greater than this value will result in non significant effects.

**POST – HOC TESTS****Multiple Comparisons**

Dependent Variable: Impact work has on work life balance

(I) Years of Experience	(J) Years of Experience	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
0 - 1 years	1 - 3 years	-0.9583	2.24125	0.993	-7.191	5.2743
	3 - 6 years	-3.2222	2.06449	0.526	-8.9633	2.5188
	6 - 10 years	-0.0476	2.2845	1	-6.4005	6.3053
	>10 years	-5.9048(*)	2.1062	0.047	-11.7618	-0.0477
1 - 3 years	1 - 3 years	0.9583	2.24125	0.993	-5.2743	7.191
	3 - 6 years	-2.2639	1.40671	0.495	-6.1758	1.648
	6 - 10 years	0.9107	1.71337	0.984	-3.8539	5.6754
	>10 years	-4.9464(*)	1.46725	0.009	-9.0266	-0.8662
3 - 6 years	1 - 3 years	3.2222	2.06449	0.526	-2.5188	8.9633

	3 - 6 years	2.2639	1.40671	0.495	-1.648	6.1758
	6 - 10 years	3.1746	1.47464	0.207	-0.9262	7.2754
	>10 years	-2.6825	1.17971	0.163	-5.9632	-0.5981
6 - 10 years	1 - 3 years	0.0476	2.2845	1	-6.3053	6.4005
	3 - 6 years	-0.9107	1.71337	0.984	-5.6754	3.8539
	6 - 10 years	-3.1746	1.47464	0.207	-7.2754	0.9262
	>10 years	1.53249	1.53249	0.002	-10.1188	-1.5955
>10 years	1 - 3 years	5.9048(*)	2.1062	0.047	0.0477	11.7618
	3 - 6 years	4.9464(*)	1.46725	0.009	0.8662	9.0266
	6 - 10 years	2.6825	1.17971	0.163	-0.5981	5.9632
	>10 years	5.8571(*)	1.53249	0.002	1.5955	10.1188

\* The mean difference is significant at the .05 level.

#### INFERENCE

- Ø In the above multiple comparisons, the result shows that all other groups except greater than 10 years work experience group has significant effects on Impact work has on Work – Life balance ( i.e., < 0.05)
- Ø Greater than 10 years work experience group has non - significant effects on factors making WLB harder ( i.e., > 0.05)

#### MANN-WHITNEY TEST

#### ANALYSIS ON SUPERIOR SUBORDINATE RELATIONSHIP – PRODUCTIVITY – LONG WORKING HOURS

	Gender	N	Mean Rank	Sum of Ranks
What do you feel about your superior subordinate Relationship	Male	42	53.26	2237
	Female	58	48.5	2813
	Total	100		
Current work life balance helps the organization in productivity	Male	42	36.26	1523
	Female	58	60.81	3527
	Total	100		
Whether long working hours will be a barrier to your family	Male	42	44.98	1889
	Female	58	54.5	3161
	Total	100		

Grouping Variable: Gender

**Test Statistics(a)**

	What do you feel about your superior subordinate	Current work life balance helps the organization in productivity	Whether long working hours will be a barrier to your family
Mann-Whitney U	1102	620	986
Wilcoxon W	2813	1523	1889
Z	-0.842	-4.389	-1.683
P Value	0.4	0	0.092

**INFERENCE:**

- Ø In Mann – Whiney test, If the resulting P-value is small ( $P < 0.05$ ) then a statistically significant difference between the samples can be accepted.
- Ø In the above calculations, Results show that the Employees' Productivity and Long working hours has significant relationship in their work-life balance.

**SUGGESTIONS & RECOMMENDATIONS**

- Ø The first and foremost suggestion is that the Multi – National Banking Organizations should conduct more awareness programs for employees regarding the work life balance techniques.
- Ø The respondent have suggested the following work life balance policies
  - a) Compressed workweek
  - b) Vacation along with their family

Introducing employment policies that encourage a healthier work-life balance for your employees can bring real benefits to your business. If the employees are less stressed:

- the quality of their work is likely to improve
- productivity is likely to rise
- wastage levels can be cut through fewer mistakes and reduced sickness absence
- morale should improve
- recruitment and training costs can be reduced through improved staff retention

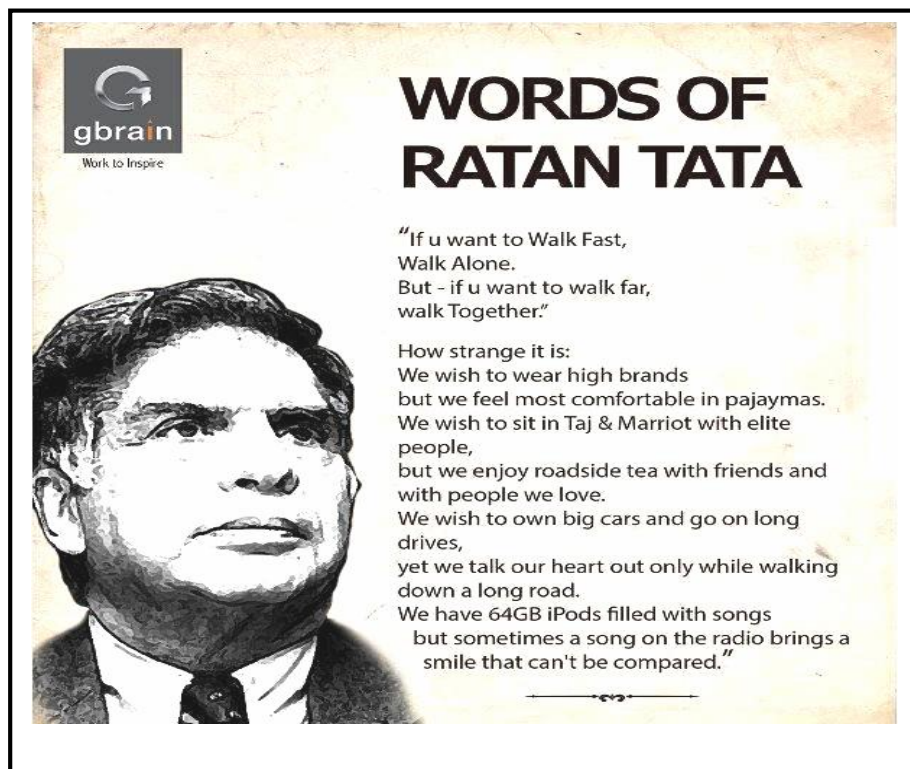
Some employees have a legal right to request flexible working arrangements. Employees with parental responsibility for a child under the age of six, a disabled child under the age of 18 who receives disability living allowance and employees who are carers of adults may request a change to their hours, times or place of work. Employers must seriously consider any requests they receive and may only refuse the request if there is a clear business reason why it cannot be met.

Drawing up a clear policy on flexible working can have a positive impact on management by making it clear the circumstances in which a request for flexible working will be considered and approved. This saves management time and means that inconsistencies in management decisions are removed. It can also help employees by explaining their rights.

Flexible and work-life balance policies will also foster a more positive perception of you as an employer. This can lead to better relations with your employees and greater staff loyalty, commitment and motivation, reducing staff turnover and recruitment costs.

## CONCLUSIONS

From the research, it has been found out that most of the employees of Multi - National Banking organizations are able to balance their Work and Personal Life. Even though the employees are aware of work life balance techniques, the management should take initiatives to create more awareness about the effective utilization of the policies guiding Work – Life Balance. As Multi-National Banking Industry is one of the fastest growing sector, the existing policies needs to be continuously reviewed and fresh policies has to be launched to keep in pace with work place trends and employees' delight besides customer delight thereby it can gain a competitive advantage in the market place.





## ORGANIZED PHARMA RETAIL CHAINS: PROSPECTS AND ISSUES

Nitin Bhargava\* and Ajay Phaltankar\*\*

---

### ABSTRACT

*India is the most attractive retail market today with plethora of opportunities. The Indian retail market is growing with a rapid pace of about 25-30%. Drug & pharmaceutical industry plays a vital role in the health care of the any country. Organized pharma retailing is emerging as a very lucrative business for the corporate houses. The consolidation in drug distribution in India is in a formative stage but corporatization of the retail trade has already begun. It highlights the growth prospects for both the national and international players along with deficiencies and problems as well. It also examines the growing awareness and brand consciousness among people across different classes in India. The retail story is witnessing a paradigm shift in the Pharma industry. The big names have already entered or planning to enter the fray with their first salvos. Organized Pharma retail chains have begun firing and the small players better watch out that Retail chains are in a better position to offer better services to their customers.*

*Keywords: Organized retail,*

---

### Introduction

With growing awareness about health and fitness, corporate India is looking at pharma retailing as a lucrative business. Just after FMCGs, food and entertainment, pharma retailing is the very next big area in retail, with an increasing number of corporate entering into this segment. The substantial pharma retailing pie in India is estimated at about Rs 30,000 crores. As per some estimates, 15 per cent of the 51 lakh retail stores in India are chemists. Pharma retailing is going to follow the trend of becoming more organized and corporatized like other retailing formats of food, apparel etc. At present, organized pharma retail accounts for 3-4% of the total market. It will soon grow to capture 20-30% of the

---

\* Asst. Prof., Hindustan College of Science & Technology, Mathura Email: [nitin.bhargava@sgei.org](mailto:nitin.bhargava@sgei.org), +91-9412590653

\*\* Asst. Prof., Boston College for Professional Studies, Gwalior, Email : [ajay.gwal@gmail.com](mailto:ajay.gwal@gmail.com), +91-9926908283

market. Subhiksha was the first to start a chain of super markets with medical shops in Tamil Nadu about a decade ago, it was one among the first organized retail chain of pharmacies to come up in India. Afterwards, numerous players have emerged in the country like Dr. Morepen Life spring and Tango, Medicine Shoppe, Global Healthline Pvt Ltd, Apollo Pharmacies, Emami group, Guardian Lifecare and regional players like Lifeken. There has been a rise in personal expenditure on healthcare. The Indian consumers are getting more and more concerned about their health and organized retail is providing the Indian consumer greater choice. According to the recent surveys the healthcare ranks as the 3rd on the Indian consumer's spending list, more than what they are spending in apparel or entertainment segment. Rising disposable income, changing lifestyles and growing awareness among the Indian middle and upper classes or about health, is responsible for this upward movement.

The companies are putting in major investments in this segment, but still there is long way before they actually manage to displace the position of the neighborhood chemist, due to their accessibility and size. They are positive, as a higher degree of credibility along with value-added services, which the organized retailers are providing, would attract consumers to these retail outlets.

### **Current Scenario**

Leading healthcare firms have drawn up rapid-fire plans to venture into the pharma retail space. This space is actually large. The pharma industry is a Rs 35,000-crore business, spread mainly through 6.5-7 lakh chemist shops. But there is a vacuum, which leaves enough room for big corporate houses to enter in this segment. Organized pharma retail is only 2% of the industry. It is expected to multiply in coming years. Apollo Pharmacy has more than 400 stores under its umbrella in the southern belts. It plans to take its store count to more than 1,500 in coming years. Medplus, which is a Hyderabad-based company, is doubling its stores from 250 to 500 in a year. Fortis Healthworld of Ranbaxy has plans for 1,000 stores in 200 cities within a short span of time. Guardian Lifecare, focused on eight cities in North India, wishes to net wider its scope in near future. Fortis Health World, a Ranbaxy group healthcare services has announced its plans to set up 1,000 pharmacies by end of 2008. Anil Ambani has also bigger plans on organized retail.

### **Growth Drivers**

There are abundant reasons for the shoot up of Indian retail. Overall economic growth, the increasing purchasing power of the consumers, increasing middle class segment, Urbanization, Availability of credit facility are some of the contributing factors which has made organized retailing a very attractive business. These are resulting in changing preferences in demand for lifestyle goods. Customers are making their minds shift towards an organized retailing experience. One of the other key drivers for organized retail is the projected rise in mall growth. The number of malls is expected to rise to 600 by 2010 from

158 in 2005. The Indian Government is also very much supportive and is likely to spend \$150 billion over the next coming years to develop world class infrastructure, thus, helping in growth in the retail sector.

### **Size of Indian Pharma Retail Segment**

The \$4 billion domestic pharmaceuticals formulations industry is dominated by 5,00,000 retailers in the unorganized sector and is largely limited to the urban markets. Organized retail is at a very young stage in India unlike the developed countries, where the retail chains supply to 54 percent and 48 percent of the retail pharma sales respectively. Presently there are nearly few players having 500 outlets, in the organized retail sector in India. In the next three to five years, the growth of the organized retail is anticipated to be large but at the same time it is likely expected to be confined to only metros and tier-1 cities.

### **Factors Affecting Retailing of Pharma Products**

Present distribution system has resulted in several limitations in the quality and integrity of supply chain despite accounting for more than 30 percent of the retail cost of a drug, which is mainly because of its fragmented structure. This fragmented structure prevents retail pharma companies, distributors and retailers to invest sufficiently in the infrastructure in order to facilitate stock and secondary/tertiary sales visibility.

This has resulted in blocking of the planning process on one hand even while rendering the supply chain permeable for the entrance of counterparts. There are also some issues around unfair retail substitution and compliance to CGMP, which are injurious for the larger interest of the patients. Looking at these boundaries, there is a strong business case for pharma companies to favor organized pharma retail, which is having a very minute share of the pharma retail pie. One another important point is the rural penetration, which is being not addressed effectively by the present distribution network effectively. Pharma market is mostly urban.

With the augmentation in rural economy, there is a huge opportunity to be explored by deeper penetration into the rural market. This combined with good margins and overall boom in organized retail is making the big retailers look at pharma retail very favorably.

This will definitely improve the quality and integrity of the supply chain through better monitoring of the channel and improved compliance. The unfair retail practices will be controlled to a large extent and in the long run will help in reducing the channel margin and also the retail cost of drugs (by economies of scale and removal of intermediaries). Sale of genuine drugs will be the unique selling proposition (USP) of the organized retail in the near future.

### **Advantages of Organized Retail Pharma**

1. **Sales Rise:** Due to the co-promotion of the companies with these retail chains there will be rise in sales and building-up of a long-term relationship with the consumer.
2. **Efficient Information flow:** Computerized operations of organized retail pharma stores will make sure the efficient flow of information. Also due to the centralized purchases and back-end support, there will be a very little chance of fake medicines in the stores.
3. **Negligible loss due to expiry and stock outs :** Due to the computerized operations there will be very little or negligible loss due to expiry and stock outs for the retailers. Some others will undertake the promotion and advertising activities for them. Due to the back-end support provided by these other companies controlled inventory, there would be better margins and therefore more profits.
4. **Medicines below MRP:** The customers would be ultimately benefited by getting medicines below the MRP (Maximum retail price). Thus there will be always a price advantage for customers.
5. **Elimination of Channel Layer:** Organized retail will lead to removal of at least one layer of distributors and thus the customers would finally be benefited from the margins thus saved. The retail scene will change from the small chemists to organized retailers with some national and international players.
6. **Efficient supply chain management:** This will make more efficient supply chain management due to tight inventory control and self-warehousing.
7. **More Loyal Customers:** The value-added services provided by these organized retail companies in the form of free camps would help in building much more stronger and loyal customer base. Maintenance of patient's profile and database will give expert advice and help to the patient compliances and management thus resulting in long-term loyalty.
8. **Ambience:**, Apart from providing an good shopping ambience at no extra cost, most of these branded pharma retail outlets are also providing value added services to their customers.
9. **Value added services::** These pharma retailers also provide services like Home delivery, prescription records, and reminder services. They also consist of a state-of-the-art pharmacy, a special diabetic care section, self-diagnostic equipment, natural foods, baby care products, skin care, toiletries pharmacist, dieticians, and beauty consultants.

10. **Substitute Offer:** -Another advantage is that when a consumer usually visits a chemist with a prescription for a medicine, and that medicine is not available in the store they offer a substitute which gives them higher margins.

### Issues in Organized Pharma Retail

There are various issues in the growth of organized pharma retail, which are:

- 1- **Location** Location is the most important ingredient for any business that relies on customers, and is typically the prime consideration in a customers store choice. It is the decision regarding “Right Place, Right choice” Easy accessibility is the important area, which has to be taken care of.
- 2- **Competition from Local Chemists:** Competition from unorganized sector is also another major issue in front of organized pharma retailers. This is a low cost structure, mostly owner-operated with negligible real estate and labour costs. Familiarity with the Consumers that goes from generation to generation is the biggest advantage for the traditional retailing sector.
- 3- **SCM (Operations):** Supply chain activities include the Scale of operations, which are carried out in the business. It is one of the biggest issue that the Pharma retailers have to resolve to combat with local chemists.
- 4- **Threat from International Players:** The Indian government has allowed 51% foreign direct investment (FDI) in the India retail sector to one-brand shops only. This has made the entry of global retail giants to organized retail sector in India difficult. This issue has to be taken care of by the organized pharma retail sector.
- 5- **Shortage of Trained Manpower:** The Pharma retailers have difficulty in finding well-trained person and they have to have to pay more in order to retain them, which again bring down their profit levels.
- 6- **Merchandising: :** The primary goal of the most retailers is to sell the right kind of merchandise and nothing is more important than it which decides what finally goes on the store. Merchandising consists of activities involved in acquiring particular goods and services and making them available at a place, time and quantity that enable the retailer to reach its goals.
- 7- **Efficient Mall management:** Mall management is going to be a major challenge for the retail industry. The Indian retail market lacks designated mall management firms.
- 8- **Legal and Regulatory Framework:** Government has to liberalize the regulatory framework in order to get better results.

9. **Cost of Land:** - High costs of land acquisition are another major issue in front of big pharma retail chains as the cost of real estate is rising day- by-day.

### Conclusion:

The retail sector has played a phenomenal role throughout the world in increasing productivity. It is also the second largest industry in terms of numbers of employees and establishments. There is no doubt that the most of the developed economies are very much relying on their retail sector as a source of growth.

With the emerging scenario of Pharma retailing in the country, Retail Pharma chains are becoming like discount store retailing whereby the chains are sourcing directly from pharma companies as Customers are becoming more and more interested in walking into a one-stop shop for all their healthcare needs. Small chemists are likely to close shop with the emergence of big retail pharma chains promoted by pharma companies themselves, thereby marking the end of unorganized pharma retailing in the country. Pharma retailing will become the privilege of big retailing chains such as Medicine Shoppe or other pharma retail chains. But still the sector is in nascent stage and has to move with great caution and handle the problems more efficiently and effectively in order to reach the desired heights..

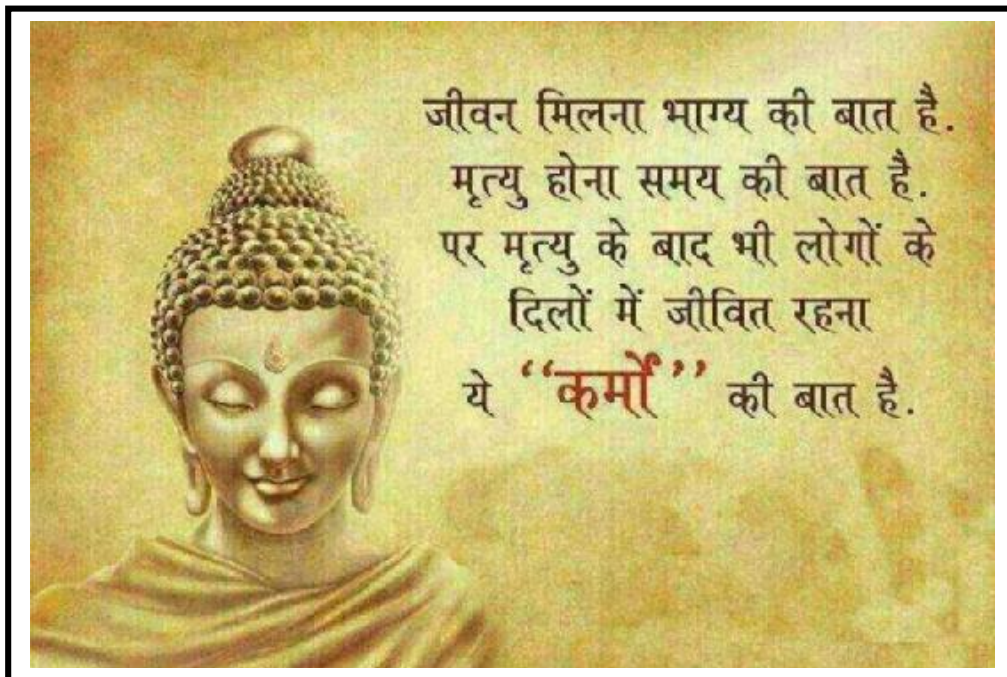
### References:

- A.T. Kearney and Fraunhofer Gessellschaft. "The Research-based Pharmaceutical Industry as an Opportunity for Business in Germany" (translated). *Pharmaceutical Researchers and Manufacturers of America*
- Attridge, C.J., and Preker, A.S. "Improving access to medicines in developing countries." Washington, DC: The World Bank, 2005.
- Barbiero, Ph.D. V. "Africa health trends: a 21st century imperative." Washington, DC: The Woodrow Wilson International Center for Scholars, 2006.
- Conrad P, Leiter V. (2004). Medicalization, "Markets and consumers" *J Health SocBehav.* 2004;45 Suppl:158-76.
- Cooksey JA, Knapp KK, Walton SM, Cultice JM, "Challenges to the pharmacist profession from escalating pharmaceutical demand" *Health (Millwood).*2002;182-8.
- Doctor, Vikram, Rushing into Retail, *Business World*, 31 May, 1999
- Dono hue JM, Cevasco M, Rosenthal MB, "A decade of direct-to-consumer advertising of prescription drugs" *N Engl J Med.* 2007;357(7):673-81.

- Dummett, H. "An overview of the supply and demand in South Africa's pharmaceutical industry—opportunity or risk" *World Markets Research Centre*, 2002.
- Federsel HJ. *In search of sustainability: process R&D in light of current pharmaceutical industry challenges*. *Drug Discovery Today*. 2006;11(21-22):966-74.
- Frosch DL, Krueger PM, Hornik RC, Cronholm PF, Barg FK. *Creating demand for prescription drugs: a content analysis of television direct-to-consumer advertising*. *Fam Med*. 2007;5(1):6-13.
- Gellad ZF, Lyles KW. *Direct-to-consumer advertising of pharmaceuticals*. *Am JMed*. 2007;120(6):475-80.
- Goodman, C., et al. "Retail supply of malaria-related drugs in rural Tanzania: risks and opportunities." *Tropical Medicine and International Health*, vol. 9, no. 6, pp. 655–63, 2004
- Hammond, A.L., Kramer, W.J., Katz, R.S., Tran, J.T. and Walker, C. "The next 4 Billion—Market size and business strategy at the bottom of the pyramid." Washington, DC:IFC and World Resources Institute, 2007
- Health, Nutrition, and Population (HNP). "Pharmaceuticals: Local Manufacturing."
- Hise, R.T., J.P. Kelly, M. Gable and J.B. McDonald. 1983. "Factors affecting the performance of individual chain store units: an empirical analysis." *Journal of Retailing*, 59(2), 22-39.
- Levy, Michael; and A. Weitz, Barton. *Retailing Management*. New Delhi: Tata McGraw Hill Publishing Company Limited, 2002. 754 pp. Gilbert, David. *Retail Marketing Management*. Harlow: Prentice Hall, 1999. 356 pp.
- Macias W, Lewis LS. *Acontent analysis of direct-to-consumer (DTC) prescription drug web sites*. *J Advertising*. 2003;32(4):43-56.
- Mehta A, Purvis CS. *Consumer response to print prescription drug advertising*. *JAdvertising Research* 2003;43(2):194.
- Miller P. *Role of pharmacoeconomic analysis in R&D decision-making: when, where, how?* *Pharmacoeconomics*. 2005;23(1):1-12.
- Montoya ID, Jano E. *Online pharmacies: safety and regulatory considerations*. *Int JHealth Serv*. 2007;37(2):279-89.
- Openshaw MS. *The economics of prescription drug prices, government intervention, and the importation of drugs from Canada*. *Nurs Econ*. 2005;23(6):307-11, 279.
- Parker RS, Pettijohn CE. *Pharmaceutical drug marketing strategies and tactics: a comparative analysis of attitudes held by pharmaceutical representatives and physicians*. *Health Mark Q*. 2005;22(4):27-43.



- Rosenthal MB, Berndt ER, Donohue JM, Frank RG, Epstein AM. Promotion of Prescription Drugs to Consumers. *N Engl J Med*. 2002 Feb 14;346(7):498-505.
- Semin S, Aras S, Guldal D. Direct-to-consumer advertising pharmaceuticals: developed countries experiences and Turkey. *Health Expect*. 2006;10:4-15.
- Shridharan, R ( 1998), *The Future of Retailing*, *Business Today*, 7-21 December, 1998
- Topol EJ. Failing the public health--rofecoxib, Merck, and the FDA. *N Engl J Med*. 2004;351(17):1707-1709.
- Villanueva P, Peiró S, Librero J, Pereiró I. Accuracy of pharmaceutical advertisements in medical journals. *Lancet*. 2003;361(9351):27-32.
- Wazana A. Physicians and the pharmaceutical industry: is a gift ever just a gift? *JAMA*. 2000; 283(3): 373-380.
- Washington, DC: The World Bank, 2005. Kravitz RL, Epstein RM, Feldman MD, Franz CE, Azari R, Wilkes MS, Hinton L, Franks P. Influence of patients' requests for direct-to-consumer advertised Anti depressants: a randomized controlled trial. *JAMA* 2005; 293(16): 1995-2002
- Weissman JS, Blumenthal D, Silk AJ, Newman M, Zapert K, Leitman R, Feibelman S. Physicians report on patient encounters involving direct-to-consumer advertising. *Health Aff (Millwood)*. 2004;Suppl Web Exclusives: W4-219-33.





## **BOOK REVIEW**

### **STRATEGIC MARKETING IN TOURISM SERVICES**

Rodoula H. Tsiotsou, Ronald E. Goldsmith(Emerald, UK: Emerald group Publication Limited, 2012; 434pp, £49.95, €59.95, \$79.95, hardback; ISBN 9781780520704)

Rodoula is currently an Assistant Professor of marketing in University of Macedonia, Greece. Whereas, Ronald is a Professor of marketing in College of Business at Florida State University. Both have immense working knowledge of marketing.

The book has focused on the various marketing strategies like Branding, Target marketing, Relationship marketing and e-marketing. Book has also compiled some research papers in the related fields which gave a practical look out of the theoretical concepts. The book is able to compile the best of work of the related academicians, who were able to give an inside out of the subject.

Range of topics selected are clearly indicative of the different aspects that convey the latest thinking and research. This book is a complete blend of both marketing and tourism, which makes it a mandatory study for students and scholars. The major focus of book is to critically evaluate the theoretical and practical processes in the field of service marketing in tourism industry.

The book is divided into five inter-related sections discussing different aspects of service marketing- first part is related to the target marketing, where the major focus is towards identifying which could be considered as potential customer of the future. This section is customer centric as it is believed that every customer has its own set of demands and on the basis of which the services need to be delivered.

Second part of the book dealt with Branding, where the shift of paradigm is visible from demand side to the supply side. Initially, the customer's needs are given importance so as to satisfy their wants which is a clear indicative of demand side. Whereas, now the right consumers are searched for the existing product i.e. the supply side.

Role of stakeholders in creating a brand image and marketing of destination is briefly elaborated. Images formed for a destination are generally multifaced which are bifurcated into cognitive, affective and conative connotation. The image of a destination is formulated on three dimensions: holistic, functional, psychological and common- unique characteristics.

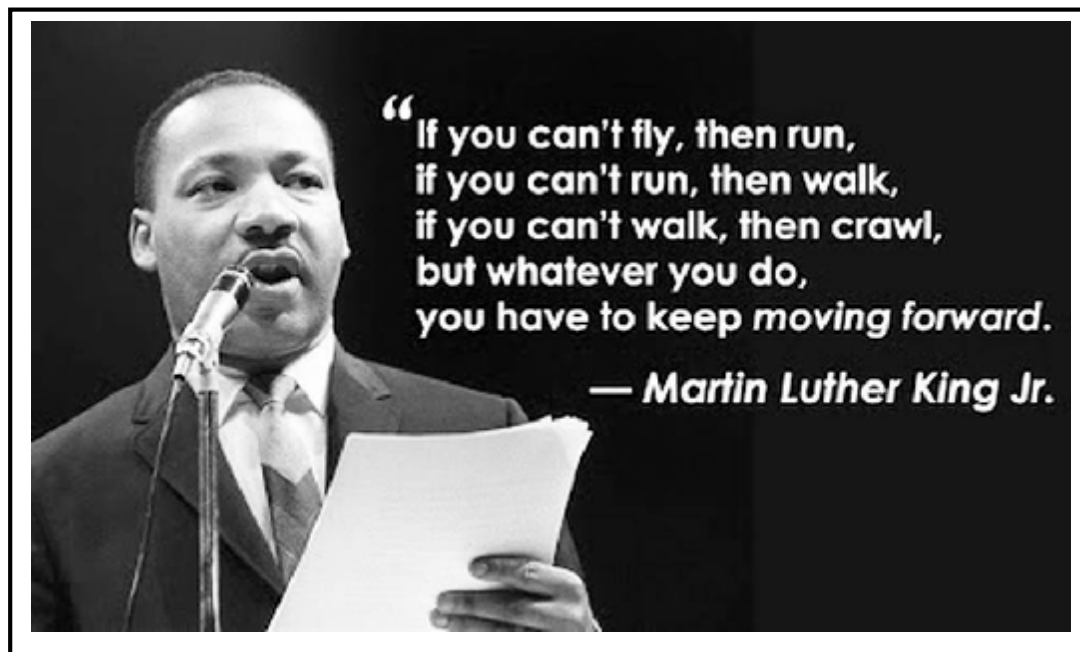
Third part discussed about the importance of relationship marketing holds in tourism sector, because only this can build a loyal customer base which will help in generating more profits in the future as it will give rise to chances of re- buying or re- patronizing the preferred product/ services.

Fourth part undertook the study of experimental marketing because tourism industry is not evaluated on the basis of the destination rather the major role is building an experience in the service delivered. As the main constituent of any tourism product is the kind of experience it can offer. Even the most discussed rural tourism is able to provide a distinct but unique experience to its customers by vacations in vineyard, holidays in saddle and also vacations on farms. Major determinants can be identified which can significantly increase the enjoyment and attraction for the tourists.

Fifth part was dedicated to the up-coming method of marketing which was initially done for the product but now proved significantly useful for the tourism industry i.e. e-marketing. A brief elaboration of the concept of e-marketing was demonstrated in the form of the flow- chart. A report was also compiled to observe the role of technology and communication in different sectors associated with tourism i.e. hotels, restaurants and travel agents. Then finally the use of mobiles in marketing was also elaborated which could be the boom in future.

The book is impregnated with excellent theoretical along with practical insights of the topics. So the work compiled by various authors will enlighten the new concept in the mind of the readers. In addition, this book will help academicians and research scholars to incorporate the strategies in various service sectors.

***Book Reivewed by : Jayati, Research Scholar, IITM-PTU Collaborative programme***



**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