

ISSN (Online) : 2279-0667



Editor-in-Chief : Dr. Karun Kant Uppal

Impact Factor : SJIF 2013 = 4.289

Frequency : Monthly

Country : India

Language : English

Start Year : 2012

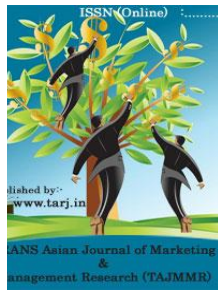
Published by : [www.tarj.in](http://www.tarj.in)

Indexed/ Listed at : Ulrich's Periodicals  
Directory, ProQuest, U.S.A.

E-mail ID: [tajmmr@tarj.in](mailto:tajmmr@tarj.in)

### **VISION**

The vision of the journals is to provide an academic platform to scholars all over the world to publish their novel, original, empirical and high quality research work. It propose to encourage research relating to latest trends and practices in international business, finance, banking, service marketing, human resource management, corporate governance, social responsibility and emerging paradigms in allied areas of management. It intends to reach the researcher's with plethora of knowledge to generate a pool of research content and propose problem solving models to address the current and emerging issues at the national and international level. Further, it aims to share and disseminate the empirical research findings with academia, industry, policy makers, and consultants with an approach to incorporate the research recommendations for the benefit of one and all.



# TRANS Asian Journal of Marketing & Management Research (TAJMMR)

(Double Blind Refereed & Reviewed International Journal)

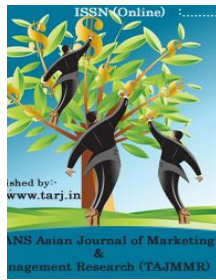
**UGC APPROVED JOURNAL**



SR. NO.	PARTICULAR	PAGE NO.
1.	<b>MUDRA: NEED AND PERFORMANCE ANALYSIS</b> Akhila Ibrahim k.k	5-18
2.	<b>SOCIAL MEDIA AS A TOOL FOR BRAND BUILDING IN THE AUTOMOBILE INDUSTRY</b> Sree Lakshmi K. R. & Dr. C. Sengottuvelu	19-29
3.	<b>LIQUIDITY AND PROFITABILITY OF TELECOM SECTOR IN INDIA</b> G.Sravanthi	30-36
4.	<b>SOCIAL MEDIA MARKETING: A TOOL FOR BUILDING CUSTOMER EQUITY</b> Syed Zeeshan Zahoor, Dr Ishtiaq Hussain Qureshi & A. M. Shah	37-49
5.	<b>FUTURE PROSPECTIVE OF E-BUSINESS IN INDIA (A STUDY OF PUNJAB AND HARYANA STATES OF INDIA)</b> Rahul Kumar & Dr.Kewal Krishan Chawla	50-70
6.	<b>IMPORTANCE OF INFORMATION LITERACY IN AGRICULTURAL PRODUCTIVITY: A CASE STUDY OF FARMERS OF JORHAT DISTRICT OF ASSAM</b> Hemanta Kumar Gohain	71-82
7.	<b>HR PRACTICES IN BANKING SECTOR- A LITERATURE REVIEW</b> Esha & Dr. BimalAnjum	83-96

8.	<b>SUSTAINABLE MANAGEMENT OF ECOTOURISM IN KERALA</b> Suneera.A & Dr. M.A. Joseph	<b>97-103</b>
9.	<b>THE DETERMINANTS OF ALIENATION AT WORK: A REVIEW</b> Sucheta Boora & Dr. Dalbir Singh	<b>104-110</b>
10.	<b>ROLE OF GOODS AND SERVICE TAX (GST) ON INDIAN ECONOMY</b> Dr. Shamsheer Singh Malik	<b>111-114</b>





# TRANS Asian Journal of Marketing Management Research (TAJMMR)

(Double Blind Refereed & Reviewed International Journal)

UGC APPROVED JOURNAL



## MUDRA: NEED AND PERFORMANCE ANALYSIS

**Akhila Ibrahim k.k\***

\*Research Scholar,

Department of Commerce and Centre of Research

PSMO College, Tirurangadi. India.

Email id: akhila.ibrahim@gmail.com

### ABSTRACT

*Micro Small and Medium Enterprises sector shows a vibrant and dynamic growth over last five decades in India. This sector is highly important for developing countries like India, mainly because it provides huge employment opportunities at a lower capital cost and play a leading role in the industrialization of rural backward areas of the country thus it improves the standard of living of the rural people and give a way to the inclusive growth. In order to boost this needed sector Government of India open up a new avenue of micro credit to bridge the gap of capital starvation and institutional finance. It was in 8<sup>th</sup> April 2015, our Honorable Prime Minister Sri NarendraModi launched a new and innovative institution MUDRA (Micro Units Development and Refinance Agency) with a mandate of 'fund the unfunded'. It was a great step by the government to stabilize and grow its rural industrial sector. This study is an attempt to understand the scheme MUDRA, know its need to the country and to measure its performance for the year 2015-16. This study is descriptive in nature and analyses secondary data collected from various reports published related to MUDRA.*

**KEYWORDS:** Msme, Mudra, Need, Performance, Pmmy.

## INTRODUCTION

Micro Small and Medium Enterprises sector shows a vibrant and dynamic growth over last five decades in India. This sector is highly important for developing countries like India, mainly because it provides huge employment opportunities at a lower capital cost and play a leading role in the industrialization of rural backward areas of the country thus it improves the standard of living of the rural people and give a way to the inclusive growth.

The sector consisting of 36 million units, as of today, provides employment to over 80 million persons. The sector through more than 6000 products contributes about 8 percentages to GDP besides 45 percentages to the total manufacturing output and 40 percentages to the exports from the country (MSME at a glance , 2016). MSME sector is involved only in low scale activities such as; clay pot making, basket weaving, repair shops, welders, cottage industries, handlooms, handicraft works, street vendors, fruits and vegetables vendors, etc., they are collectively referred to as the Non-Corporate Small Business Sector(NCSBS). 5.77 crores small business including NCSBS are individual proprietorships (NSSO Survey, 2013). These are run by weaker sections in the society who can access only to little credit which they hunting from local money lenders, friends and relatives. Thus they face huge interest and capital deficiency problems and lead to the shutdown of the unit, the backbone of rural industrial growth. There is a gap among this sector and institutional finance, which is an exploitable opportunity in front of government of India through which the country can achieve GDP improvement and growth.

In order to boost this needed sector Government of India open up a new avenue of micro credit to bridge the gap of capital starvation and institutional finance. It was in 8<sup>th</sup> April 2015, our Honorable Prime Minister Sri NarendraModi launched a new and innovative institution MUDRA (Micro Units Development and Refinance Agency) with a mandate of 'fund the unfunded'. It was a great step by the government to stabilize and grow its rural industrial sector.

## OBJECTIVES

To understand the concept of MUDRA;

To identify the need for MUDRA;

To measure the performance of MUDRA;

## RESEARCH METHODOLOGY

This study is a descriptive and secondary data which is collected from various reports published by government of India, website of MUDRA, other relevant websites, newspaper and magazines are considered for the study. The study analyses the MUDRA performance for the financial year 2015-2016.

## REVIEW OF LITERATURE

Venkatesh and LavanyaKumari (2015) studied the performance of MUDRA bank and its financial assistance to MSMSE sector. This sector needs serious attention and capital avenues for the development. One of the prime objectives of MUDRA is focusing on MSME sector of the

country. The study concludes with a hope that the scheme will contribute to the growth of small scale industries and thus positively affect the improvement of economy as a whole.

Shahid and Irshad (2016) conducted a descriptive study on Pradhan Manthri MUDRA Yojana. Launching of MUDRA will be very beneficial to MSME sector thus it improve the standard living of self-employed people of the country. Study says that it will increase the confidence of young entrepreneurs to start a business and existing one to expand their activity.

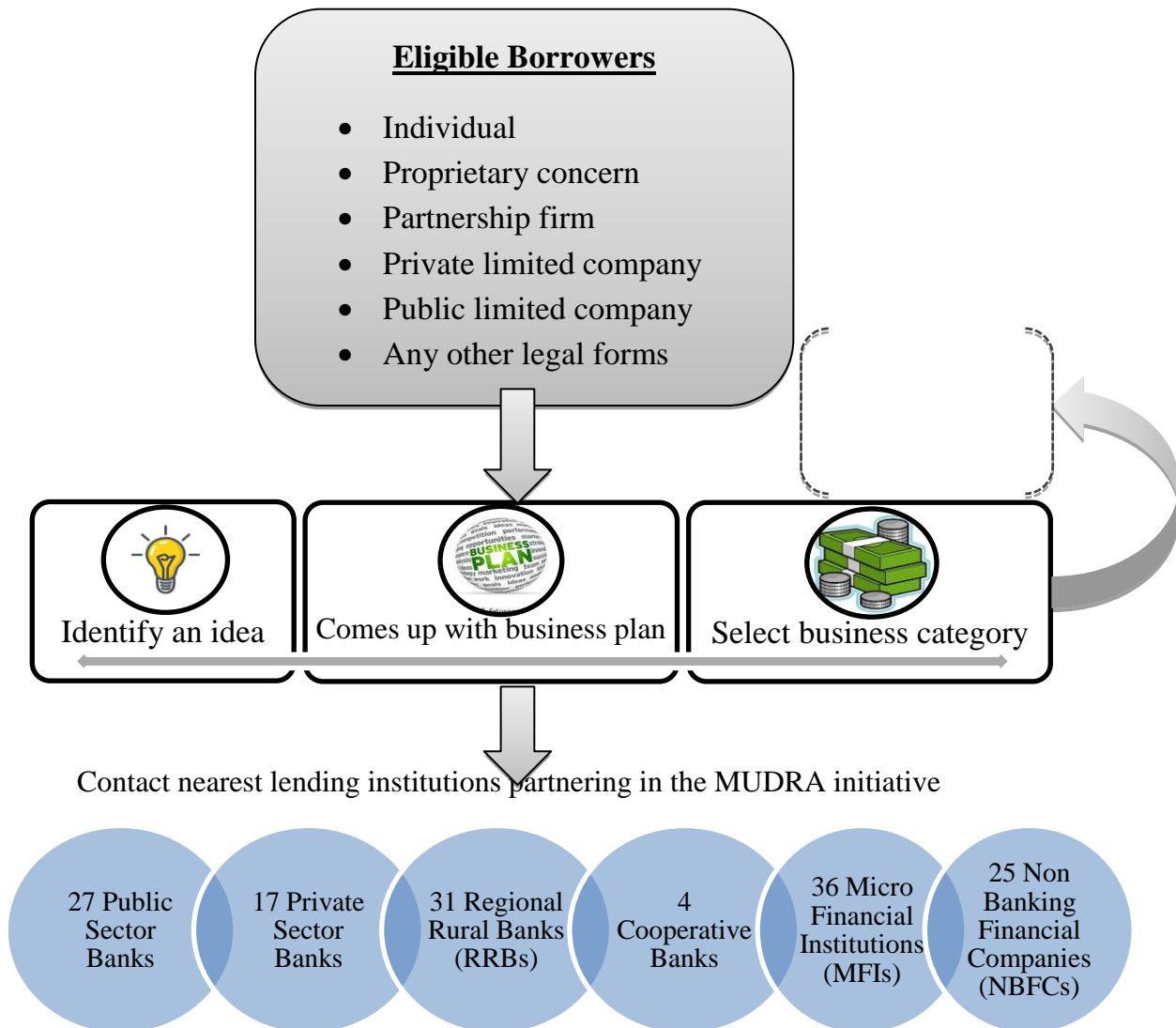
Anup Kumar (2016) studied the scheme MUDRA Yojana and its key objectives. MUDRA is a strategic tool for small business financing, and the article highlights the importance and role of the scheme towards small business units. The paper concludes that the scheme will contribute to boost the MSME sector in India.

### **What is MUDRA?**

MUDRA or Micro Units Development and Refinance Agency Ltd is a government created development and finance agency aimed to give refinancing and several development functions to micro unit enterprises. The idea of the institution initially announced in Union Budget of India 2015. MUDRA was formally launched by Prime Minister Narendra Modi on 8 April 2015. It was set up under Pradhan Mantri MUDRA Yojana (PMMY) scheme. It is a scheme for providing MUDRA loan to the unfunded section of the society. There are three types of loan under MUDRA; Shishu, Kishor and Tarun covering loans upto Rs.50,000, 50,001 to 5 lakhs and 5,00,001 to 10 lakhs respectively.

### **MUDRA PRODUCT OFFERINGS**

- ✓ Credit Guarantee
- ✓ Micro credit scheme
- ✓ Credit to micro enterprises
- ✓ Refinance scheme for banks
- ✓ Mahila Uddyami Scheme
- ✓ Business loans for traders/ shopkeepers
- ✓ Equipment finance scheme
- ✓ Mudra Card
- ✓ How to get MUDRA loan?



### Why we need MUDRA?

According to Fourth all India Census of MSME 361.76 lakhs is the size of small scale sector including 55.34% rural units, 7.36% women enterprises and 95.8% are sole proprietorships. There are about 46 million SME units grow at a stable pace of 4.5% in last 5 years. But many of them are sick units and the census report shows that 46% of the units' reason for sickness is working capital shortage. According to RBI an individual borrower can take loans up to Rs.100,000 from two MFIs at the most. As a self-regulatory measure MFIs have kept the ceiling at Rs.60,000. Other financial institutions are also ignoring this niche segment of micro lending, so a funding gap arises there. Here comes the need for MUDRA bank in India.

MFIs are depending on commercial banks for resources and funds, which are very costly. MUDRA bank have a corpus of Rs.20,000 crores to refinance all types of MFIs both profit and non-profit. It also have a credit guarantee corpus of Rs.3,000 crores. So they provide fund to



MFIs at a lower rate than commercial banks that provide funds only for achieving the priority sector lending targets. It may be at a rate of 13-14% and MFIs lend with 23-24%. Now MFIs can have resources from MUDRA at a cheaper rate and it will be a great advantage to small borrowers with an access to reduced cost of finance. There is no fixed interest rate on MUDRA loan. It may be base rate plus 1-7% minimum based on the risk and business plan by beneficiaries.

The primary and priority customers of MUDRA will be micro units which are showing a growth trend in last years. It will be very helpful to uplift the micro enterprises that starved of working capital and falling to the situation of sickness. The primary objectives of MUDRA also include the focus on women entrepreneurs and minority section. The financial support of MUDRA extended from starters to mid stage financial seekers and next level growth seekers by providing shishu, kishor and tarun loans. So there is a full level support from the institution to the units.

These all activities of MUDRA will definitely leads to the financial inclusion of the country, for achieving this government is introducing many policies and initiatives over years. So, MUDRA will be a great step towards the financial inclusion in India.

### PERFORMANCE OF MUDRA FOR THE FY 2015-16

The MUDRA annual report for the year 2015-16 says that it performed beyond its target in the year. The budget provide Rs. 1,22,188 crore for the year and the banks and MFIs disbursed 109% of the target, that is Rs. 1,32,954.73 crore.

Performance of MUDRA in detail is measured in by 5 categories;

1. Bank wise Performance
2. Caste wise performance
3. Region wise performance
4. Performance by MUDRA loan category.
5. Performance by other various categories.

For this each categories Number of accounts and disbursement amount for three loan types; Shishu, Kishore and Tarun are measured and analyzed.

#### Bank wise Performance

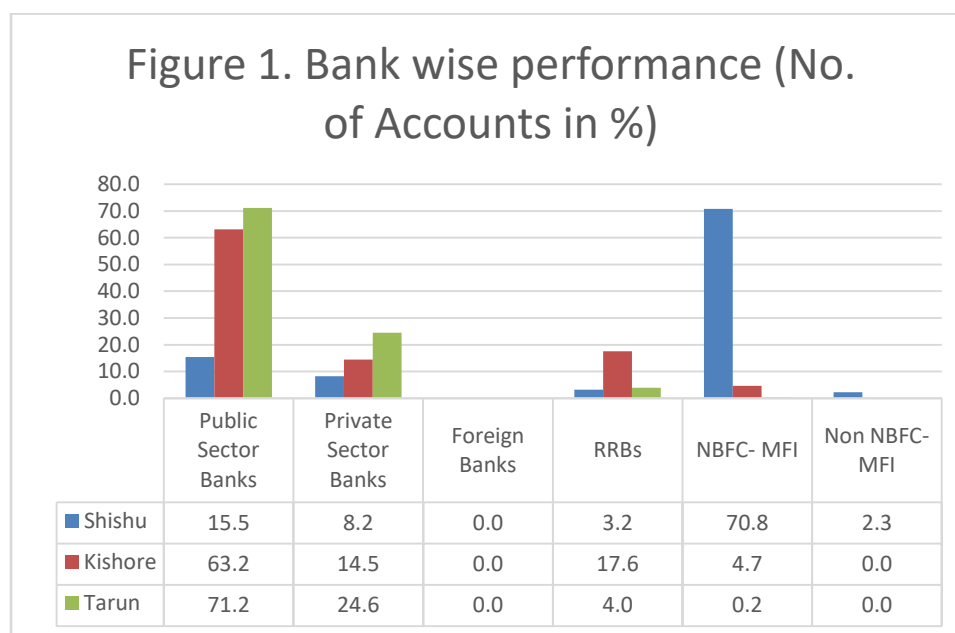
Banking sector in India is a fusion of various public sector, private sector, foreign, cooperative and regional rural banks. MUDRA loan performance of the above banking categories are analyzed in Table 1.

**TABLE 1. BANK WISE PERFORMANCE OF MUDRA (FOR THE YEAR 2015-16)**

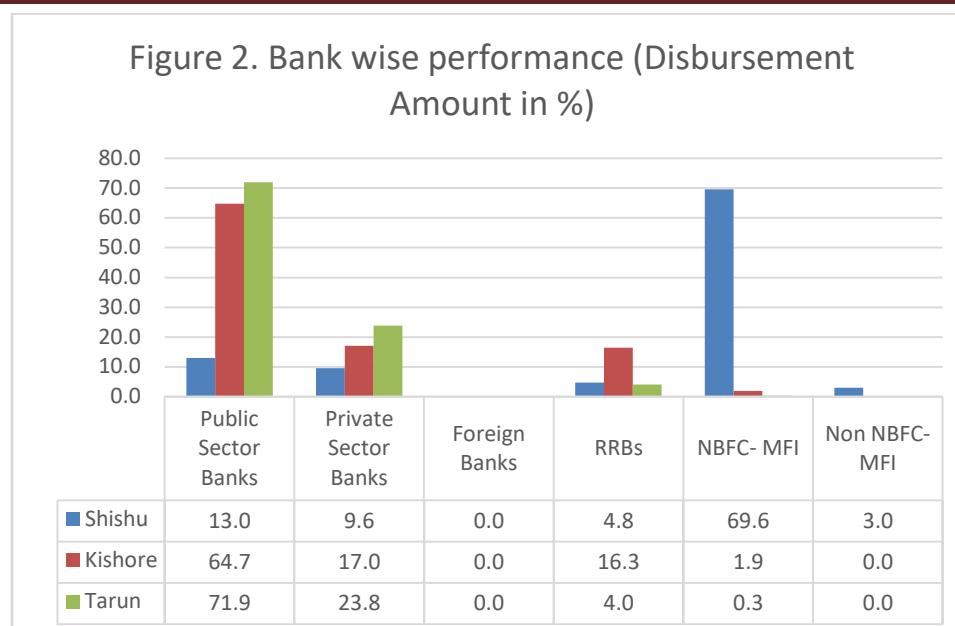
Sl. No.	Bank Type	Shishu(Loans up to Rs. 50,000)		Kishore (Loans from Rs. 50,001 to Rs. 5.00 Lakh)		Tarun(Loans from Rs. 5.00 to Rs. 10.00 Lakh)		Total	
		No. A/Cs	Of Disbursement Amt	No. A/Cs	Of Disbursement Amt	No. A/Cs	Of Disbursement Amt	No. A/Cs	Of Disbursement Amt
1	Public Sector	5007578	8084.57	1307926	26579.99	292073	21462.54	6607577	56127.1

	Banks								
2	Private Sector Banks	2667337	5938.72	299495	6987.36	100854	7099.57	3067686	20025.65
3	Foreign Banks	0	0	295	8.96	152	12.38	447	21.34
4	RRBs	1029664	2960.53	364791	6715.28	16332	1200.41	1410787	10876.22
5	NBFC-MFI	22953181	43179.21	96260	767.99	1006	78.86	23050447	44026.06
6	Non NBFC-MFI	743286	1864.66	694	13.7	0	0	743980	1878.36
<b>Total</b>		<b>32401046</b>	<b>62027.69</b>	<b>2069461</b>	<b>41073.28</b>	<b>410417</b>	<b>29853.76</b>	<b>34880924</b>	<b>132954.7</b>

(Amt in Rs. Cr.)Source: Review of performance of PradhanMantri Mudra Yojana (An analysis on the performance of PMMY during FY 2015-16)



**Source: Table 1**



Source: Table 1

### INTERPRETATION

- Majority percentage of MUDRA accounts and disbursement amount in Kishore and Tarun category from public sector banks, whereas NBFC- MFI perform well in Shishu category of loan.
- Foreign banks and Non NBFC- MFIs are very poor in their MUDRA performance.
- Since in the starting stage of MUDRA, Private sector banks and RRBs performing moderately, they need to focus more on their performance in future.

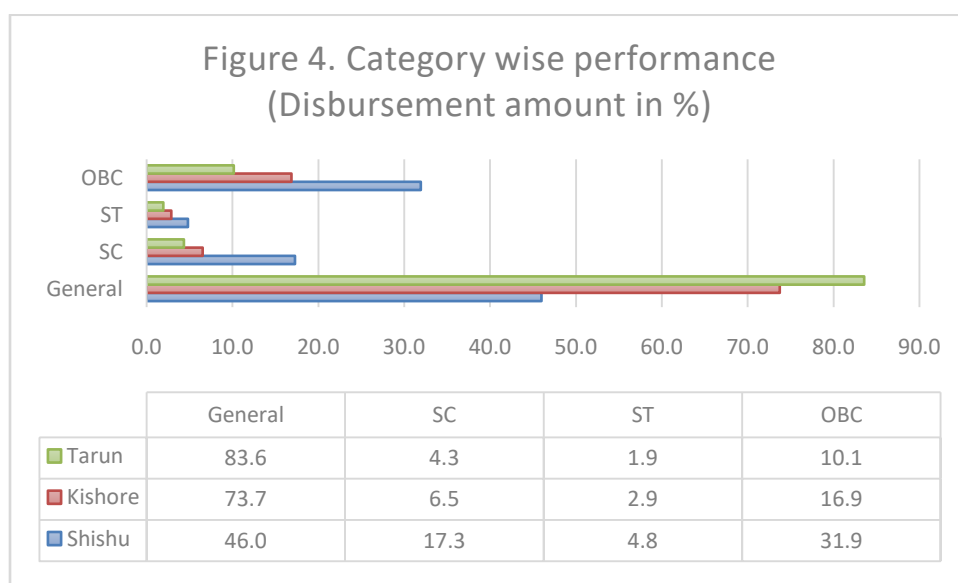
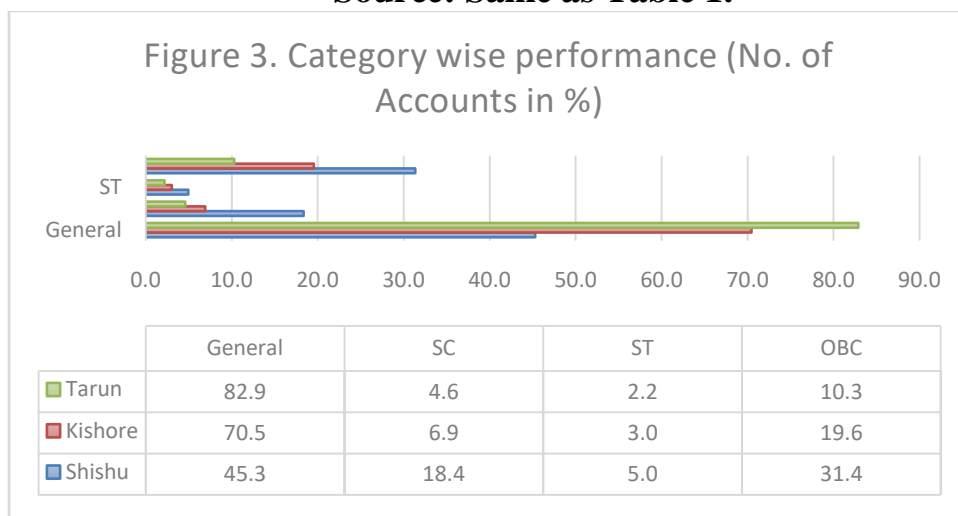
### CASTE WISE PERFORMANCE

TABLE 2. CASTE WISE PERFORMANCE OF MUDRA (FOR THE YEAR 2015-16)

Sl. No.	Category	Shishu (Loans up to Rs. 50,000)		Kishore (Loans from Rs. 50,001 to Rs. 5.00 Lakh)		Tarun (Loans from Rs. 5.00 to Rs. 10.00 Lakh)		Total	
		No. Of A/Cs	Disbursement Amt	No. Of A/Cs	Disbursement Amt	No. Of A/Cs	Disbursement Amt	No. Of A/Cs	Disbursement Amt
1	General	14680840	28523.44	1458346	30286.31	340239	24948.65	16479425	83758.4
2	SC	5952482	10715.83	143357	2680.14	18898	1295.82	6114737	14691.79
3	ST	1606484	2982.88	62869	1179.43	8993	579.72	1678346	4742.03

<b>4</b>	<b>OBC</b>	<b>10161240</b>	<b>19805.54</b>	<b>404889</b>	<b>6927.4</b>	<b>42287</b>	<b>3029.57</b>	<b>10608416</b>	<b>29762.51</b>
	<b>Total</b>	<b>32401046</b>	<b>62027.69</b>	<b>2069461</b>	<b>41073.28</b>	<b>410417</b>	<b>29853.76</b>	<b>34880924</b>	<b>132954.73</b>

Source: Same as Table 1.



Source: Table 2.

### INTERPRETATION

More than 50% of the three loan categories are benefitted to the general category of population. OBC category stand behind general but MUDRA performance among SC and ST category who is more needed section in India, is pitiable.

Region wise performance

**TABLE 3. REGION WISE PERFORMANCE OF MUDRA (FOR THE YEAR 2015-16)**

Sl . No.	Region	Shishu (Loans up to Rs. 50,000)		Kishore (Loans from Rs. 50,001 to Rs. 5.00 Lakh)		Tarun (Loans from Rs. 5.00 to Rs. 10.00 Lakh)		Total	
		No. Of A/Cs	Disbur sement Amt	No. Of A/Cs	Disbur sement Amt	No. Of A/Cs	Disbur sement Amt	No. Of A/Cs	Disbur sement Amt
1	North	6270143	12037.22	434221	9612.64	120883	9041.88	6825247	30691.74
2	West	7326264	14581.37	353201	7494.02	95994	7171.12	7775459	29246.51
3	East	8411412	14491.25	387317	7200.78	60397	4224.92	8859126	25916.95
4	South	10393227	20917.85	894722	16765.84	133143	9415.84	11421092	47099.53
	<b>Total</b>	<b>32401046</b>	<b>62027.69</b>	<b>2069461</b>	<b>41073.28</b>	<b>410417</b>	<b>29853.76</b>	<b>4880924</b>	<b>132954.73</b>

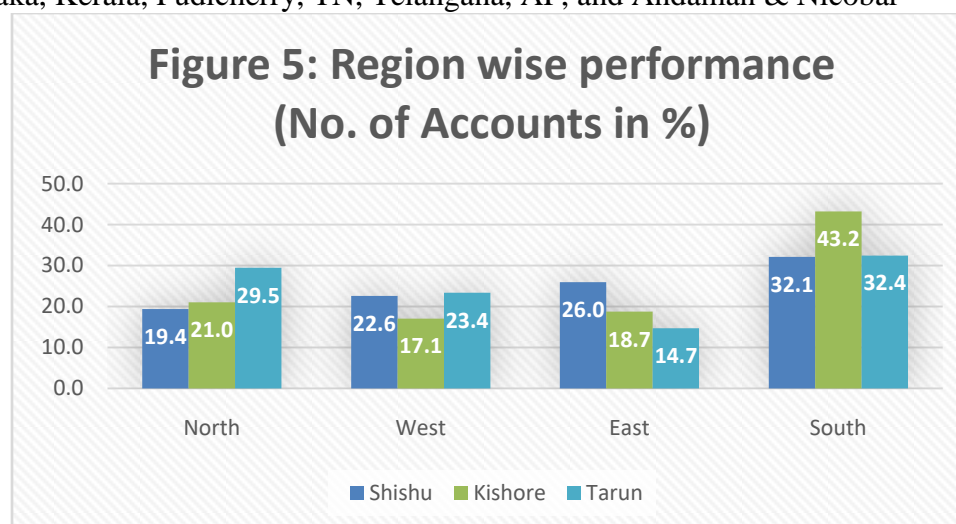
Source: Same as Table 1.

North: Chandigarh, Haryana, HP, J&amp;K, Delhi, UP, Uttarakhand, Punjab and Rajasthan

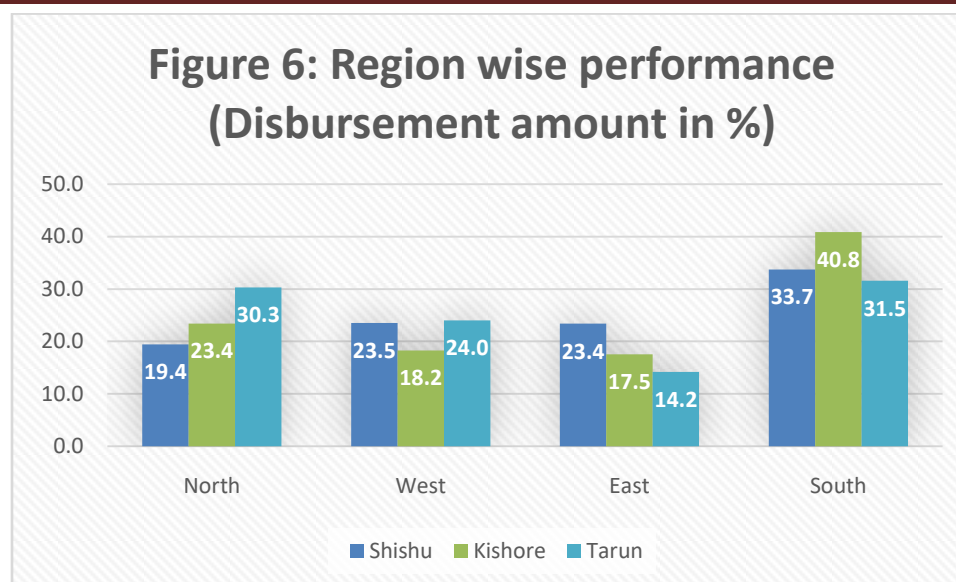
West: Dadra &amp; Nagar Haveli, D&amp;Diu, Gujarat, Lakshadweep, MP, Maharashtra

East: NE States, Odisha, WB, Sikkim, Bihar and Jharkhand

South: Karnataka, Kerala, Pudicherry, TN, Telangana, AP, and Andaman &amp; Nicobar







#### INTERPRETATION

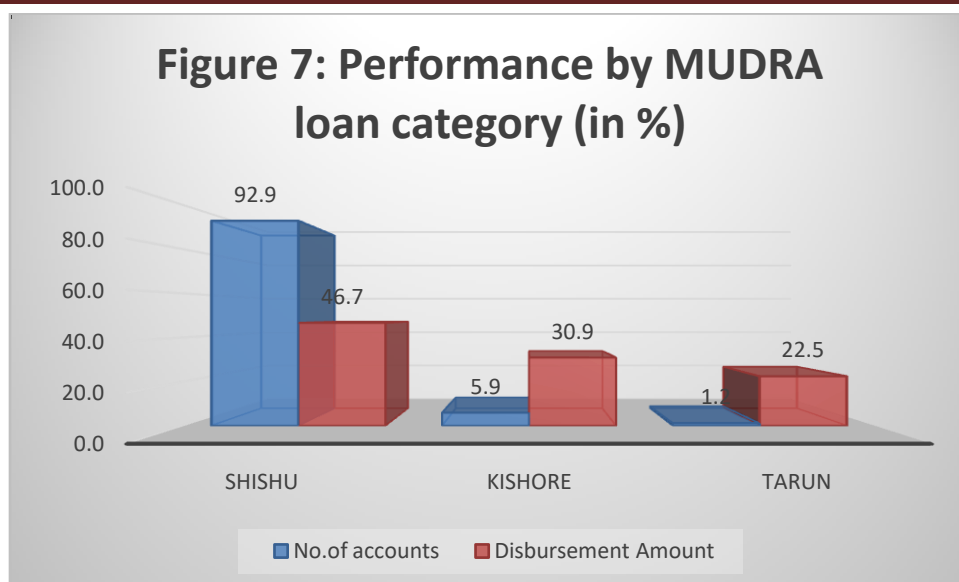
- All four regions are showing strong and equal performance in three loan categories but south regions have a slight better performance.

#### 4. PERFORMANCE BY MUDRA LOAN CATEGORY

**TABLE 4. PERFORMANCE BY MUDRA LOAN CATEGORY  
(FOR THE YEAR 2015-16)**

Sl. No.	Loan category	No. Of A/Cs	Sanctioned Amount	Disbursement Amount	Outstanding Amount
1	Shishu	32401046	62894.96	62027.69	46811.38
2	Kishore	2069461	43052.55	41073.28	36612.44
3	Tarun	410417	31501.76	29853.76	25869.05
	<b>Total</b>	<b>34880924</b>	<b>137449.3</b>	<b>132954.7</b>	<b>109292.9</b>

Source: Same as Table 1.



Source: Table 4.

### INTERPRETATION

- Majority (above 90%) number of Mudra accounts and amount disbursed are through shishu category of loan.
- Kishore and Tarun categories are performing low, since they are high amount loans.

### 5. PERFORMANCE BY OTHER VARIOUS CATEGORIES

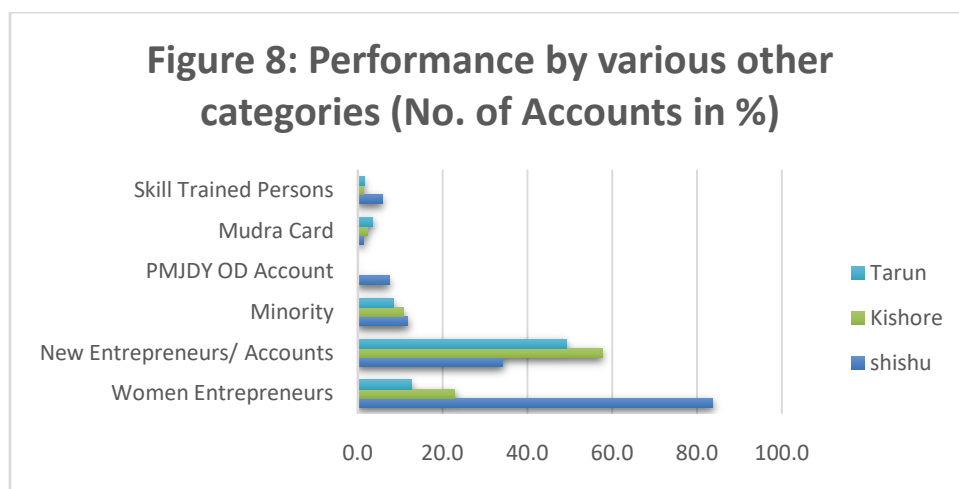
This performance analysis is looking to the number of accounts and disbursement amount of MUDRA loan of women entrepreneurs, new entrepreneurs/ accounts, Minority, PMJDY OD account, MUDRA card and skill trained persons.

**TABLE 5. MUDRA PERFORMANCE BY OTHER VARIOUS CATEGORIES (FOR THE YEAR 2015-16)**

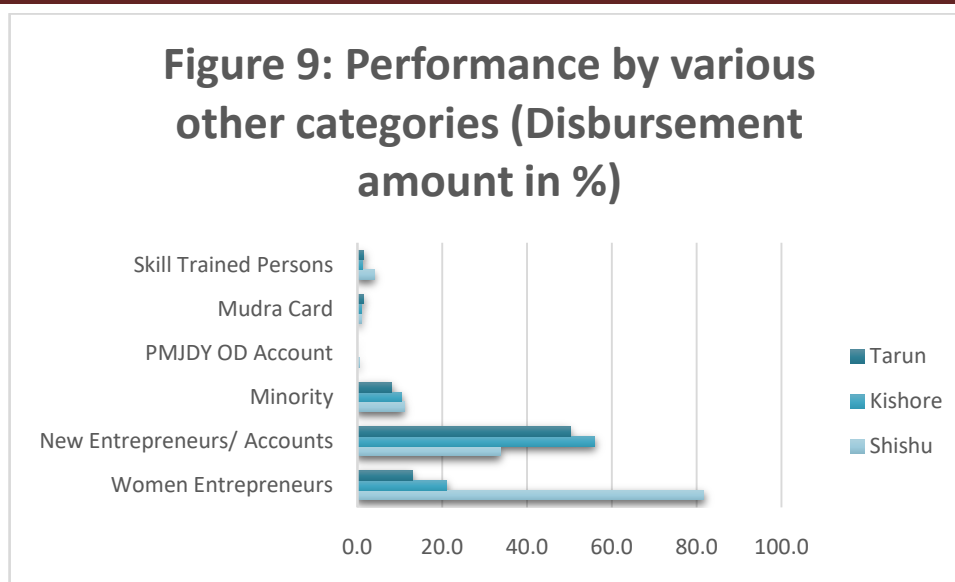
Sl. No.	Category	Shishu (Loans up to Rs. 50,000)		Kishore (Loans from Rs. 50,001 to Rs. 5.00 Lakh)		Tarun (Loans from Rs. 5.00 to Rs. 10.00 Lakh)		Total	
		No. Of A/Cs	Disbursement Amt	No. Of A/Cs	Disbursement Amt	No. Of A/Cs	Disbursement Amt	No. Of A/Cs	Disbursement Amt
1	Women Entrepreneurs	27103118	50640.02	473536	8675.43	51611	3874.98	27628265	63190.43
2	New Entrepreneurs	11081122	20942.19	1191917	22991.63	201629	14974.26	12474668	58908.08

	neurs/ Accounts								
3	Minority	3831950	6840.64	222084	4309.33	34176	2410.33	4088210	13560.3
4	PMJDY OD Account	2417030	271.45	184	2.29	5	0.28	2417219	274.02
5	Mudra Card	456630	556.2	46266	405.85	14560	429.2	517456	1391.25
6	Skill Trained Persons	1872479	2519.45	27820	526.55	6176	468.26	1906475	3514.26

Source: Same as Table 1.



Source: Table 5.



Source: Table 5.

#### INTERPRETATION FROM TABLE 5.

- Women Entrepreneurs: PMMY is focusing seriously on women entrepreneurs with a prime objective of women empowerment and financial inclusion. From the analysis it can be seen that about 79% of the beneficiaries are women entrepreneurs and thus it strengthen the pillars of PMMY and lead to success of MUDRA.
- New Entrepreneurs: Funding the new entrepreneurs will faster the entrepreneurial development of the country. MUDRA's aiming areas includes this section also. It reflects in its performance that about 50% of beneficiaries are new entrepreneurs.
- Minority: MUDRA must concentrate more on minority through directing funds to their entrepreneurial activities, since the results shows less than 20% benefitted from MUDRA.
- PMJDY OD Accounts: Among the loanees 24.17 lakhs avail PMMY facility through their PMJDY OD accounts.
- MUDRA card: MUDRA Card is an innovative product introduced during the year to take care of the frequent and flexible credit needs of small borrowers. The card is issued as a Debit card on RuPay platform and can be used for drawl of funds and also repayment as and when there is surplus, so that the loan amount can be managed judiciously. The card was introduced during the year which was adopted by most of the PSBs, RRBs and a few Private Sector Banks too. During the 5.17 lakhs cards are issued for an amount of Rs. 1391.25 crore.
- Skill trained persons: The results shows that 19.06 lakhs skill trained persons make use of the MUDRA loan facility.

---

## CONCLUSION

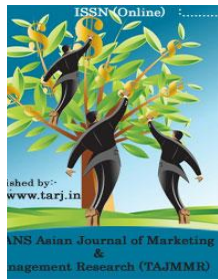
8<sup>th</sup> April 2015, the formal launch of MUDRA, a new institution to the financial inclusion landscape of India, was a great day to that section of the country to which fund is a big hindrance to entering the business area. MUDRA make it very easy to fund the unfunded through PMMY scheme. MSME sector of the country is the beneficiary of the scheme. Low cost funds for giving micro credits to MFIs, financial support from starting to growth stage to SME units, focus on women and minority entrepreneurs, cheap interest micro loans, credit guarantee scheme and achieving the financial inclusion are some of the benefits of MUDRA. So, MUDRA will be boon to the small business units who are unable to access institutional finance.

While looking to the mudra financial performance during 2015-16 the results evidences that the banks and MFIs disbursed 109% of the targeted amount, which is a positive result. Performance of various categories shows that MUDRA performing well in public sector banks and MFIs, loans to general category, four regions of the country and loans to women entrepreneurs. The focus of MUDRA also must be given to other categories especially to minority community and give directions to private sector banks, RRBs and foreign banks to improve their performance. In overall MUDRA perform well in the introduction year itself and hope it will show greater results in future.

## REFERENCES

- Shahid, M., & Irshad, M. (2016). A Descriptive study on Pradhan Manthri MUDRA Yojana (PMMY). International Journal of Latest Trends in Engineering and Technology, 121-125.
- (2013). NSSO Survey. National Sample Survey Office, Ministry of statistics and programme implementation, Government of India.
- Ministry of Micro Small and Medium Enterprises. (2016). Retrieved from [msme.gov.in](http://msme.gov.in)
- (2016). MSME at a glance . Hyderabad: Ministry of MSMEs, Government of India. Retrieved from <http://msme.gov.in/mob/home.aspx>
- MUDRA. (2016). Retrieved from Micro Units Development and Refinance Agency Ltd.: [www.mudra.org.in](http://www.mudra.org.in)
- (2016). Review of performance of Pradhan Mantri Mudra Yojana (An analysis on the performance of PMMY during FY 2015-16). New Delhi: Government of India.
- India, G. o. (2016). Annual report 2015-16. New Delhi: MUDRA.
- Roy, A. K. (2016, January). Mudra Yojana - A Strategic Tool for Small Business Financing. International Journal of Advance Research in Computer Science and Management Studies, 4(1), 68-72.
- Venkatesh, D. J., & Kumari, R. L. (2015, July). Performance of MUDRA Bank: A study on financial assistance to MSME sector. International Journal of Research in Economics and Social Sciences, 5(7), 185-191.





# TRANS Asian Journal of Marketing Management Research (TAJMMR)

(Double Blind Refereed & Reviewed International Journal)

UGC APPROVED JOURNAL



## SOCIAL MEDIA AS A TOOL FOR BRAND BUILDING IN THE AUTOMOBILE INDUSTRY

**Sree Lakshmi K. R. \*; Dr. C. Sengottuvelu\*\***

\*Assistant Professor,  
SCMS School of Technology and Management,  
Muttom, Aluva, kerala, INDIA.  
Email id: sreelakshmi@scmsgroup.org

### ABSTRACT

*Internet has led to an exponential growth in communication through social networking media which has numerous advantages over the traditional mediums like print media, TV and radio. As the number of people engaging online keeps growing rapidly, social networking sites are increasingly being used by marketers for their brand building activities. There have been many questions on the use of social media for brand building activities. This article summarizes an attempt to study the impact of social networking sites as a marketing tool for building brand equity within the automobile sector. Here brand communications on the top three platforms namely Facebook, Twitter and YouTube have been studied through a survey on users who have liked, followed or subscribed to any automobile brand on these social media. Overall satisfaction with social media brand communications, brand equity variables, purchase intention and recommendation have been studied. Analysis shows a marked preference for social media which is proved to be a valuable a tool for brand building activities.*

**KEYWORDS:** Social Networking Sites, Brand building, Brand equity, Branding, Automobiles, Facebook, Twitter, You Tube

## INTRODUCTION

Internet and digital technologies have revolutionized the world and changed it like never before. Customers worldwide are more connected to each other than they previously were. People use internet, especially social media to stay in touch with each other. Statistics published by wearesocial.org reveal that of the world's population of approximately 7.4 billion people, at least 50% numbering 3.7 billion uses the internet. Among these internet users worldwide, 2.7 billion or 37% are active social media users. Our country is not far away from this scenario. The last decade has seen tremendous growth in internet use in India. With the Government promoting digital India and other initiatives to increase digital inclusivity, the number of people using the internet and digital technologies has leapfrogged. The figure as on June 2017 stands at 462 million which translates to 35% of the total population of 1.3 billion. Among these users, 191 million or 14% of the population are active social media users. The data released by the Telecom Regulatory Authority shows that there was a year-on-year growth of approximately 10% in internet subscriptions in the country.

## DIGITAL ADVERTISING IN INDIA

Advertising industry in India stood at Rs. 56,398 crores as of 2016. This is expected to grow by 14% to reach Rs. 64,488 crores by 2017. Of this, print constitutes a majority of about 41%. The digital advertising spends constitute 12% of the overall at Rs. 6825 crores and are expected to reach Rs. 25,500 crores by 2020 according to the CII and KPMG. A large proportion of this growth can be attributed to the increasing penetration of internet access and smartphone ownership in India. The explosive growth in the adoption of mobile phone technology combined with the increasing availability of internet and Government's initiatives to promote a digital economy has resulted in a growth rate of 33.3% CAGR in digital advertising. The various avenues for advertisement on the digital medium are social media, search, online video, display and online classifieds. Social media and search take the lion's share of digital ad spending. Of the total digital ad spends, Rs. 1,911 crores or 28% is made on social media. This is followed closely by spends on search (27%, Rs. 1,843 crores). Spends on display stand at 20% (Rs. 1,345 crores) while that on video is at 18% (Rs. 1,249 crores). All over India, more and more brands are spending majority of their advertising budgets online because of the increasing affinity of the Indian customer to the digital experience. This could be through banner advertisements on popular websites or by creating their own pages or channels on social media. Some of the most popular of these are Facebook, Twitter and YouTube – all of which are hugely popular in this country.

## AUTOMOBILES AND DIGITAL ADVERTISING

The Indian automobile industry is one of the largest in the world, producing 23.9 million units in FY 2016. It contributes 7.1% to the GDP, grows at a CAGR of 9.4% and is one of the most competitive in the world. Of the market, 78.5% is held by the two wheeler segment, 14.25% by passenger vehicles, 3.25% by three wheelers and 3.25% by commercial vehicles. Some of the major brands in this segment are Maruti Suzuki, Mahindra and Mahindra, Tata Motors, Hero MotoCorp, Bajaj Auto, Hyundai, Honda, Sael, Toyota Kirloskar, Ford, Nissan, Volkswagen,

Mercedes Benz, Ashok Leyland, Force Motors, Eicher Motors, TVS, Escorts, Bharat Benz, Harley Davidson and Royal Enfield. Of the Rs. 56,398 crores spend in advertising in 2016, 10% or Rs. 5639.8 crores were spent by the automobile industry. The automotive sectorspend the highest on print(46%) followed by TV (33%).10% of the marketing spendsgo todigital, followed by 6%on OOH. Thus it may be safely said that the automobile industry spends Rs. 563.9 crores [rounded off as Rs 534 crores] on digital marketing in 2016.

## **SOCIAL MEDIA**

Social media are media for social interaction, using highly accessible and scalable communication techniques. Social media is the use of web-based and mobile technologies to turn communication into interactive dialogue. Andreas Kaplan and Michael Haenlein (2010) define social media as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, which allows the creation and exchange of user-generated content. A common thread running through all definitions of social media is a blending of technology and social interaction for co-creation of value. Social media are distinct from industrial or traditional media, such as newspapers, television, and film. They are relatively inexpensive and accessible enough to enable anyone including individuals to publish or access information, when compared to industrial media, which generally require significant resources to publish information.

## **SOCIAL MEDIA STATISTICS IN AUTOMOBILE INDUSTRY INDIA**

Statistics reveal that in India 90% of adults aged 18 to 34 who are online are likely to follow a brand on social media. Our country has the largest number of Facebook users in the world at 195 million as on 2016. The micro blogging site Twitter has over 23.6 million users while You Tube has more than 60 million subscribers. According to an industry study conducted across automobile brands in India Hero MotoCorp emerged as the leading auto brand averaging over 1.3 million views across various platforms. Hero MotoCorp is followed by Audi India with an average of 524,000 views. Chevrolet India follows a close third with an average of 414,000 views while Mahindra and BMW India take the 4th and 5th spot with an average of 179,000 views and 165,000 views online respectively. Brand pages on Facebook have the largest number of fans. This is followed by YouTube where the number of views for uploaded videos in the top Automobile brand channel is almost 5 times the number of its Facebook fans. Twitter profiles of the same brand are less than 10% of the Facebook fans. Thus it may be concluded that Facebook and YouTube have the largest impact on brand communications through social media. While YouTube might have fewer subscribers, the viewership for uploaded videos far exceeded the brand's fans on Facebook or Twitter. As the top platforms for social media brand communications, in this study all three platforms have been considered. Moreover, this is corroborated by the Ernst & Young Social Media Marketing Trends study which indicated that Facebook, Twitter and YouTube are the dominant platforms in India. The study also shows that 86% of clients surveyed engage on multiple platforms at least once a day and 53% engage twice or more.

---

## CONSUMER-BASED BRAND EQUITY

Brand equity is the added value that is endowed by a brand name to the market offering. The firm-based brand equity focuses on the value of a brand to the company, whereas the Customer based brand equity model emphasizes the conceptualization and measurement on individual consumers. Brand equity is defined by Keller as the differential effect of brand knowledge on consumer response to the marketing of the brand. Aaker defines it as a set of assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or that firm's customers. While the former involves two components namely brand awareness and brand image, the latter involves brand assets such as brand associations, perceived quality and brand loyalty as well as the proprietary brand assets. The proprietary brand assets are not considered in brand equity research as not being generally from a customer's point of view. Thus the major brand metrics that are considered for online brand building through social networking sites are brand awareness, brand associations, perceived quality and brand loyalty. Aaker defines brand awareness as the strength of a brand's presence in the consumers' mind. Brand awareness with strong associations, forms a specific brand image. Brand loyalty is a deeply held commitment to rebuy or repatronise a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour. According to Yoo et al. advertising spending is positively related to brand loyalty because it reinforces brand associations and attitudes toward the brand. Thus brand communication on social media has been noted to positively influence the consumer's perception of brand loyalty. Perceived quality can be defined as the consumer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. Comments and online reviews on social media by existing users significantly affect and influence other consumers' perception of product quality and have indeed become a means for customers to obtain reliable information about products or service quality. Previous researches have reported that brand communication improves brand equity by increasing the probability that a brand will be incorporated into the customer's consideration set, thus shortening the process of brand decision-making and turning that choice into a habit.

## OBJECTIVE OF THE STUDY

Social media is changing traditional marketing communication. Internet users are gradually shaping brand communication that was previously controlled and administered by marketers. The fast growth in popularity of social media across consumers and companies has opened a vast research field for scholars. Regardless of the growing number of empirical research on the topic of social media communication and brand management, thus far, no study has reported the influence of social media brand communication on the satisfaction with the communications, brand equity metrics and the final purchase intention. To address this research void, a conceptual model was developed to investigate the effects of brand communications on various social media platforms on the satisfaction levels, brand awareness, brand associations, perceived quality and brand loyalty and purchase intentions. Although the topic of social media communication is well reported in literature to date, no study has differentiated between the effects of social media communication on brand equity metrics taking industry-specific differences into account.

Therefore, to the answering the research question, the following research objectives have been formulated specifically for the automobile industry in India.

The primary objectives of the study are as follows:

1. To identify the satisfaction of users on brand communication of automobiles through social media
2. To identify the impact of customer satisfaction with social media brand communication on brand equity metrics and purchase intention across in the automobile industry

## RESEARCH METHODOLOGY

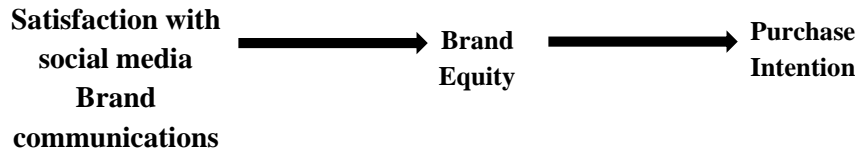
For the study, the sample size was taken as 500 and convenience sampling method was used to select respondents. Only those who had subscribed, followed or liked an automobile brand page on Facebook, YouTube or Twitter were allowed to answer the questionnaire. A self-administered online questionnaire created on Google Forms have been used for this study. Secondary data is collected from journals, research papers, online publications, articles, surveys and books. The link to the questionnaire was sent through social media and email. Likert scaling is used in this research due to its widespread use in empirical research, enabling the adoption items used in previous research.

## LITERATURE REVIEW

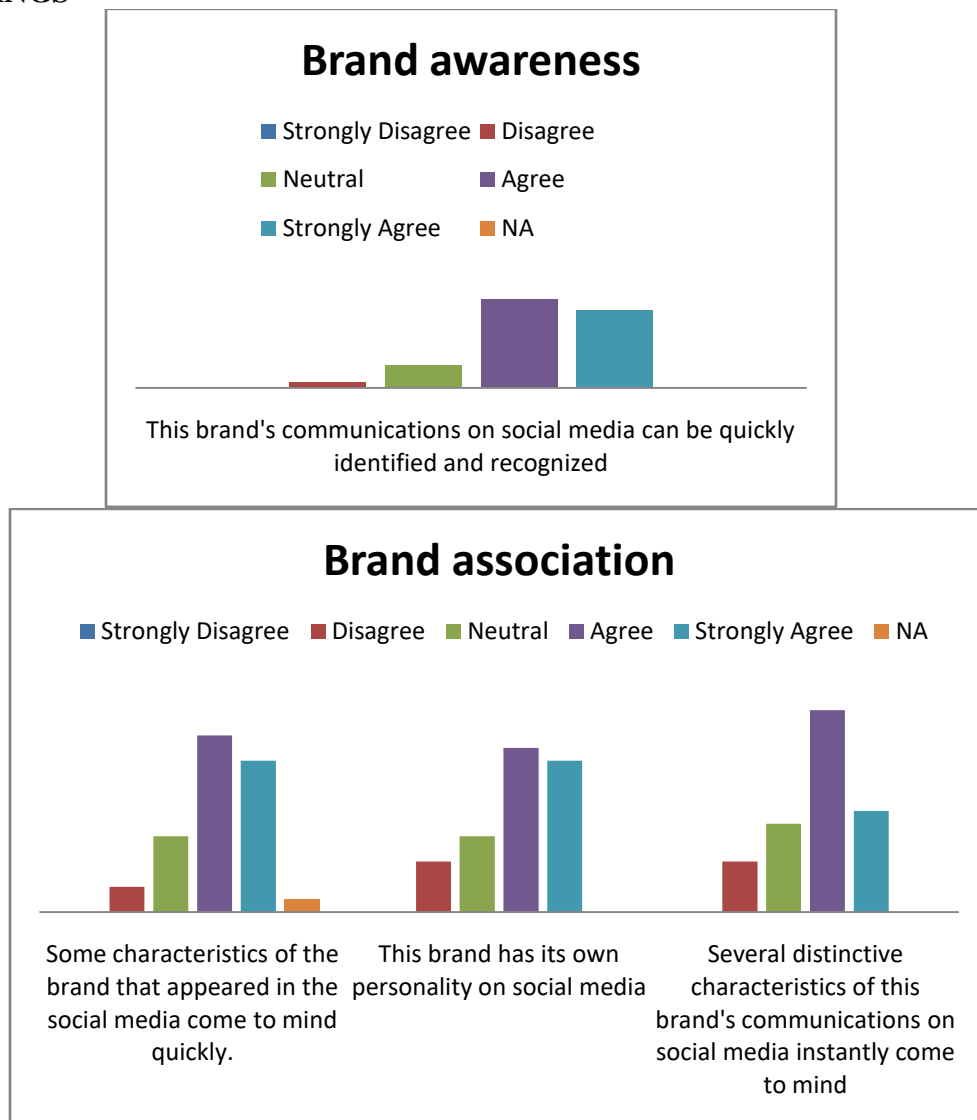
Since the explosion of the web as a business medium, one of its primary uses has been for marketing and spreading brand communication through Social networking sites (Thompson, 2002). Internet users are turning away from traditional media and are increasingly using social media channels to search for information and opinions regarding brands and products. A brand is defined, according to Keller (2008), as a —name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of a seller or group of sellers and to differentiate them from those of the competition. Whilst there is considerable consensus on how firms can build a strong brand image using mass media platforms, there is little research regarding building brand image via modern interactive platforms (Keller 1993) such as Facebook. The conception of brand equity is a key marketing asset that can produce a relationship that differentiates the bonds between a firm and its public and that nurtures long-term buying behavior (Keller 2013). Brand equity has increasingly been defined in customer-based contexts (Keller 1993) and extended to include effects on brand preferences, purchase intent, and brand alliances. Various researches in brand equity through the years result in all different kinds of dimension of brand equity that can be linked to a brand. However, the common denominator in all models is the utilization of one or more dimension of the Aaker model (Keller 1993;; Yoo and Donthu 2001). Therefore, the consumer-based brand equity is an asset of four dimensions that are brand awareness, brand associations, perceived quality and brand loyalty. Keller (2003, p.76) defines awareness as “the customers’ ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory”. Brand associations consist of all brand-related thoughts, feelings, perceptions, images, experiences,



beliefs, attitudes (Kotler and Keller 2006, p. 188) and is anything linked in memory to a brand. Perceived quality is the customer's judgment about a product's overall excellence or superiority that is different from objective quality. Aaker (1991, p. 39) defines brand loyalty as the attachment that a customer has to a brand. Grembler and Brown (1996) describe different levels of loyalty. Purchase intention has been described as a component of brand loyalty (Brunner, Stöcklin, & Opwis, 2008; Oliver, 2010; Yi & La, 2004).



## FINDINGS



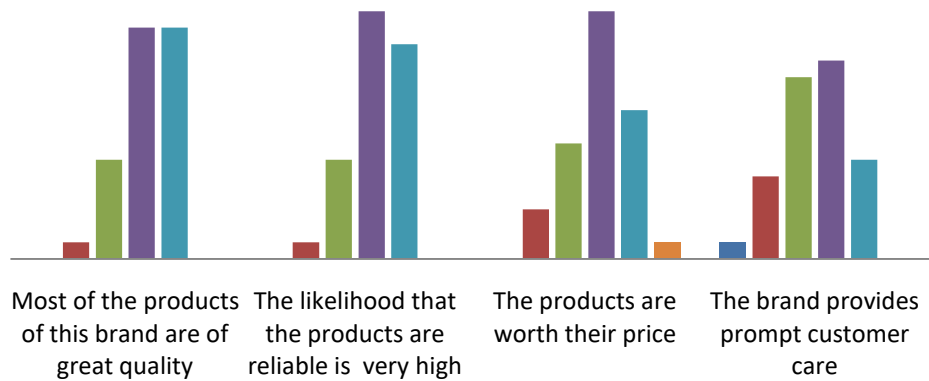
## Brand Loyalty

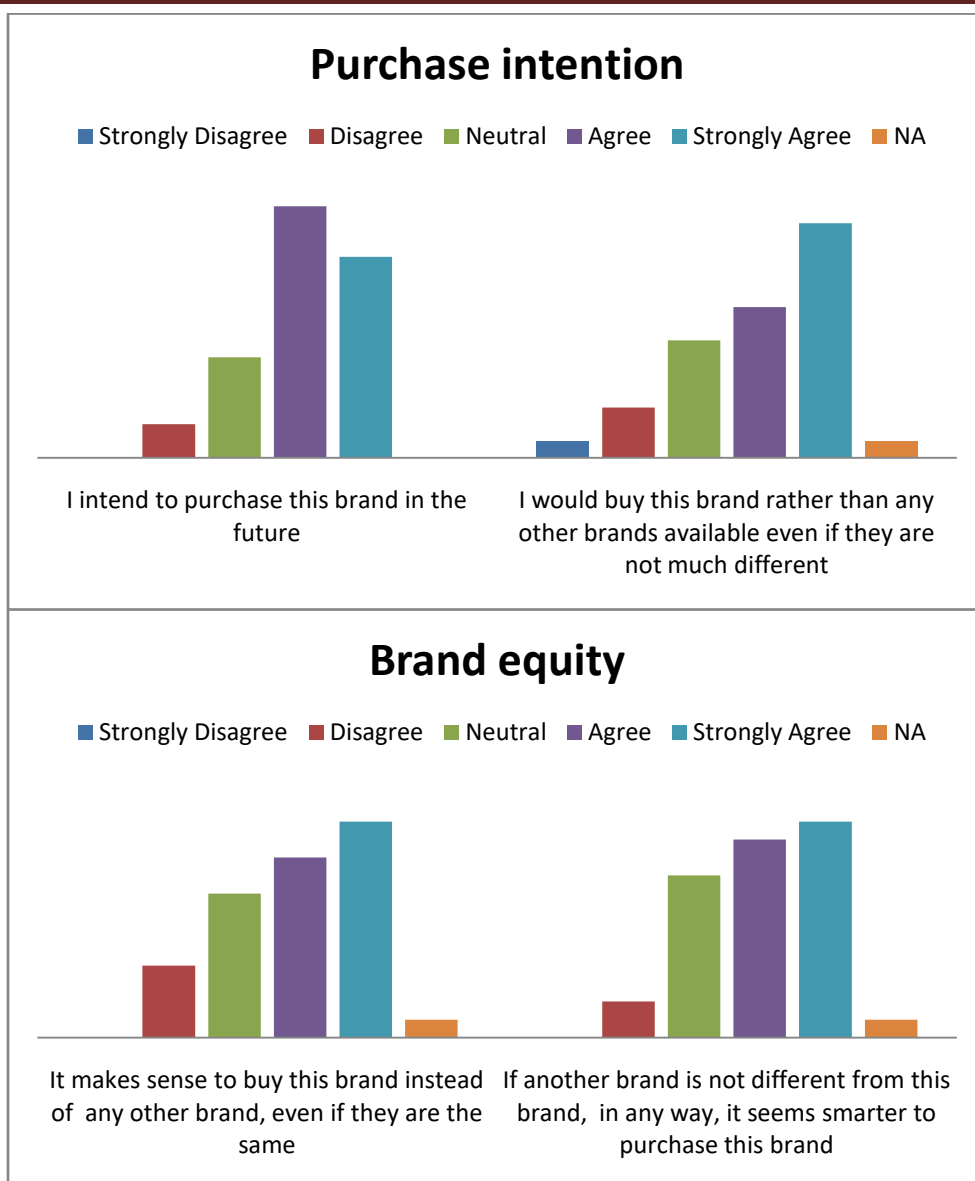
■ Strongly Disagree ■ Disagree ■ Neutral ■ Agree ■ Strongly Agree ■ NA



## Perceived quality

■ Strongly Disagree ■ Disagree ■ Neutral ■ Agree ■ Strongly Agree ■ NA





There is an almost equal distribution of both men and women in the sample. Majority of the sample belongs to the 18-25 age group, followed by 25-35 age group. Thus the sample conforms to the general pattern followed by the population where almost 70% of social media users are from this age group. (WeAreSocial.com, 2015). Almost 70% of the respondents are post graduates, graduates or professionals. Their educational qualifications and familiarity with internet and web 2.0 technologies ensure that they have a higher participation in social media. It was observed that 60% of the sample consists of students followed by professionals, businesspeople and private employees. This is also consistent with the age groups where majority are between 18-25 since most people study during this age. Almost everyone who is a social media user was shown to be a user of Facebook as well. After Facebook, YouTube enjoys

almost 80% patronage of all users followed by Twitter which enjoys just 20% of following. It is seen that a significant number of users from across sectors use Facebook alone as their primary social media platform. Social media users are mostly satisfied with brand communications on Facebook. A large majority of users do not follow brands on Twitter. Among those who follow, satisfaction with brand communications is very low. Social media users are very much satisfied with brand communications on YouTube with most people preferring to watch brand videos through this platform. Brand communications on social media offer a platform for users to collaborate. There is a sizeable amount of sharing of ideas and information between users who also help each other although to a lesser extent in the automobile sector. There is considerable social contact and sense of closeness among the followers of an auto brand's communications through social media. Majority of the users would recommend brands with social media brand communications in this sector to others through social media. Majority of the users agreed that they could quickly identify and recognize the communications of the brands in the automobile industry on social media. Thus the brand awareness created on social media is very high in this sector. The brand associations are clearly defined and have high recall. Specific brand characteristics are well known and remembered in relation to the brands of this sector. Their personalities are also well understood. A high level of brand loyalty is displayed by brands in this sector. They are regularly recommended and are the first choice in comparison with other brands appearing on social media. Users also have a very low tendency to switch over to other brands. The brands of this sector experience a considerable level of perceived quality. The reliability and quality of the products have been indicated to be high. Nevertheless, there is a lower level of agreement in case of value offered and customer care. The results also indicate a strong intention to purchase the brands in this sector. Users have agreed to not just purchasing the brands but even strongly agreed to prefer them over other comparable brands of this sector. Users show positive brand equity towards automobile brands who communicate through social media. There is a likelihood of purchasing the said brands instead of others as it is considered to be a smarter decision – indicating the essence of brand equity namely; brand loyalty, purchase intention and brand value that is bestowed on the brand.

## CONCLUSION

The process of building brand equity through social networking sites begins with increasing the consumers' awareness of the brand and consequently creating brand associations to build up a strong brand image in their memories. This must then be followed up with providing consumers continuous contact with the brand to influence their perception of brand quality and build brand loyalty. User generated content from loyal users also must be rewarded, promoted actively and highlighted as an example of positive word of mouth which in turn leads to stronger perceptions of brand quality and ultimately brand love. From the findings it may be concluded that social media is a significant force in brand building of automobile brands. Users are satisfied by brand communications with the maximum satisfaction derived from media rich videos on YouTube. This is again consistent with worldwide trends such as the case of BMW or Volvo whose digital campaigns using videos showing their vehicles being used for impossible feats went viral providing a tremendous brand equity. They tend to share these videos and comment on them with some even creating their own videos on their favourite brands. Among the automobile fans

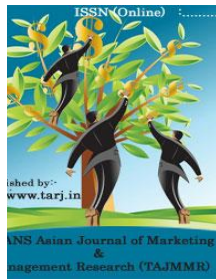
on social media, there is a sense of community with interactions, help and support. The automobile brands are successful in creating a high level of brand awareness, brand loyalty, brand associations and perceived quality through their communications. There is marked impact on overall brand equity with users showing a clearly defined purchase intention as well as recommendation to others through word of mouth. Thus it may be concluded that social media is a powerful tool for the automobile sector which should focus on creating visually appealing content to connect with its fan base consistently to create brand equity and revenue.

## REFERENCES

1. Berthon, P.R., Pitt, L.F., Plangger, K. and Shapiro, D. (2012), "Marketing meets Web 2.0, social media, and creative consumers: implications for international marketing strategy", *Business Horizons*, Vol. 55 No. 3, pp. 261-271.
2. Bruhn, M., Schoenmueller, V. and Schäfer, D.B. (2012), "Are social media replacing traditional media in terms of brand equity creation?", *Management Research Review*,
3. Jason D. Oliver, Seung-Hee Lee, (2010) "Hybrid car purchase intentions: a cross-cultural analysis", *Journal of Consumer Marketing*, Vol. 27 Issue: 2, pp.96-103,
4. Christodoulides, G. and de Chernatony, L. (2010), "Consumer-based brand equity conceptualisation and measurement: a literature review", *International Journal of Market Research*, Vol. 52 No. 1, pp. 43-65.
5. Hutter, K., Hautz, J., Dennhardt, S. and Füller, J. (2013), "The impact of user interactions in social media on brand awareness and purchase intention: the case of MINI on Facebook", *Journal of Product & Brand Management*, Vol. 22 No. 5
6. Kaplan, A.M. and Haenlein, M. (2010), "Users of the world, unite! The challenges and opportunities of social media", *Business Horizons*, Vol. 53 No. 1, pp. 59-68.
7. Keller, K.L. (1993), "Conceptualizing, measuring, and managing customer-based brand equity", *Journal of Marketing*, Vol. 57 No. 1, pp. 1-22.
8. Keller, K. L. (2008). *Strategic Brand Management: Building, Measuring and Managing Brand Equity*. Third Edition. New Jersey: Pearson Prentice Hall.
9. Keller, K.L. (2009), "Building strong brands in a modern marketing communications environment", *Journal of Marketing Communications*, Vol. 15 No. 2-3, pp. 139-155.
10. Low, G. and Lamb, C. Jr. (2000), "The measurement and dimensionality of brand associations", *Journal of Product & Brand Management*, Vol. 9 No. 6, pp. 350-370.
11. Muñiz, A.M. and Schau, H.J. (2007), "Vigilante marketing and consumer-created communications", *Journal of Advertising*, Vol. 36 No. 3, pp. 35-50.
12. OECD (2007), "Participative web and user-created content: Web 2.0 wikis and social networking", Organisation for Economic Co-operation and Development, Paris, available at: <http://dl.acm.org/citation.cfm?id=1554640>
13. Shum, M. (2004), "Does advertising overcome brand loyalty? Evidence from the breakfast-cereals market", *Journal of Economics & Management Strategy*
14. Smith, A.N., Fischer, E. and Yongjian, C. (2012), "How does brand-related user-generated content differ across YouTube, Facebook, and Twitter?", *Journal of Interactive Marketing*, Vol. 26 No. 2, pp. 102-113.
15. Social Media Marketing Trends, Ernst & Young, 2016



16. Thomas A. Brunner, Markus Stöcklin, Klaus Opwis, (2008) "Satisfaction, image and loyalty: new versus experienced customers", *European Journal of Marketing*, Vol. 42 Issue: 9/10, pp.1095-
17. Yi, Y. and La, S. (2004), What influences the relationship between customer satisfaction and repurchase intention? Investigating the effects of adjusted expectations and customer loyalty. *Psychol. Mark.*, 21: 351–373. doi:10.1002/mar.20009
18. Yoo, B. and Donthu, N. (2001), “Developing and validating a multidimensional consumer-based brand equity scale”, *Journal of Business Research*
19. Yoo, B., Donthu, N. and Lee, S. (2000), “An examination of selected marketing mix elements and brand equity”, *Journal of the Academy of Marketing Science*, Vol. 28 No. 2, pp. 195-211.



# TRANS Asian Journal of Marketing Management Research (TAJMMR)

(Double Blind Refereed & Reviewed International Journal)

UGC APPROVED JOURNAL



## LIQUIDITY AND PROFITABILITY OF TELECOM SECTOR IN INDIA

**G.Sravanthi\***

\*Assistant Professor In Department Of MBA,  
Vaagdevi PG College, Warangal.  
Kumarpally, Hanamakonda, Warangal,  
Telangana, INDIA.  
Email id: sravanthivasu@gmail.com

### ABSTRACT

*The main objective of the study was to find whether financial ratios affect the Performance of the companies in the special context of telecom industry in India. This study empirically examines the relationship between liquidity and profitability by using data of two Indian telecom companies. The study is based on secondary data collected from financial reports of the sample companies for a period of five years from 2009-10 to 2013-14. The data was analyzed using the technique ratio analysis and person's correlation coefficient. The management should take measures. Profitability position is better but not up to the satisfactory level. Overall profitability position was good when compared to reliance communications. The correlation analysis is done to analyze the association between the Liquidity and profitability to examine the relationship among these variables pearson correlation is calculated. Especially the inventory if handled proficiently can produce a significant positive impact on profitability of the firm.*

**KEYWORDS:** Liquidity, Profitability, Financial ratios, Telecom Industry.

## INTRODUCTION

The most important financial need of any organization should be to maintain effective liquidity and profitability position. There are many methods to measure liquidity and profitability of a company. Different analysts always make analysis or study of financial performance knowingly, generally, external analyst's analysis of the information as per their requirements. Financier is interested in the financial and liquidity position. A shareholder is interested in the profitability. Management is interested in the productivity and operational efficiency.

In the present study we have focused on Liquidity and profitability of telecom sector as it is one of the popular service sector in these days. India's telecommunication network is the second largest in the world based on the total number of telephone users (both fixed and mobile phone).

## OBJECTIVES OF THE STUDY

1. To examine the pattern of liquidity position in telecom sector.
2. To evaluate the financial performance of selected sample companies.
3. To compare and analyze liquidity and profitability position of selected telecom companies.

## RESEARCH METHODOLOGY:

Researcher has selected two companies Bharti Airtel and Reliance Communications as the sample for this study. The study on liquidity and profitability of Telecom Sector is made for the period of five years from accounting year 2009-10 to 2013-14.

## DATA SOURCES:

The scope of study rest on purely on published accounting data of the chosen sample unit. This study is based on the secondary data drawn from balance sheet and income statement of telecom companies under study, supported by various books, research periodicals and internet sites. The data collected from the above sources has been processed, analyzed, interpreted and presented in the study.

## DATA ANALYSIS

For the analysis purpose inter-firm comparison has been made by using Pearson's correlation coefficient, ratio analysis has been applied to test the hypothesis. At the end, some suggestions have been made for maintaining sound liquidity and profitability position in the selected telecom companies.

## HYPOTHESIS 1

H01: There is significant relationship among the gross working capital, fixed assets, total assets and sales

H11: There is negative relationship among the gross working capital, fixed assets, total assets and sales

**HYPOTHESIS 2**

H01: There is significant relationship among the liquidity ratios, efficiency ratios and assets turnover ratio

H11: There is negative relationship among the liquidity ratio, efficiency ratios and assets turnover ratio.

Trends in Current Ratios (CR), Quick Ratios (QR) and Working Capital (WC) are presented in the Table:1.

**TABLE:1 LIQUIDITY POSITION**

Year	Bharati Airtel			Reliance Communications		
	CR	QR	WC (in Cr.)	CR	QR	WC (in Cr.)
2009-10	0.65	0.68	-11332.31	0.47	0.59	-13252
2010-11	0.44	0.32	-31524.5	0.67	1.06	-10231
2011-12	0.38	0.47	-25270.3	0.53	0.73	-10426
2012-13	0.44	0.44	-0230.4	0.42	0.81	-7097
2013-14	0.40	0.48	30771.2	0.50	0.78	-8498

(Source: compiled)

It has observed that Current Ratio and Quick Ratio of both the sample companies is less than the conventional norms of 2:1 and 1:1 except in 2110-11 reliance was showing better Quick Ratio, as a result of which the liquidity position in the both companies is not up to the mark. Working Capital is found negative in both sample companies except in 2013-14 in Airtel so, we can say that both the sample companies show unsatisfactory liquidity position in the study period.

Table:2 shows trends in Gross Profit ratio(GPR), Net Profit Ratio(NPR), Earning Before Income Tax and Discount Allowed(EBITDA), Profit After Tax(PAT), Capital Employed, EBIT, Return on Capital Employed(ROCE),

**TABLE2 PROFITABILITY POSITION**

Year	Bharti Airtel				Reliance Communications			
	GPR	NPR	EBITDA	PAT	GPR	NPR	EBITDA	PAT

2009-10	28.15	26.36	15084.8	9426	25.29	19.06	4648.6	478.9
2010-11	22.95	20.12	13661.5	7716	0.47	5.82	2767.4	-757.99
2011-12	18.57	13.56	14268.4	5730	9.18	4.55	3161.0	-156.00
2012-13	14.65	10.88	14933.8	5096	10.19	3.08	4281.0	624.0
2013-14	18.16	12.99	16945.1	6600	9.92	4.69	3086.0	730.0

Year	BHARTI AIRTEL			RELANCE COMMUNICATIONS		
	Capital Employed (TA-CL)	EBIT (in Cr.)	ROEC (EBIT/CE)	Capital Employed (TA-CL)	EBIT (in Cr.)	ROEC (EBIT/CE)
2009-10	37449	-	-	60822	-420.5	-
2010-11	70161	98595	140.52	63931	-688.12	-
2011-12	88600	103442	116.75	57215	1420.00	2.48
2012-13	88658	93740	105.73	56683	2600.00	4.58
2013-14	97724	121274	124.09	51884	1038.00	2.00

(Source: compalied)

In our study we find that Bharti Airtel is showing higher gross margin then Reliance communications. This is a positive indication to Airtel showing more efficient. Bharti Airtel is showing net profit ratio is decreasing in its trend but comparatively, Airtel is better than Reliance because it is enjoying more net profits. The sample companies has relied that ROCE is observed to be more in Airtel indicating better efficiency of the utilization of the assets as well as the intensity of utilization ROCE is frequently regarded. A low return on capital employed in Reliance may be caused by either a low profit margin or low asset turnover. Whereas Airtel is showing more return on capital employed. Comparatively airtel is enjoying more percentage of operating margin shows that the company is making enough money from its ongoing operations to pay for it variable costs as well as fixed costs. EBIT, PBT and PAT of Bharti Airtel is higher than the reliance communications. These income metrics provide a true picture of company earnings performance of both companies which shows a decrease and increase in its trend. These

profitability measures may also help an investors a good idea of changes in a company's profits or earnings from year to year. The foregoing observations reveal that Bharti Airtel is maintaining high proportion of current asset declining size of investment in inventory with high turnover, lower proportion in receivables, poor turnover and high average collection period. The liquidity position of this company is not up to the mark. The management should take measures. Profitability position is better but not up to the satisfactory level. Overall profitability position was good when compared to reliance communications. Since the Bharti Airtel is using larger proportion of short term sources the scope for profitability would be more, because of their less expensiveness. The problem of liquidity resulting is more risk on the other on the basis of these observations we can say that the liquidity position of this company is not up to the satisfactory level and working capital management in this company appears to be week.

### PEARSONS CORRELATION ANALYSIS:

In the present study we have analyzed the relationship between liquidity, efficiency and profitability we have taken four sets of independent and dependent variables i.e., gross working capital and total assets, gross working capital and fixed assets, gross working capital and sales, gross working capital and profit. The first three ratios are used to test liquidity, efficiency and last one is for profitability. The correlation analysis is done to analyze the association between the Liquidity and profitability to examine the relationship among these variables pearson correlation is calculated.

**TABLE:3 Correlation among two sample companies under telecom industry in India**

CORRELATION	BHARTI AIRTEL	RELIANCE COMMUNITIONS
CA/TA	0.9680	0.4309
CA/FA	0.9585	0.9106
CA/SALES	0.9288	0.9106
CA/PROFIT	-0.7262	-0.907

(Source: compalied)

### INTERPREATION:

Pearson's correlation analysis is used to find the relation between two variables current assets and total assets, current assets and fixed assets, current assets and EBIT, where one variable cause is an independent another variable result will be dependent variable. By using first three ratios liquidity and efficiency can be measured and last one is for profitability

The relationship between current assets and is a strong positive correlation with value 0.9618. which means that increase in current assets lead to increase in total assets of Bharti Airtel. Whereas relationship of Reliance Communications is technically positive correlation, the relationship between these variables is week because the R-value is 0.4309 is nearer to zero.

Secondly we tested the relationship between current assets and fixed assets. We found that the current asset is positively correlated with the fixed assets. in Bharti Airtel on the other hand Reliance Communication, current assets are very week positively correlated with the fixed assets. There is a positive relationship between first and second variable means liquidity may improve efficiency but it decrease profitability. From our analysis of correlation results between the current assets and the sales indicate a positive relationship. The correlation coefficient is 0.9288 and 0.9106 .It explains as current assets increases the sales of the both sample companies also increases. The analysis of correlation results between the current assets and profits indicates the negative relationship for both the sample companies .The correlation coefficient is -0.7262 and -0.907,it explains increase in current assets may lead to decrease in profits of both the sample telecom companies. This was occurred due to lot of fluctuation in working capital and lack of proper management of current assets.

## CONCLUSIONS

We can conclude that there is a positive relationship between first and second variables means liquidity may improve efficiency but it decrease profitability of two sample companies. In Reliance Communication show less working capital used in total assets, means more efficient utilization of working capital is done. It is same with the fixed assets and sales, working capital and profit has negative relationship, positive correlation is showing highly significant relationship between the company's liquidity and effectivity.The study has analyzed comparatively the liquidity, efficiency and profitability between two sample companies of telecom sector in India, some of the important ratios were used to measure the financial performance of these sample companies based on the above analysis the significant positive relationship is found between two variables. Hence we accept the null hypothesis.

## SUGGESTIONS

Liquidity and profitability management should be strengthened for the efficient use of productive resources in the form of current and quick assets. These is a need for sharpening the working capital planning and forecasting practices and procedures to eliminate excess or shortage situations.It is very clear that the efficient management of working capital and liquidity has a positive effect on the company's profitability. So, this study clearly affirms that, firms in the telecom sector in india have sufficient scope to improve their profitability by managing their working capital in more efficient ways. Especially the inventory if handled proficiently can produce a significant positive impact on profitability of the firm.

## REFERENCES

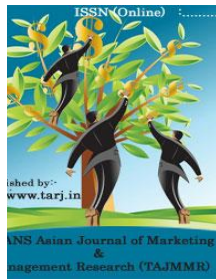
1. Agarwal N.K. Management of Working Capital, sterling publisher's private ltd., New Delhi, 1983.
2. Bari R. R. Selected Readings in Cash Management, Triveni publications, Delhi, 1981.
3. Beranech William Working Capital Management, words worth publishing company Inc. California, 1966.



4. Beckman Theodore N. Credits And Collections: Management and Theory, New Yor, 1962.
5. Bierman (Jr.) Harold and M C Adams, Alank Management Decisions for Cash and Marketable Securities, Cornell University (USA), 1962.
6. Buchan, Joseph F. and Koenisberg, Earnest, Scientific Inventory Management, New Delhi, 1966. Pandey I.M. Financial Management, Vani Educational Books, New Delhi, 1986.
7. Poddar V. Paper Industry in India – A Study Oxford and IBH Publication Co. New Delhi, 1979.
8. Park, Collin and Gladson, John W. Working Capital. The Mac Millan Company, New York, 1963.
9. Prichard, James W and Eagel, Robert H., Modern Inventory Management, New York, 1965.
10. Slater S.D. The strategy of Cash: A Liquidity Approach to maximizing the Company Profit, John Wiley & Sons, 1974.

#### **WEBSITIES**

[www.moneycontorl.com](http://www.moneycontorl.com)  
[www.airtel.in](http://www.airtel.in)  
[www.bharti.com](http://www.bharti.com)  
[www.ibef.org](http://www.ibef.org)  
[www.reliance.in](http://www.reliance.in)



# TRANS Asian Journal of Marketing Management Research (TAJMMR)

(Double Blind Refereed & Reviewed International Journal)

UGC APPROVED JOURNAL



## SOCIAL MEDIA MARKETING: A TOOL FOR BUILDING CUSTOMER EQUITY

Syed Zeeshan Zahoor\*; Dr Ishtiaq Hussain Qureshi\*\*; A. M. Shah\*\*\*

\*Ph. D Scholar,

Department of Management Studies University of Kashmir, INDIA.

Email id: cyedxeeshan@gmail.com

\*\*Faculty,

Department of Management Studies University of Kashmir, INDIA

(Corresponding Author)

Email id: ishtiaqiq@yahoo.co.in

\*\*\*Professor,

Department of Management Studies University of Kashmir, INDIA.

Email id: shahali55@gmail.com

---

### ABSTRACT

*While last two decades have seen a visible change in the marketing landscape, due to unprecedented technological advances, social media is emerging as an important marketing tool. Although many research studies have been carried out in the area of social media marketing, there is paucity of literature on the effect of social media marketing on customer equity. Therefore, an attempt is being made in this paper to address the current deficit of literature on social media marketing linkages with customer equity. A conceptual framework is proposed for further analysis, this framework identifies the linkages through which social media marketing effects the antecedents of customer equity.*

**KEYWORDS:** Social Media Marketing, Customer Equity, Value Equity, Brand Equity, Relationship Equity.

## INTRODUCTION

### SUMMARY STATEMENT OF CONTRIBUTION:

As more and more customers are engaging with social media, business organizations need to understand the technological advancements and dimensions of social media marketing. This research paper attempts to explore the existing body of knowledge and put forth a theoretical framework linking social media marketing with customer equity through the antecedents of later. The proposed framework provides a direction for business organization to integrate social media into their existing marketing mix activities. It also helps to better understand the included constructs.

Social media are online applications and platforms that facilitate interactions, collaborations and the content sharing (Richter & Koch, 2007) encompassing a wide range of online, word-of-mouth forums including blogs, company sponsored discussion boards and chat rooms, consumer-to-consumer e-mail, consumer product or service ratings websites and forums, and social networking websites, to name a few (Mangold & Faulgd, 2009). Garnyte and Perez (2009) argue that social media is a world-wide-web tool which enables users to become active creators, disseminators and consumers of content, communicate and socialize with each other actively with ease and more often than before. Social media is not only a channel of communication rather it is an important tool essential to almost all marketing strategies. If used properly in collaboration with existing marketing mix strategies it can provide a source of competitive advantage to companies. Social media is a group of internet based applications that build on the ideological and technological foundations of web 2.0, and allow the creation and exchange of user generated content (Kaplan & Haenlein, 2010). We understand Social media as usage of web based and mobile technologies to create, share and consume information and knowledge without any geographical, social, political or demographical boundaries through public interaction in a participatory and collaborative way. With the advent of social media there has been a substantial change in the way how business organizations communicate with their present as well as prospective customers.

As marketing channels become increasingly blurred, social media has been adopted at a remarkable speed (Barnes & Mattson, 2008), providing organizations with one of the most personal, trusted and direct points of access to consumers (Drury, 2008). While traditional media allows for vertical flow of content from powerful conglomerates to isolated consumers, social media has allowed information to flow horizontally between consumers (Rosen, 2006). Considered to be different than traditional marketing channels, and even other digital marketing channels, social media is here to stay, therefore in future, marketers need to learn to co-exist and communicate with an empowered customer through this collaborative media. Carefully designed content and message through social media helps to foster and generate customer equity, brand equity, value equity, and relationship equity (Yuan, Kim, & Kim, 2016); (Chae, Ko, & Han, 2015); (Kim & Ko, 2012). These are instrumental not only in retention of loyal customers but also play a significant role in attraction of profitable and loyal customers.

Customer equity along with its constituents has achieved increased importance over the past decade given its potential for customer understanding, belongingness, retention and ultimately business growth. Business growth can also be achieved significantly by exploring the untapped

market potential of millions of people belonging to low-income segments (Shah, 2012), but the key for sustainable growth lies in developing customer equity. This will further enhance the profitability of business organizations by targeting this customer segment and retaining them over a longer period of time. The shift towards customer equity management has been driven by several substantial and long-lasting changes in the market place and social media contributes as an effective marketing tool to improve customer equity drivers. Since increasing customer equity is crucial in creating sustainable competitive advantage, it is worthwhile for both researchers and marketers to examine the effect of social media marketing on customer equity in order to understand the ways and means for its successful introduction into integrated marketing. This paper attempts to identify antecedents of customer equity and develop a conceptual framework linking social media marketing to customer equity.

## **REVIEW OF LITERATURE**

The literature review has been carried out under the dimensions of social media marketing and customer equity.

## **SOCIAL MEDIA MARKETING**

Social media marketing makes use of social media tools as an extension to fulfill the traditional marketing. Gunelius (2010) proposed social media marketing as any form of direct or indirect marketing that is used to build awareness, recognition, recall, and action for a brand, business, product, person, or other entity and is carried out using the tools of the social Web, such as blogging, micro-blogging, social networking, social bookmarking, and content sharing. social media marketing is a “connection between brands and consumers through offering a personal channel and currency for user centered networking and social interaction (Chi, 2013). Consumers identify social media as a more trustworthy source of Information compared to the traditional marketing communication tools this allows organizations to integrate social media marketing into their marketing mix not only to communicate with customer but to get the feedback also (Karamian, Nadoushan, & Nadoushan, 2015).

Due to its dynamic and emergent nature, social media marketing empowers consumers and presents attractive opportunities for businesses and marketers to communicate directly with consumers (Miller & Lammas, 2010). Social media marketing has not only changed the way how business organization communicate with their customers but it has a tremendous impact on the way how customers interact with the business organizations and with other customers. This trend has forced businesses to adopt social media into their marketing strategies (Tuten & Angermeier, 2013). Traditional marketing was limited to one-way, static mass communication, where marketers had difficulty identifying their customers and interacting directly with them. Today, social media marketing has brought the traditional offline customer–organization relationship to a new level that allows customer engagement and dynamic one to one real-time dialogue (Drury, 2008). Accordingly, many businesses find social media marketing to enable interactive and direct communication, information sharing and participation among consumers, more effective than traditional marketing performances that mainly allow one-way communication (Ko, Kim, & Kwon, 2006). Kotler, Kartajaya, & Setiawan (2010) pointed out, as social media marketing becomes more expressive, consumers are unreservedly sharing their experiences and opinions,

which are becoming increasingly influential on other consumers' choices and preferences. This new social media marketing environment has significantly affected power structures in the marketplace, bringing about a significant migration of market power from businesses toward customers (Kotler, Kartajaya, & Setiawan, 2010). Consequently, the social media phenomenon has created a different marketing landscape for marketers (Hennig-thurau, Gwinner, & Gremler, 2002)

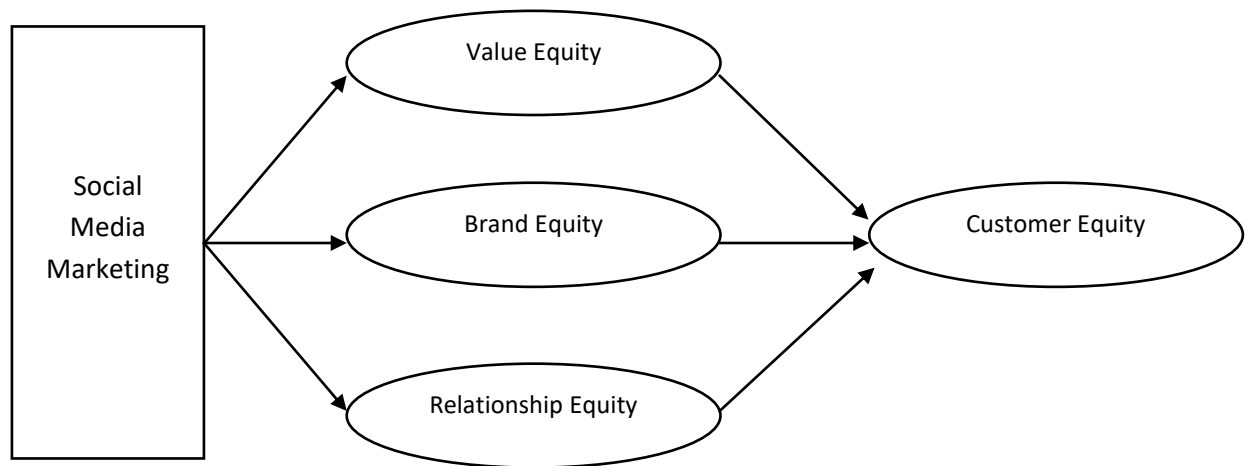
As social media technology merges with marketing, a new, more collaborative and network-focused approach to managing customer relationships has emerged. Social media marketing is a new paradigm in marketing that has provided ample space for business organizations to maintain a successful, long lasting and value added relationship with their customers. It allows an enterprise to connect with both existing and potential customers, engage with them and reinforce a sense of community around the business organization's products and services (Mangold & Faulgd, 2009). With traditional marketing being redefined, the focus has shifted to relationship based marketing, co-creation and value propensity (Gronroos, 1994); (Prahalad & Ramaswamy, 2004); (Gronroos & Ravald, 2011). Social media marketing has helped to transform business organizations from transactional relationship to a social relationship (Bashar, Ahmad, & Wasiq, 2012). As a new tool in relationship marketing, the strength of social media in personal connections and content relevance presents a viable opportunity for long-term relationship building through engagement (Drury, 2008). Social media marketing provides an effective channel for building relationships and customer engagement through crowdsourcing, cocreation and collaboration; a function that is mostly lacking in traditional mass media platforms. Social media marketing fosters an environment where consumers form strong relationships in which the parties influence each other's views, attitudes, knowledge, information gathering, purchasing behavior, and post purchase assessments (Mangold & Faulgd, 2009); (Constantinides & Fountain, 2008). Delivering value through effective customer relationship is considered as a source of competitive advantage (Woodruff, 1997).

## **CUSTOMER EQUITY**

The term customer equity was introduced in literature by (Blattberg & Deighton, 1996), they define customer equity in terms of the optimal balance between what is spent on customer acquisition versus what is spent on customer retention. Rust, Zeithaml, and Lemon's (2000) model was one of the first attempt to link market inputs to customer reactions. The authors proposed that marketing inputs affect customer preferences and choice probability for a particular brand that in turn influences customer value, which is a base to determine the customer equity of a company. Customer equity is gaining the strategic importance in marketing that puts the value creation for customers as one of the most important dimensions of organizational success. Customer equity is defined as the total of the discounted lifetime values of all the firm's customers (Lemon, Rust, & Zeithaml, 2001). This value that a customer brings to a firm is not limited to one transaction rather it is the sum total of the profit that a customer may provide over the duration of the relationship with the firm (Kumar & George, 2007). Customer equity is a source of competitive advantage and a determinant of long term value for a business organization. Customers are intangible assets, these assets take on values that can be increased by addressing customer preferences at different stages of the customer-relationship. Hogan,

Lemon, & Rust (2002) proposes that customer equity is a combination of a firm's current customer assets and the value of the firm's potential customer assets.

Since research has proven that social media marketing is becoming increasingly prominent in business-customer, customer-business and customer-customer communication and interaction and that it enhances the customer lifetime value vis-à-vis customer equity. It has received attention of large number of researchers from the last decade and half. The research work carried out in the area has focused on different ways and means of integrating the rapidly developing social media into existing integrated marketing. Pertinently in this paper we attempt to identify the dimensions of customer equity with an aim to discover how social media marketing affects customer equity through its antecedents. A conceptual framework for the same has been proposed in figure 1. The linkages of social media marketing to the corresponding variables of customer equity are presented after a thorough review of literature. It is important to mention here that some individual linkages may have already been presented but a comprehensive framework, a first of its kind, linking social media marketing with customer equity through value equity, brand equity and relationship equity was absent which we resolve in this article.



*Figure 1: Social Media Marketing Customer Equity Model*

### **LINKING SOCIAL MEDIA MARKETING WITH CUSTOMER EQUITY**

There are three dimensions of customer equity i.e. value equity, brand equity, and relationship equity (Lemon, Rust, & Zeithaml, 2001). Based on the review following propositions are laid down.

1. Social media marketing enhances Value equity.
2. Social media marketing enhances Brand equity.
3. Social media marketing enhances Relationship equity.



## **VALUE EQUITY**

Value equity is the sum total of three aspects of a product/service: price, quality and convenience. It is the customer's perceived utility of a product/service, based on the objective assessment of what is given up for what is received. Value equity refers to the cognitive, objective and rational evaluation of brand utility value perceived by customers (Rust, Danaher, & Varki, 2000). Vogel, Evanschitzky, & Ramaseshan, (2008) define value equity as the customer's objective assessment of the utility of a brand, based on perceptions of what is given up for which is received.

## **SOCIAL MEDIA MARKETING & VALUE EQUITY**

Social media provided completely new ways for brands and consumers to interact, and thus have become important platforms for brands seeking to create customer value (Rohm, Kaltcheva, & Milne, 2013). As social media explodes in popularity among consumers, companies seek to transform businesses with social media and capitalize on its financial value (Divol, Edelman, & Sarrazin, 2012). Social media such as Facebook and Twitter provide completely new ways for brands and consumers to interact, and thus have become important platforms for brands seeking to create customer value (Hennig-thurau, Gwinner, & Gremler, 2002); (Gensler, Volckner, Liu-Thompkins, & Wiertz, 2013). Social media has positive and significant effect on customer value (Hamilton, Kaltcheva, & Rohm, 2016). Social media enables firms and consumers to interact and communicate, produce and consume benefits, and create value in new ways that have not been captured by traditional sources (Larivière, et al., 2013). Therefore our proposition that social media marketing enhances value equity is accepted.

## **BRAND EQUITY**

The broad meaning attached to the term "brand equity" is similar to the definition provided by Farquhar (1989) as "the value endowed by the brand to the product". Brand equity is a customer's subjective and intangible assessment of the brand over and above its value. Brand equity is related to customers' emotional, subjective, and irrational assessment of a brand (Ko, et al., 2009). Brand equity is the difference in consumer choice between the focal branded product and an unbranded product given the same level of product features (Yoo & Donthu, 2001). Shocker & Weitz, (1988) refer to it as the "incremental cash flow resulting from the product with brand name versus that which would result without brand name". Aaker (1991) proposes brand equity as a "set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers". Brand equity is a multidimensional concept with first four core dimensions as brand awareness, perceived quality, brand associations and brand loyalty (Aaker, 1991). Keller's (1993) brand equity concept focuses on brand knowledge with its two components namely brand awareness and brand image. Perceived quality, brand loyalty, brand associations, brand awareness, and brand trust are the five basic consumer-related dimensions central to brand equity (Atilgan, Akinci, Aksoy, & Kaynak, 2009).



---

## **SOCIAL MEDIA MARKETING & BRAND EQUITY**

Yazdanparast, Joseph, & Muniz (2016) indicated that social media marketing activities of brands are essential elements in building positive attitudes towards brands and consequently, achieving higher brand equity. Social media marketing activities enhance customer based brand equity (Kim & Ko, 2012). While investigating the relative impact of brand communication on brand equity through social media, Bruhn, Schoenmueller, & Schafer (2012) concluded that traditional as well as social media communication have a significant impact on brand equity. While traditional media have a stronger impact on brand awareness, social media communication strongly influences brand image. Godey, et al., (2016) presented a holistic framework that demonstrates how social media marketing influence brand equity and established that social media marketing has positive and significant impact on brand equity. Coursaris, Osch, & Balogh, (2016) validated that more the engagement of a brand's social media content, more the positive a person's attitudes toward the brand in terms of overall brand image and equity. Online communities and social media platforms affect several layers of brand equity (Baruah, 2012); (Muniz Jr. & O'Guinn, 2001). An empirical study conducted by (Schivinski & Dabrowski, 2014) disclosed that consumer-generated communication in social media had a positive influence on brand equity and brand attitude. This substantiates our proposition that social media marketing enhances brand equity.

## **RELATIONSHIP EQUITY**

Relationship equity is the cost-benefit ratio in a relationship that has to be equitable for customers to continue doing business with a company (Olsen & Johnson, 2003). "Relationship equity is the tendency of the customer to stick with the brand, above and beyond the customer's objective and subjective assessments of the brand" (Lemon, Rust, & Zeithaml, 2001). If perceived relationship equity is high, customers believe that they are handled with care and treated well. In addition, relationship equity increases brand familiarity and trust. A positive experience with other customers is also indicative of relationship equity (Hennig-thurau, Gwinner, & Gremler, 2002). Customers do a mental evaluation whether or not the benefits in a relationship are fairly distributed among partners (Raimondo, Miceli, & Costabile, 2008). This comparison provides customers with a sense of equity in a relationship and enhances the customer's feeling of fair treatment (Kim & Ok, 2009). Therefore, stakeholders in a relationship will feel equitably treated, and consequently satisfied, if the ratio of their outcomes to inputs is, in some sense, fair (Oliver & DeSarbo, 1988). Relationship equity, therefore, is the glue that binds customers to firms, that enhances the stickiness of the relationship and keeps customers returning to the brand (Lemon, Rust, & Zeithaml, 2001).

## **SOCIAL MEDIA MARKETING & RELATIONSHIP EQUITY**

New technologies and tools spawned by Web2.0 like social media alter the roles of buyers and sellers and the relationships between them, further social media marketing can be used to transform transactional customers into fans by building strong relationships (Sashi, 2012). From a public relations perspective, social media provide a fertile ground for the growth and maintenance of relationships, because constant interactions and dialogue are cornerstones of building any satisfying relationship (Taylor, Kent, & White, 2001). Since social media has its

essence in interpersonal interactions (Gefen & Straub, 2004) and dialogue (Miller & Lammas, 2010), constant interactions and dialogue are fundamental to relationship building in the long term (Taylor, Kent, & White, 2001). Most firms overlook the sustainable competitive advantage that can be created through long-term relationships (Ganesan, 1994). Social media marketing communication improves customer equity drivers by strengthening customer relationship (Kim & Ko, 2012). Hence it validates our proposition that social media marketing enhances relationship equity.

Social media enhances the value contributed by the brand to the product improving customers' subjective and intangible assessment of the brand over and above its value (Brand Equity). It also augments customers' perceived utility of a product based on the objective assessment of its price, quality and convenience/service (Value Equity). Moreover, it assists in maintaining and growing relationships with customers through persistent interactions and discourse (Relationship Equity). By integrating marketing activities with emergent social media, companies can engage customers in collaborative conversations and enhance customer equity (Kim & Ko, 2012).

### **IMPLICATIONS OF THE PROPOSED FRAMEWORK**

- The framework contributes to the understanding of social media marketing and customer equity, as inadequate literature on social media marketing and customer equity linkage is available.
- Social Media Marketing enhances consumer value and is most interactive as well as multi-directional marketing strategy which managers can utilize for communication and promotional activities.
- The content created by customers over social media is considered more credible and trustworthy by other customers, therefore, there are ample opportunities for businesses to harness the power of social media by empowering customers as brand ambassadors.
- Social media marketing is the panacea to all the core marketing issues viz-a-viz connecting with the customer, understanding them and building a long term value adding relationship.
- The links and networks created by social media and its abundant reach throughout the globe provides unprecedented opportunity to business organizations for feedback and co-creation.
- Social media marketing is relatively simple, fast, real time and cost effective, therefore, it can be used by both small as well as large businesses.
- Social media marketing offers considerable audience, interactive engagement and advertising potential for the future, therefore its implementation will be the difference of success and failure for business organizations.

### **CONCLUSION**

The theoretical background has provided a strong base to emphasize the linkage between social media marketing and antecedents of customer equity. While, marketing has undergone a major transition, from internet to web 2.0 and now social media, most business organizations are accepting and adopting this trend in their marketing mix. Organizations have realized the need to engage postmodern customers at as many touch points as possible throughout the marketing landscape. Keeping this in view we examined the theoretical morphology of customer equity and its antecedents, critically examining how social media marketing can be linked to the precursor

of customer equity in context to the prior research. This work contributes to the existing literature in the area of social media, relationship equity, value equity, brand equity and customer equity by proposing the effect of social media marketing on customer equity and its antecedents. However, there is a need for the empirical examination and approval of the proposed model which will give more detailed understanding of social media marketing affecting customer equity and its antecedents.

## REFERENCES

- Aaker, D. A. (1991). *Managing brand equity: Capitalizing on the value of a brand name*. New York: Free Press.
- Atilgan, E., Akinci, S., Aksoy, s., & Kaynak, E. (2009). Customer-Based Brand Equity for Global Brands: A Multinational Approach. *Journal of Euromarketing*, 18(2), 115-132.
- Barnes, N. G., & Mattson, E. (2008). Social Media in the Inc. 500: The First Longitudinal Study. *Journal of New Communications Research*, 3(1), 74-78.
- Baruah, T. D. (2012). Effectiveness of Social Media as a tool of communication and its potential for technology enabled connections: A micro-level study. *International Journal of Scientific and Research Publications*, 2(5), 1-10.
- Bashar, A., Ahmad, I., & Wasiq, M. (2012). Effectiveness of social media as a marketing tool: An empirical study. *International Journal of Marketing, Financial Services & Management Research*, 1(11), 88-99.
- Blattberg, R. C., & Deighton, J. (1996). Manage Marketing by the Customer Equity. *Harvard business review*, 74(July/August), 136-144.
- Bruhn, M., Schoenmueller, V., & Schafer, D. B. (2012). Are social media replacing traditional media in terms of brand equity creation? *Management Research Review: Emerald*, 35(9), 770-790.
- Chae, H., Ko, E., & Han, J. (2015). How do customers' SNS participation activities impact on customer equity drivers and customer loyalty? Focus on the SNS services of a global SPA brand. *Journal of Global Scholars of Marketing Science*, 25(2), 122–141.
- Chi, H.-H. (2013). Interactive Digital Advertising vs. Virtual Brand. *Journal of Interactive Advertising*, 12(1), 44-61.
- Constantinides, E., & Fountain, S. J. (2008). Web 2.0: Conceptual foundations and marketing issues. *Journal of Direct, Data and Digital Marketing Practice*, 9(3), 231–244.
- Coursaris, C. K., Osch, W. v., & Balogh, B. A. (2016). Do Facebook Likes Lead to Shares or Sales? Exploring the Empirical Links between Social Media Content, Brand Equity, Purchase

Intention, and Engagement. *49th Hawaii International Conference on System Sciences (HICSS)* (pp. 3546-3555). Koloa, Hawaii: IEEE.

Divol, R., Edelman, D., & Sarrazin, H. (2012, April). *Demystifying social media*. Retrieved from McKinsey Quarterly: <http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/demystifying-social-media>

Drury, G. (2008). Opinion piece: Social media: Should marketers engage and how can it be done effectively ? *Journal of Direct, Data and Digital Marketing Practice*, 9(3), 274-277.

Farquhar, P. H. (1989). Managing brand equity. *Marketing Research*, 1(3), 24-34.

Ganesan, S. (1994). Determinants of long-term orientation in buyer-seller relationships. *Journal of Marketing*, 58(2), 1-19.

Garnyte, M., & Perez, A. (2009). *Exploring Social Media Marketing Towards a Richer Understanding of Social Media in Postmodernity*. Aarhus: Denmark: Aarhus School of Business: University of Aarhus.

Gefen, D., & Straub, D. W. (2004). Consumer trust in B2C e-Commerce and the importance of social presence: experiments in e-Products and e-Services. *Omega*, 32(6), 407-424.

Gensler, S., Volckner, F., Liu-Thompkins, Y., & Wiertz, C. (2013). Managing Brands in the Social Media Environment. *Journal of Interactive Marketing*, 27(4), 242-256.

Godey, B., Manthiou, A., Pederzoli, D., Rokka, J., Aiello, G., Donvito, R., et al. (2016). Social media marketing efforts of luxury brands: Influence on brand equity and consumer behavior. *Journal of Business Research*, 69(12), 5833-5841.

Gronroos, C. (1994). Quo Vadis, Marketing? Toward a Relationship Marketing Paradigm. *Journal of Marketing Management*, 10(5), 347-360.

Gronroos, C., & Ravald, A. (2011). Service as business logic: implications for value creation and marketing. *Journal of Service Management*, 22(1), 5-22.

Gunelius, S. (2010). *30 Minute Social Media Marketing*. New York: McGraw Hill Publication.

Hamilton, M., Kaltcheva, V. D., & Rohm, A. J. (2016). Social Media and Value Creation: The Role of Interaction Satisfaction and Interaction Immersion. *Journal of Interactive Marketing*, 36(November), 121-133.

Hennig-thurau, T., Gwinner, K. P., & Gremler, D. D. (2002). Understanding Relationship Marketing Outcomes: An Integration of Relational Benefits and Relationship Quality. *Journal of Service Research*, 4(3), 230-247.

Hogan, J. E., Lemon, K. N., & Rust, R. T. (2002). Customer equity management: Charting new directions for the future of marketing. *Journal of Service Research*, 5(1), 4-12.

Kaplan, A. M., & Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of Social Media. *Business Horizons*, 53(1), 59-68.

Karamian, H., Nadoushan, M. A., & Nadoushan, A. A. (2015). Do Social Media Marketing Activities Increase Brand Equity? *International Journal of Economy, Management and Social Sciences*, 4(3), 362-365.

Keller, K. L. (1993). Conceptualizing, measuring, managing customer-based brand equity. *Journal of Marketing*, 57(1), 1-23.

Kim, A. J., & Ko, E. (2012). Do social media marketing activities enhance customer equity? An empirical study of luxury fashion brand. *Journal of Business Research*, 65, 1480-1486.

Kim, W., & Ok, C. (2009). The Effects of Relational Benefits On Customers' Perception of Favorable Inequity, Affective Commitment, and Repurchase Intention in Full-Service Restaurants. *Journal of Hospitality & Tourism Research*, 33(2), 227-244.

Ko, E. J., Kim, K. H., & Kwon, J. H. (2006). Impact of fashionon-line community characteristics on brand loyalty: Comparisons among lifestyle groups. *Journal of Global Academy of Marketing Science*, 16(3), 87-106.

Ko, E., Kim, K. H., Kim, S. H., Li, G., Zou, P., & Zhang, H. (2009). The relationship among country of origin, brand equity and brand loyalty: Comparison among USA, China and Korea. *Journal of Global Academy of Marketing Science*, 19(1), 47-58.

Kotler, P., Kartajaya, H., & Setiawan, I. (2010). *Marketing 3.0: From Products to Customers to the Human Spirit*. Hoboken, NJ: John Wiley & Sons.

Kumar, V., & George, M. (2007). Measuring and maximizing customer equity: a critical analysis. *Journal of the Academy of Marketing Science*, 35(2), 157-171.

Larivière, B., Joosten, H., Malthouse, E. C., Birgelen, M. v., Aksoy, P., Kunz, W. H., et al. (2013). Value fusion: The blending of consumer and firm value in the distinct context of mobile technologies and social media. *Journal of Service Management*, 24(3), 268-293.

Lemon, K. N., Rust, R. T., & Zeithaml, V. A. (2001). What Drives Customer Equity. *Marketing Management*, 10(1), 20-25.

- Mangold, W. G., & Faulgd, D. J. (2009). Social media: The new hybrid element of the promotion mix. *Business Horizons*, 52, 357-365.
- Mangold, W. G., & Faulgd, D. J. (2009). Social media: The new hybrid element of the promotion mix. *Business Horizons*, 52, 357-365.
- Miller, R., & Lammas, N. (2010). Social media and its implications for viral marketing. *Asia Pacific Public Relations Journal*, 11, 1-9.
- Muniz Jr., A. M., & O'Guinn, T. C. (2001). Brand Community. *Journal of Consumer Research*, 27(4), 412-432.
- Oliver, R. L., & DeSarbo, W. S. (1988). Response Determinants in Satisfaction Judgments. *The Journal of Consumer Research*, 14(4), 495-507.
- Olsen, L. L., & Johnson, M. D. (2003). Service Equity, Satisfaction and Loyalty: From Transaction-Specific to Cumulative Evaluations. *Journal of Service Research*, 5(3), 184-197.
- Prahalad, C. K., & Ramaswamy, V. (2004). Co-creation Experiences, The next practice in value creation. *Journal of Interactive Marketing*, 18(3), 5-14.
- Raimondo, M. A., Miceli, G. ", & Costabile, M. (2008). How Relationship Age Moderates Loyalty Formation: The Increasing Effect of Relational Equity on Customer Loyalty. *Journal of Service Research*, 11(2), 142-160.
- Richter, A., & Koch, M. (2007). *Social software—status quo und Zukunft*. Fakultät für Informatik: Universität der Bundeswehr München.
- Rohm, A., Kaltcheva, V. D., & Milne, G. R. (2013). A mixed-method approach to examining brand-consumer interactions driven by social media. *Journal of Research in Interactive Marketing*, 7(4), 295-311.
- Rosen, J. (2006, June 27). *The People Formerly Known as the Audience*. Retrieved from PRESSthink: [http://archive.pressthink.org/2006/06/27/ppl\\_frmr.html](http://archive.pressthink.org/2006/06/27/ppl_frmr.html)
- Rust, R. T., Danaher, P. J., & Varki, S. (2000). Using service quality data for competitive marketing decisions. *International Journal of Service Industry Management*, 11(5), 438-469.
- Rust, R., Zeithaml, V., & Lemon, K. (2000). *Driving Customer Equity : How Customer Lifetime Value is Reshaping Corporate Strategy*. New York: Free Press.
- Sashi, C. M. (2012). Customer engagement, buyer-seller relationships, and social media. *Management Decision*, 50(2), 253-272.



Schivinski, B., & Dabrowski, D. (2014). The effect of social media communication on consumer perceptions of brands. *Journal of Marketing Communications*, 12, 1-26.

Shah, A. M. (2012). Business Strategies in the Emerging Markets. *Journal of Asia Pacific Business*, 13(1), 4-15.

Shocker, A., & Weitz, B. (1988). A perspective on brand equity principles and issues. *Defining, measuring and managing brand equity: A conference summary Marketing Science Institute*. (pp. 88-104). Cambridge, Massachusetts: L. Leuthesser.

Taylor, M., Kent, M. L., & White, W. J. (2001). How activist organizations are using the Internet to build relationships. *Public Relations Review*, 27(3), 263-284.

Tuten, T., & Angermeier, W. (2013). Before and Beyond the Social Moment of Engagement: Perspectives on the Negative Utilities of Social Media Marketing. *Gestation 2000*, 30(3), 69-76.

Vogel, V., Evanschitzky, H., & Ramaseshan, B. (2008). Customer Equity Drivers and Future Sales. *Journal of Marketing*, 72(November), 98-108.

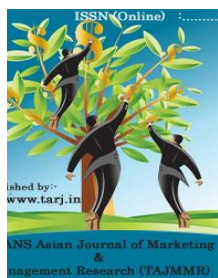
Woodruff, R. B. (1997). Customer value: The next source for competitive advantage. *Journal of the Academy of Marketing Science*, 25(2), 139-153.

Yazdanparast, A., Joseph, M., & Muniz, F. (2016). Consumer based brand equity in the 21st century: an examination of the role of social media marketing. *Young Consumers*, 17(3), 243-255.

Yoo, B., & Donthu, N. (2001). Developing and validating a multidimensional consumer-based brand equity scale. *Journal of Business Research*, 52(1), 1-14.

Yuan, C. L., Kim, J., & Kim, S. J. (2016). Parasocial relationship effects on customer equity in the social media context. *Journal of Business Research*, 69(9), 3795–3803.





# TRANS Asian Journal of Marketing Management Research (TAJMMR)

(Double Blind Refereed & Reviewed International Journal)

UGC APPROVED JOURNAL



## FUTURE PROSPECTIVE OF E-BUSINESS IN INDIA (A STUDY OF PUNJAB AND HARYANA STATES OF INDIA)

Rahul Kumar\*; Dr. Kewal Krishan Chawla\*\*

\*Research Scholar,  
IKG, PTU, Jalandhar, PUNJAB.

\*\*Principal,  
CT Institute of Management Studies,  
Jalandhar (PUNJAB).

### ABSTRACT

*Today, the market place is flooded with several e-commerce options for shoppers to choose from, a variety of innovative products and services are being offered spoiling customers for choice. Online shopping is no more a privilege enjoyed by your friends and family living in the US or UK. Today, it is a reality in India. In the last couple of years, the growth of e-commerce industry in India has been phenomenal as more shoppers have started discovering the benefits of using this platform. There is enough scope for online businesses in the future if they understand the Indian shopper's psyche and cater to their needs. Internet is changing the way consumers shop and buys goods and services, and has rapidly evolved into a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets. Companies also use the Internet to convey, communicate and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers. Customers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities they will receive if they purchase the product from a particular store. Many experts are optimistic about the prospect of online business. In addition to the tremendous potential of the E-commerce market, the Internet provides a unique opportunity for companies to more efficiently reach existing and potential customers. Although most of the revenue of online transactions comes from business-to-business commerce, the practitioners of business-to-consumer commerce should not lose confidence. It has been*

*more than a decade since business-to-consumer E-commerce first evolved. Scholars and practitioners of electronic commerce constantly strive to gain an improved insight into consumer behaviour in cyberspace. Along with the development of E-retailing, researchers continue to explain online shoppers' behaviour from different perspectives. Many of their studies have posited new emergent factors or assumptions that are based on the traditional models of consumer behaviour, and then examine their validity in the Internet context.*

**KEYWORDS:** E-Commerce, Examine, E-Retailing, Opportunity, Cyberspace.

## INTRODUCTION

### HISTORY OF ONLINE SHOPPING

In 1990, Tim Berners-Lee created the first World Wide Web server and browser in UK. It opened for commercial use in 1991. In 1994 other advances took place, such as online banking and the opening of an online pizza shop by Pizza Hut. During that same year, Netscape introduced SSL encryption of data transferred online, which has become essential for secure online shopping. Also in 1994, the German company Intershop introduced its first online shopping system. In 1995, Amazon launched its online shopping site, and in 1996, eBay appeared.

Originally, electronic commerce was identified as the facilitation of commercial transactions electronically, using technology such as Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT). These were both introduced in the late 1970s, allowing businesses to send commercial documents like purchase orders or invoices electronically. The growth and acceptance of credit cards, automated teller machines (ATM) and telephone banking in the 1980s were also forms of electronic commerce. Another form of e-commerce was the airline reservation system typified by Sabre in the USA and Travicom in the UK.

From the 1990s onwards, electronic commerce would additionally include enterprise resource planning systems (ERP), data mining and data warehousing. In 1990, Tim Berners-Lee invented the World Wide Web web browser and transformed an academic telecommunication network into a worldwide everyman everyday communication system called internet/www. Commercial enterprise on the Internet was strictly prohibited by NSF until 1995. Although the Internet became popular worldwide around 1994 with the adoption of Mosaic web browser, it took about five years to introduce security protocols and DSL allowing continual connection to the Internet. By the end of 2000, many European and American business companies offered their services through the World Wide Web. Since then people began to associate a word "ecommerce" with the ability of purchasing various goods through the Internet using secure protocols and electronic payment services.

### TIMELINE:

- 1979: Michael Aldrich invented online shopping in UK.
- 1981: Thomson Holidays, UK is first B2B online shopping
- 1982: Minitel was introduced nationwide in France by France Telecom and used for online ordering.

- 1984: Tesco is first B2C online shopping and Mrs Snowball, 72, is the first online home shopper
- 1985: Nissan UK sells cars and finance with credit checking to customers online from dealers' lots.
- 1987: Swreg, an online payment processor that is the best Paypal alternative for global businesses begins to provide software
- 1990: Tim Berners-Lee writes the first web browser, WorldWideWeb, using a NeXT computer in UK.
- 1992: Terry Brownell launches first fully graphical, iconic navigated Bulletin board system online shopping using RoboBOARD
- 1994: Netscape, US Computer Services Company releases the Navigator browser in October under the code name Mozilla. Pizza Hut offers online ordering on its Web page. Netscape 1.0 is introduced in late
- 1994 SSL encryption that made transactions secure.
- 1995: Jeff Bezos, CEO of Amazon Inc., USA launches Amazon.com and the first commercial-free 24 hour. Internet-only radio stations, Radio HK and NetRadio in US start broadcasting. eBay is founded by computer programmer Pierre Omidyar as Auction Web in US.
- 1998: Electronic postal stamps for people residing in US can be purchased and downloaded for printing from the Web.
- 1998: Alibaba Group is established in China. Alibaba Group is a family of Internet-based businesses which makes it easy for anyone to buy or sell online anywhere in the world
- 1999: Business.com sold for US \$7.5 million to e-Companies, which was purchased in 1997 for US \$149,000. Business.com helps small-to-medium enterprises discover, compare and purchase products and services to run their businesses.
- 2000: The dot-com bust.
- 2001: Alibaba.com achieved profitability in December 2001.
- 2002: eBay acquires PayPal for \$1.5 billion. PayPal is the faster, safer way to send money, make an online payment, receive money or set up a merchant account.
- 2003: Amazon.com posts first yearly profit.
- 2004: DHgate.com, China's first online b2b transaction platform, is established, forcing other b2b sites to move away from the "yellow pages" mode.
- 2007: Business.com acquired by R.H. Donnelley for \$345 million.
- 2009: Zappos.com, an online shoe and apparel store acquired by Amazon.com for \$928 million.

Retail Convergence, operator of private sale website RueLaLa.com, acquired by GSI Commerce for \$180 million, plus up to \$170 million in earn-out payments based on performance through 2012. GSI Commerce is an eBay company specializing in creating, developing and running online shopping sites for brick and mortar brands and retailers.

2010: Groupon reportedly rejects a \$6 billion offer from Google. Instead, the group buying websites plans to go ahead with an IPO in mid-2011. Groupon, is a deal-of-the-day website that features discounted gift certificates or discount coupons usable at local or national companies.

2011: US eCommerce and Online Retail sales projected to reach \$197 billion, an increase of 12 percent over 2010. Quidsi.com, parent company of Diapers.com, acquired by Amazon.com for \$500 million in cash plus \$45 million in debt and other obligations. GSI Commerce, a company specializing in creating, developing and running online shopping sites for brick and mortar businesses, acquired by eBay for \$2.4 billion.

### **Future of Internet Shopping in India**

People use the Internet to shop online for mobile phones, laptops and other consumer goods. If the Internet is anything to go by, India's technological and economic growth has moved into the top gear. With more India's online shopping registering a phenomenal 100 per cent annual growth, many retail chains and consumer durable companies are joining the Web bandwagon to tap the shopping market. The online shopping industry in India is fast catching on, not just in the larger metros but also in the smaller cities. At present the market is estimated at Rs.46,000crore and is growing at 100 per cent per year. According to Google, India has more than 100 million Internet users, out of which around half opt for online purchases and the number is growing every year. With such a large market size, companies, right from retail shops to consumer goods, are entering the Web space to attract potential customers. Even traditional retailers like Shoppers Stop, Westside and Pantaloons are looking at the online shopping space for growth. According to the Associated Chambers of Commerce and Industry of India (Assocham), the size of the online retail industry is expected to touch Rs.7, 000 crore by 2015, up from Rs.2, 000 crore now, at an annual growth rate of 35 per cent. According to industry leaders, portals offering daily deals and discount offers with good delivery services attract the largest number of online shoppers. The companies that provide daily deals or discount offers are doing brisk business. People are looking for value shopping that saves their money as well as time. The customer behaviour is changing dramatically. People are not only using the Web to book air tickets and movie tickets but also do not hesitate in placing orders for mobiles, laptops and other consumer electronics and home appliances. Seeing this bold consumer behaviour, more companies are collaborating with such daily deal and discount sites. All the top consumer electronics and home appliances companies are listed with us. In the growing competition space companies with good delivery services score points over others. Keeping in mind this growing potential, not just large brands but even general retail chains are upgrading their sites for ecommerce, making it more convenient for customers to place online purchase orders. According to eBay, Indian online shoppers remain brand savvy, even when they are shopping online. The eBay India Census has found that brands such as Sony, Nokia, Samsung, Apple and Reebok continue to top buyers' charts. Category-wise lifestyle products, such as cosmetics, jewellery, watches, fashion products and fitness equipment contribute over 45 per cent to eBay's sales in India. Thus it can be concluded that online shopping holds a great future ahead.

**E-Marketer** estimates that there are 220 million online shoppers in China today (defined as having bought at least one thing online), estimated to grow to 420 million by 2016. That's compared to roughly 150 million in the US. The comparable number in India is 10 million right now. So the Chinese market is 22 times bigger than in India, and consequently has several e-Commerce companies either already IPO'ed and acquired or in line to do so. Only a handful have gone public in India so far. When it comes to India, though, you can't just go by numbers

and comparisons. The thing we repeatedly hear is that India is a unique market with unique challenges, which also means it creates unique opportunities. Given all this, who are going to be these successful e-Commerce players of tomorrow? I think the successful companies of tomorrow are going to look different from the ones that are on the top now. There's going to be 100-200 million new e-Commerce customers that are going to be up for grabs in the next few years. Another way to look at it is that in 80% of the e-Commerce shoppers of 2016 still are available to be nabbed by e-Commerce sites. And they're going to come from predominantly two categories. First, from Tier-2 and Tier-3 cities as the logistics and connectivity there improve and second, young people that get jobs/pocket-money and start shopping online.

**New Customers, New Strategies:-**According to this concept online seller used new idea's or policies to motivate and attract online shoppers.

### 1. NEW EXPERIENCES

In many ways, the e-Commerce sites of today are organized for the class of people that are already familiar with online shopping. If you have a rough idea what you want to buy, you go online and order it. But for the categories of people coming online, they're probably looking for new experiences, experiences that don't exist yet. For example, Amazon has a window shopping experience here (called Window-shop) that could work well with some customization. Maybe a grocery shopping site organized by recipes, that lets you checkout everything needed to cook up a Paneer Tikka Masala?

### 2. NEW PRODUCT/ INNOVATIONS

There's evidence that people from Tier-2 and Tier-3 cities aren't sure what they're looking for online, and consequently don't know how to go about it. They may also be unhappy with or unable to figure out the selection of products available online. e-Commerce sites should use data, analytics and the power of big data to figure out products could appeal to these new customers. A powerful recommendation engine that understands the "aspiration" dimension may be the need of the day.

### 3. NEW WAYS TO CONNECT WITH ONLINE SHOPPERS

Forrester estimates that localization is one of the top 3 factors that will drive e-Commerce in India. A simple and streamlined shopping experience on the mobile phone is another area that can create differentiated experiences, as many people's first experience of the Internet will be from their phones – For both young people and for people from the tier-2,3 cities. A good mobile shopping experience is still missing. So it comes down to this – e-Commerce sites able to create new and interesting shopping experiences have a chance with the new generation of e-Commerce shoppers that are about to come online. The e-Commerce game has not been won yet, and targeting the right market with the right experiences will create the next generation of winners.<sup>25</sup>

#### TOP 12 BEST ONLINE SHOPPING SITES IN INDIA 2015

RANKING	WEBSITE NAME	PRODUCT & SERVICES OFFERED

<b>1</b>	<b>Flipkart.com</b>	One of the most popular online shopping sites in India is Flipkart.com, which is based in Bangalore. The website started as online book store, but gradually added products like electronics, mobiles, clothing, accessories, etc. The site accepts payments by Cash on Delivery, debit/credit cards, net banking and e-vouchers.
<b>2</b>	<b>Snapdeal.com</b>	Featuring next on the list of top 12 online shopping sites in India 2015 is Snapdeal.com, a site which is based in New Delhi and deals in products like clothing, accessories, consumer goods, cell phones in addition to services like salons and restaurants. Excellent discounts and great service are the reasons of popularity of this website.
<b>3</b>	<b>Amazon.in</b>	The next name to be included in the list of best online shopping websites in India is that of amazon.in, a global leader which showcases a great variety of products, ranging from books, CDs, clothing, accessories, electronics and a lot more. The website offers free shipping and incredible discounts.
<b>4</b>	<b>Shopclues.com</b>	Featuring next on the list of the best online shopping sites in India 2015 is a site called shopclues.com, which showcases countless products like jewelry, accessories, mobiles, cameras, books, laptops and many more, at wonderful discounted deals.
<b>5</b>	<b>Ebay.in</b>	Ebay.in is a popular international online shopping website, which has captured a major share in the Indian market too. The website brings a wonderful variety in products for buyers, along with attractions like massive discounts and free shipping.
<b>6</b>	<b>Paytm.com</b>	Paytm started with Mobile Recharge and Bill Payment website now Paytm selling everything from Home Appliances, Home Decor items, Men, Women and Kids Clothing, Laptops and Mobiles etc items at lower prices. In a very short period Paytm grown fastly and able to place under our Top 10 Indian Shopping site list.
<b>7</b>	<b>Myntra.com</b>	Myntra.com is a Bangalore based fashion website which brings in excellent variety of the latest of fashion and lifestyle products and accessories for men, women and children, with some fabulous discounted deals.



8	<b>Jabong.com</b>	Jabong offers you great discount on all listed product. They offers wide range of products from Apparel to Home needs, Fashion and life style products.
9	<b>Pepperfry.com</b>	Pepperfry.com is another well known online shopping site in India, which brings amazing deals on latest branded clothing for men, women and children, in addition to accessories, cosmetics, jewelry, furniture and home decor.
10	<b>Homeshop18.com</b>	Homeshop18.com is another popular and reputed online shopping site, which is associated with the well-known entertainment company called Network 18. Here, you can buy stuff like clothing, accessories, cell phones, home appliances, laptops, games and toys, etc. It also has a 24 hour Home Shopping Channel, totally dedicated to tele shopping and online shopping.

## REVIEW OF LITERATURE

**Bhatnagar, Misra, and Rao (2000)**, in their recent study made an attempt to study the risk, convenience and Internet shopping behaviour. They found that marital status has no effect on purchase behavior and found mixed results based upon gender (except for specific gender-related products), years on the Internet, and age.

**Baveja, S. and S. Rastogi (2000)**, have identified that customer loyalty on the Internet is a key driver of long term profitability. Loyal online customers, just like offline ones, spend more, refer more people, and are more willing to expand their purchasing into new categories. As a result, they are more profitable than one-time shoppers. Online retailers who succeed in building customer loyalty will ultimately be more profitable than online competitors who focus only on transactional metrics such as number of visitors, number of shoppers, eyeballs, and so forth.

**According to Rehman (2000)**, a factor concerning consumers' willingness to buy online is response time. Response time is understood to be the time between user input and system output. The system response time is not only influenced by its hardware, such as the CPU and transmission rates, but also by good design which aims at reducing the necessary amount of data transmission to a minimum. On the subjective level, long shop response times leads to frustration and boredom and may result in the shopper leaving the site. Research shows repeatedly that users complain about long waiting times.

**Internet and Online Association of India (2005)**, made a survey of ecommerce security in 2005. The study was conducted through online and gathered information regarding the solicited information on the user's profile, internet usage, their perception of the security associated with transacting online, their areas of concern and factors that would increase their faith of online transactions. It was found from the study that 45 percent of window shoppers at e-commerce sites represent an audience that shopping sites make informed decisions, a huge opportunity not exploited by marketers. It was further found out from the study that majority of the online



customers are male in the age group of 26 years to 35 years and they are well aware about the plastic money.

**Shweta Puneet (2006)**, in her article made an attempt to analyse about how business value enhancement can be done through technology in the retail sector. It was observed that the business is more competitive because the expectations of the customers are going higher and hence they need to find out the new methods to drive the business in the innovative way is also increasing. A fully integrated merchandising supply chain network enables the retailer to overcome longstanding operating problems and to provide the customers with the better experience in shopping. Once the customer builds the trust that gets what they want, they will come back to the same retail store.

**Ahasanul Haque (2006)**, mentioned that only two factors, gender and family income has significant relationship with overall attitudes towards online shopping. The results also indicated that weekly internet use, having experience in e-shopping, and willingness to shopping online in the future have significant relationship with overall attitude towards online shopping. Moreover, results proved that there is significant difference between human senses in online decision-making process and it is explored to customers who experienced shopping a product or they were satisfied previously, which have stronger confidence to do online shopping.

**The Kimberlee Morrison conducted a survey in Nov. 28, 2014, According to this survey** 81% of shoppers conduct online research before they make a purchase. 60% begin by using a search engine to find the products they want, and 61 percent will read product reviews before making any purchase. On average, a consumer will visit three stores before making their purchase. There are a variety of reasons behind why users they believe returning a product would be a complicated process. Sixty-one percent of shoppers would leave a website if it didn't have free shipping, and 51 percent would abandon a purchase if shipping options weren't fast enough. Six in 10 consumers said they were concerned about credit-card fraud.

**On the basis of this research provide following ways to motivate online shoppers to buy online.**

**Shoppers Search for the following while they are in an Online Store:**

- Warranty/Guarantee Information (66%)
- Pricing/ Discount Price (52%)
- Model Information (Features and etc) (51%)
- Payment Information (Methods to Pay) (47%)

**What stops shoppers from buying online:**

- Returning Policy: 69% shoppers feel that returning items purchased online is a complicated process.
- Not having A Real Buying experience: 54% shoppers want to actually see the product before purchasing.
- Shipping Cost: 61% of shoppers would leave the website if it don't offer free shipping.
- Delivery Options: 51% of shoppers don't want to wait to receive their item.
- Credit card fraud: 6 out of 10 online shoppers are concerned about online security.

---

**How to motivate the shoppers to purchase online:**

- Help People Find you:
- Provide the top of the search result page.
- Incorporate and encouraging social sharing.
- Provide free shipping.
- Cash Back offers.
- Special highlight discounted prices.
- Provide clear product description.
- Provide high level overviews of the products.
- Use costumer reviews.
- Provide high Quality Product Image.
- Create sense of scale I your image.
- Show multiple images in multiple angles.
- Enable zoom for a closer look at product image.
- Enable easy editing of cart.
- Enable in site product comparison.
- Create a clear, will define shipping and return policy.
- Offer same and next day delivery system.
- Offer multiple payment options.
- Display a security certificate.
- Offer excellent consumer support system and make your contact number prominent.

**The TNS Australia and Google India conducted a survey with a sample size of 800 respondents in November 2014.** Under this survey TNS and Google covered Gender: Male (63%), Female (37%), age group (18 to 50) with 71% respondents in the age group of (18 to 35). 89% users were heavy users of the Internet with 67% users having access to their own money and 33% having access to someone else's money. The sample size had a monthly average household income of INR 55,051/-. The respondents were spread across Delhi (22%), Mumbai (24%), Kolkata (9%), Bangalore (17%), Ahmedabad (6%), Hyderabad (12%), Pune (7%) & others (2%).

Online shopping in India, saw 128% growth in interest from the consumers in the year 2011 to 2012 in comparison to only 40% growth in 2010 to 2011, making 2012 the tipping point for online shopping in India. In terms of product categories, consumer interest on Google search for apparels & accessories (30%) emerged as the second biggest product category after consumer electronics (34%).

Massive growth in niche product categories in 2011-2012 on Google search, in comparison to electronics, baby products, Home & furnishing, & health care saw over 2x growth and were also the fastest growing product category in terms of query volume on Google search. As mobile internet user base grows in India, mobile phones is also becoming a contributor in the surge for online shopping with Google witnessing 2X growth in number of queries from mobile phones in the year 2011 to 2012. Currently, 30% of all shopping queries in India come from mobile phones. These trends were also validated with the help of a online research conducted by TNS Australia of the internet users in the age group 18 to 50 from Delhi, Mumbai, Kolkata,

Bangalore, Ahmedabad, Hyderabad & Pune. As per the research, 90% of online shoppers are planning to buy more products online which reflects on the positive experience of the users.

**In terms of top product categories ever purchased online:**

Apparels & accessories was among the top category (84%)

Electronics (71%)

Beauty & personal care (64%)

Books (62%)

Household products (61%)

Other (35%)

**The Nielsen Company conducted a survey in March 2010**, Nielsen surveyed 30,000 online consumers in 60 countries. According to this survey:

❖ **E-COMMERCE SHIFTS ONLINE SHOPPING INTO HIGHER GEAR**

E-commerce is big business and getting bigger every day. Growth estimates from e-Marketer report that business-to-consumer (B2C) e-commerce sales worldwide will reach \$1.5 trillion in 2014, increasing nearly 20% over 2013. But not all e-commerce categories are created equal. The most popular e-commerce categories, not surprisingly, are non-consumable—durables and entertainment-related products. Nielsen reports that almost half of global respondents in an online survey intend to purchase clothing or make airline or hotel reservations using an online device in the next six months. Other categories growing in prominence for online shopping include e-books, event tickets, sporting goods and toys (to name a few). Spending intentions for each have risen at a double-digit or near double-digit percentage-point rates since 2011.

❖ **ONLINE BUYING OR BROWSING**

Consumers using the Internet to research products with the intention of making a purchase online, or are they taking their new-found knowledge back to brick-and-mortar retail locations to make the transaction? The answer largely depends on the product—and you may be surprised by some of the findings. When it comes to shopping for clothes, event tickets, books and toys, or making reservations for tours and hotels, consumers typically have something specific in mind. For these transactions, there is mostly a one-to-one correlation between online searching and shopping—those who browse online also buy online. These closely linked browsing/buying items are also among those with the highest respondent purchase intention rates, which range between 35% and 46%.

Consumable products, on the other hand, have lower online browse/ buy intention rates than non-consumable products, but surprisingly, they boast just as strong browse-to-buy correlations. For example, for cosmetics, 33% of global respondents say they browse and 31% say they buy: nearly a one-to-one correlation. Similarly, about one-third of global respondents say they browse and buy personal care products (31%/29%) and groceries (30%/27%). About one-fourth browse and buy pet products (24%/21%) and baby supplies (23%/20%), and roughly one-fifth browse/buy flowers (20%/18%) and alcoholic drinks (20%/17%).

“Strong online browse-to-buy correlation rates for fast-moving consumer goods translates to loyal repeat customers for these categories,” said Burbank. “While these categories are still in the early stages of online adoption, these correlations signal great news for retailers. Now is the time

to create many-channel experiences for consumers who are actively using both digital and physical platforms to research and purchase, as increasingly, they don't make a distinction between the two."

As noted, people are more likely to buy non-consumables online. But some have lower browse/buy ratios. Products more conducive to online browsing than buying include: electronic equipment, mobile phones, computer hardware/software, sporting goods and cars/ motorcycles. These products can carry a high price tag and often require a physical try-before-you-buy test run. The browse-to-buy difference for these products averages about 7 percentage points. 22 categories in the study, the only category with a higher global online buy-to-browse ratio is airline tickets (48% buy/40% browse). Securing air travel plans online has proven to be a reliable and effective method for many.

### ❖ CATEGORIES WITH ROOM TO GROW

E-commerce has come a long way in a short time. Online purchase intention rates have doubled in three short years for more than half of the categories measured between 2011 and 2014. And these high-growth categories still have plenty of room to grow digitally.

Global online purchase intention rates in 2014 have doubled since 2011 for event tickets (41%), electronic books (34%), sporting goods (31%), toys/dolls (29%), videos/DVDs/games (28%), music (27%), pet supplies (21%)\*, flowers (18%), cars/accessories (17%) and alcoholic drinks (17%). And rates have tripled in these three years for computer software (27%) and nearly tripled for baby supplies (20%).

With a plethora of Internet-connected devices to choose from, there is no shortage of ways for consumers to browse and buy online. And the device of choice is decidedly different around the world.

Computers are the favoured device for online browsing and buying among respondents in all regions, but mobile phones are a close second pick for respondents in the Middle East/Africa region and growing in prominence in Asia-Pacific and Latin America. In developing markets, mobile is often the first-access device to the Internet. Tablets—which have been available for just four years, beginning with the 2010 introduction of Apple's iPad—are used by nearly one-third (31%) of global respondents for online shopping.

North America (84%), Latin America (82%) and Asia-Pacific (81%) boast the largest percentages of respondents using a computer to shop online, exceeding the global average of 80%. European respondents come up just below the global figure at 78%. Survey respondents in the Middle East/Africa reported the lowest computer usage at 60%.

Mobile phone usage is strongest in the Middle East/Africa, with 55% of respondents using the device for online shopping—11 percentage points higher than the global average of 44%. Similarly, mobile phone usage is popular in Asia-Pacific (52%) and Latin America (48%). One-third of European respondents (33%) and more than one-fourth (27%) of North Americans use their mobile phones to shop.

### ❖ AGE MATTERS WITH DIGITAL SHOPPERS

Millennials (age 21-34) are a coveted demographic for marketers in just about any industry, and e-commerce is no exception. This age segment has grown up in the digital era, so this comes as no surprise. But while Millennials comprise more than half of respondents (53%) who plan to

make an online purchase across every product category in the study, older generations represent a sizeable 40% share, too. Reaching older age segments, however, is much more fragmented territory than with their younger counterparts. As expected, the older the age, the greater their decline in online shopping. Globally, Generation X (age 35-49) respondents comprise about 28% of those willing to make a purchase online and Baby Boomers (age 50-64) make up about 10%. The Silent Generation (age 65+) contributes roughly 2%. The youngest age group, Generation Z (under age 20), represents about 7% of those who intend to purchase online.

#### ❖ DEVICE DIFFERENTIAL

Computers are the favoured device for online browsing and buying among respondents in all regions, but mobile phones are a close second pick for respondents in the Middle East/Africa region and growing in prominence in Asia-Pacific and Latin America. In developing markets, mobile is often the first-access device to the Internet. Tablets—which have been available for just four years, beginning with the 2010 introduction of Apple's iPad—are used by nearly one-third (31%) of global respondents for online shopping.

North America (84%), Latin America (82%) and Asia-Pacific (81%) boast the largest percentages of respondents using a computer to shop online, exceeding the global average of 80%. European respondents come up just below the global figure at 78%. Survey respondents in the Middle East/Africa reported the lowest computer usage at 60%.

Mobile phone usage is strongest in the Middle East/Africa, with 55% of respondents using the device for online shopping—11 percentage points higher than the global average of 44%. Similarly, mobile phone usage is popular in Asia-Pacific (52%) and Latin America (48%). One-third of European respondents (33%) and more than one-fourth (27%) of North Americans use their mobile phones to shop.

While tablets are currently less popular than other devices for shopping online, their portability and large-screen features are conducive to online shopping. As penetration of these devices continues to grow, so too will online shopping usage. Tablet usage in the Middle East/Africa (38%) and Asia-Pacific (35%) eclipse the global average, followed by Latin America (29%), North America (26%) and Europe (24%). Countries where tablet usage is strongest include Egypt (46%), Saudi Arabia and Finland (44%), India (41%), Indonesia and United Arab Emirates (39%).

**The online survey conducted by Easy Size on March 2010** under this survey easy size covered respondents aging 16 - 51, being of different backgrounds and coming from 24 countries. Besides various benefits of online clothes shopping, there are still some risks that should be watched out. We all know they do exist, however, we barely understand them. Running the survey, we want to dive deeper into the itches of e-commerce in general and online clothes shopping in particular. In other words, we want to understand online shoppers better, who have experienced buying clothes online and faced some particular problems and a few minutes were taken from each online shopper and now some very interesting facts can be learnt. What is the most significant matter seen from the survey.

To begin with, let's get to know better the biggest enemy of online clothes purchases, which is returns. **90%** of shoppers did return clothes *at least once*, as being clearly seen from the survey. The pain is undeniably annoying for both shop-owners and shoppers. Why is that? Returns not

only causes extra costs, but also leaves negative shopping experience, which in **64, 6%** of cases will lead to low repeat purchase rate.

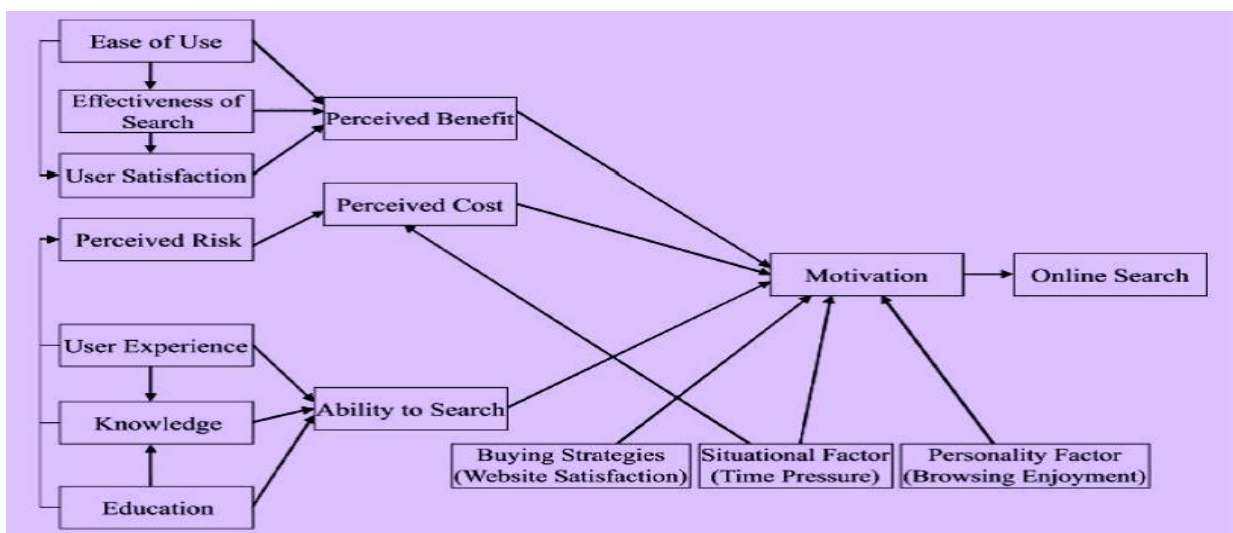
To return or not to return? That is the question. As being shown apparently from the survey, the main reason to return is the *fit problem*: **65%** of shoppers returned clothes to online shops are due to the *wrong size*. In addition, people did not return even though they were not satisfied, mainly because of difficult return conditions, high delivery cost, or simply laziness.

Obviously, the market is huge with increasingly growing demands for sizing solutions. In fact, quite many digital tools have been introduced to ease the pain so far. **71.7%** of shoppers, however, said that they still use old-fashion solutions: checking size charts or ordering few sizes, which might be the reason why the pain is still there and itching more than ever. In order to solve fit problem, most of the current fitting solutions require users to share their body measurements. The survey shows that **51.3%** of shoppers, however, are *not* willing to share their measurements on the internet. In addition, according to the survey, shoppers do not know their own measurements, or do not even want to measure themselves or don't want to share it due to privacy matter. Truthfully speaking, most of us are hardly satisfied with our own body measurements, which might also affect a conversion to sales! Facing such a huge barrier, can the future of fitting tools still be seen? Fortunately, there is a way to solve fit problem without making online shoppers bother too much about their body measurements. According to the survey, **55.8%** of shoppers do know their size for a specific brand. Meanwhile, EasySize technology only requests a known brand size to define the correct size for any other brand. The data-driven technology analyses online-shops orders and returns data and is able to predict the correct clothes size in **79, 45%**.

#### **Some Major Factors which highly consider by the online shoppers at time to purchase online: Search**

The Web allows for the amassing, analysis, and control of large quantities of specialized data, which enables comparison shopping and speeds the process of finding items. The Web also facilitates trials and can provide instant gratification; customers can test products online, which may stimulate purchase. Ease of use of technology, effectiveness of online search, and user satisfaction are antecedents of the perceived benefits of information search (Kulviwat et al., 2004)<sup>24</sup>. Each of these factors is shown in **Figure 1.1**.





## OBJECTIVE OF STUDY

1. The primary objective of the current study is to understand the online buying behavior of online shoppers in India.
2. To get information about the impact of cost on online shopping and buying decision of on online shoppers.
3. The objective of the study is intended to provide useful information to marketing professionals to develop a better marketing strategy to enhancement the online shopping scope in Indian retail market to attract maximum number of online shoppers.

## RESEARCH DESIGN

Focussing the objective of the present study, a survey was conducted with the help of a structured questionnaire to collect data about the consumer behaviour for online shopping in India. The structured questionnaire was designed to collect information about demographic profile of the respondents such as age, gender, occupation. In addition to this, various questions related to:

- ✓ The experience of internet usage,
- ✓ The purpose of using Internet,
- ✓ Types of products purchased online,
- ✓ Factors affecting consumer behaviour while online shopping etc. were asked from the respondents.

Considering the time and budget constraints, the data was collected from Punjab and Haryana region of India. Convenience sampling methods was used and questionnaires were got filled by email and personal interview methods. A target of 150 respondents. Simple charting and tabulation tools are used to understand the behaviour of the respondents for online shopping. The following table gives a description of demographic profile of the respondents. **Table 1**



**DEMOGRAPHIC PROFILE OF RESPONDENTS**

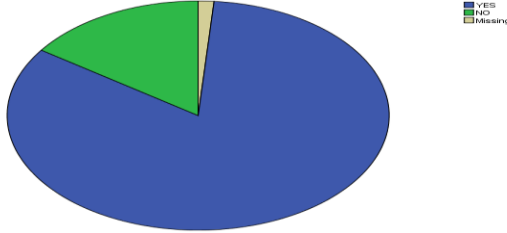
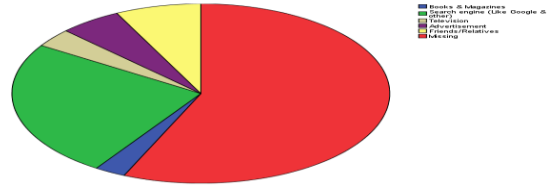
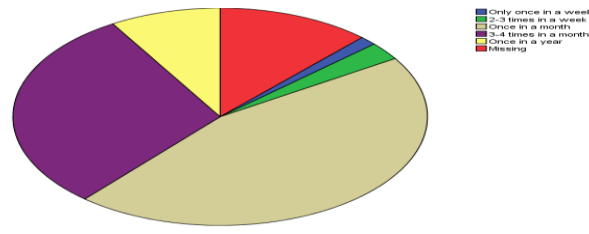
Type	Number of Respondent	Percentage in total Sample
<b>Gender</b>		
Male	82	54.7
Female	66	44.00
<b>Age</b>		
Under 20	37	24.7
21-25	31	20.7
26-30	48	32
31-35	32	21.3
36-40	02	1.3
40& Above	00	0.0
<b>Living Aera</b>		
Punjab	71	43.7
Haryana	79	52.7
<b>Occupation</b>		
Businessman	12	8
Service	60	40
Professional	25	16.7
Student	53	35.3
<b>Monthly Income</b>		
Below10, 000	6	4
11,000-30,000	49	32.7
31,000-50,000	27	18
51,000-70,000	11	7.3
71000-90000	11	7.3
Above 91,000	13	8.7

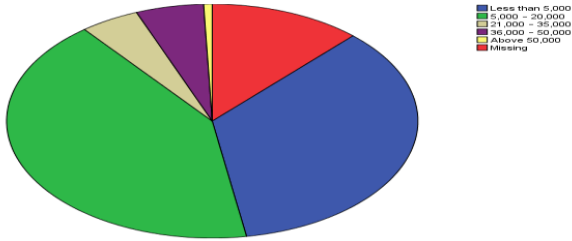
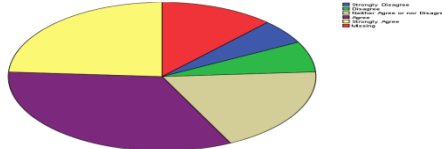
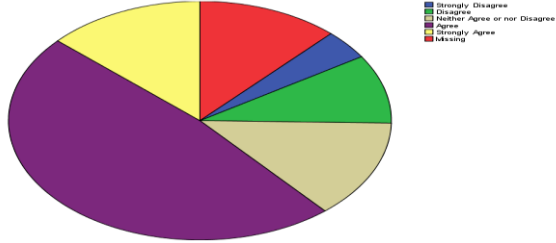
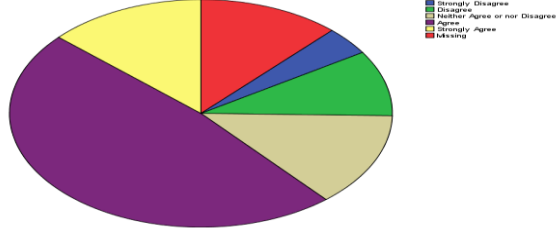
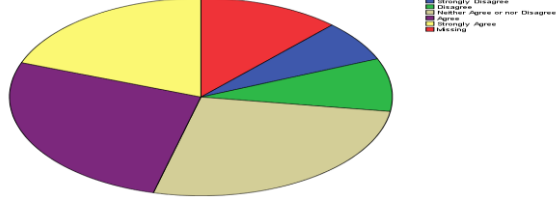
No Income	33	22
-----------	----	----

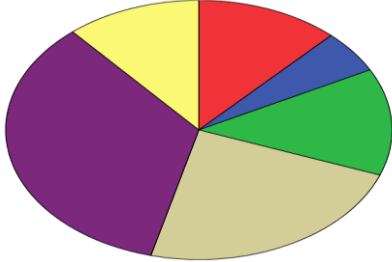
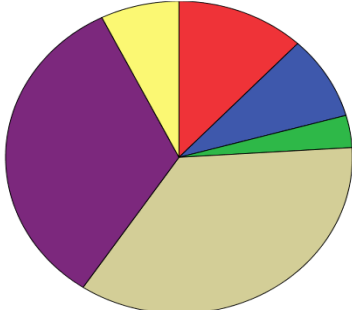
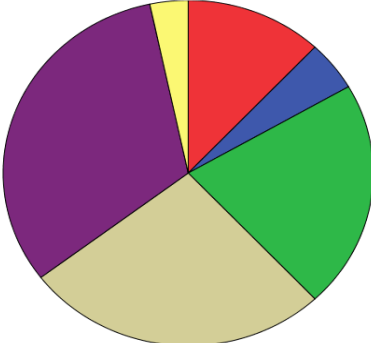
## ANALYSIS AND INTERPRETATION

The following table has broadly analysed the survey questions. The data collected has given some interesting findings. It has not only provided the information about the buying behaviour of the consumers through online mode but has also help the online sellers how to improve in web stores' selling strategies which help full to increase sell and reduce cost. The findings can be useful for taking strategic marketing decisions to capture the huge Indian retail market through e-stores.

### ANALYSIS OF THE DATA COLLECTED:

Buying Behaviour Towards online Shopping	Results Obtained through Data Analysis
1. Do you purchase Products Online?	<p>Do you purchase Products Online</p>  <p>Legend: YES, NO, Missing</p>
2. From where did you get Information about online shopping	<p>From where did you get information about online shopping</p>  <p>Legend: Books &amp; Magazines, Search engine (like Google &amp; Bing), Friends, Family, Professionalism, Referring relatives</p>
3. How frequently do you purchase online?	<p>How frequently do you purchase online</p>  <p>Legend: Only once in a week, 2-3 times in a week, Once in a month, 2-4 times in a month, Once in a year, Missing</p>

<p><b>4. Approximate amount spend per year on online purchase</b></p>	<p>Select an approximate amount you would spend per year on online purchase</p> 
<p><b>5. Online shopping saves time and money.</b></p>	<p>Online shopping saves time and money.</p> 
<p><b>6. Online shopping provides more variety of products to online shoppers.</b></p>	<p>Online shopping provides various schemes and offers to online shoppers.</p> 
<p><b>7. Online shopping provides various schemes and offers to online shoppers.</b></p>	<p>Online shopping provides various schemes and offers to online shoppers.</p> 
<p><b>8. Easy to compare similar products with different features during online shopping.</b></p>	<p>Easy to compare similar products with different features during online shopping.</p> 

<p><b>9. E-Shopping sites</b>  <b>Provides latest information</b>  <b>about various types of</b>  <b>Products available in the</b>  <b>market.</b></p>	<p style="text-align: center;">E-Shopping sites provides latest information about various types of products available in the market</p>  <p style="text-align: right;"> <small>             ■ Strongly Disagree              ■ Disagree              ■ Neither Agree or nor Disagree              ■ Agree              ■ Strongly Agree              ■ Missing           </small> </p>
<p><b>10. Online shopping</b>  <b>Provides better</b>  <b>customer services</b>  <b>like e-form inquiry,</b>  <b>order status&amp; tracking,</b>  <b>consumer feedback, etc.</b></p>	<p style="text-align: center;">Online shopping provides better customer services like e-form inquiry, order status &amp; tracking, consumer feedback, etc</p>  <p style="text-align: right;"> <small>             ■ Strongly Disagree              ■ Disagree              ■ Neither Agree or nor Disagree              ■ Agree              ■ Strongly Agree              ■ Missing           </small> </p>
<p><b>11. Online shopping is a</b>  <b>substitute of traditional</b>  <b>way of shopping.</b></p>	<p style="text-align: center;">Online shopping is a substitute of traditional way of shopping.</p>  <p style="text-align: right;"> <small>             ■ Strongly Disagree              ■ Disagree              ■ Neither Agree or nor Disagree              ■ Agree              ■ Strongly Agree              ■ Missing           </small> </p>

In addition to above information, the respondents also shared the information regarding their expectations and experiences regarding for the improvement in online shopping websites. The respondents said that by improving the after sale services, securities of the online payments, speed in delivery of goods purchased and improving the packaging of the goods can further increase the interest of shoppers for e-tailing rather than visiting a retail store. (See Table 2)

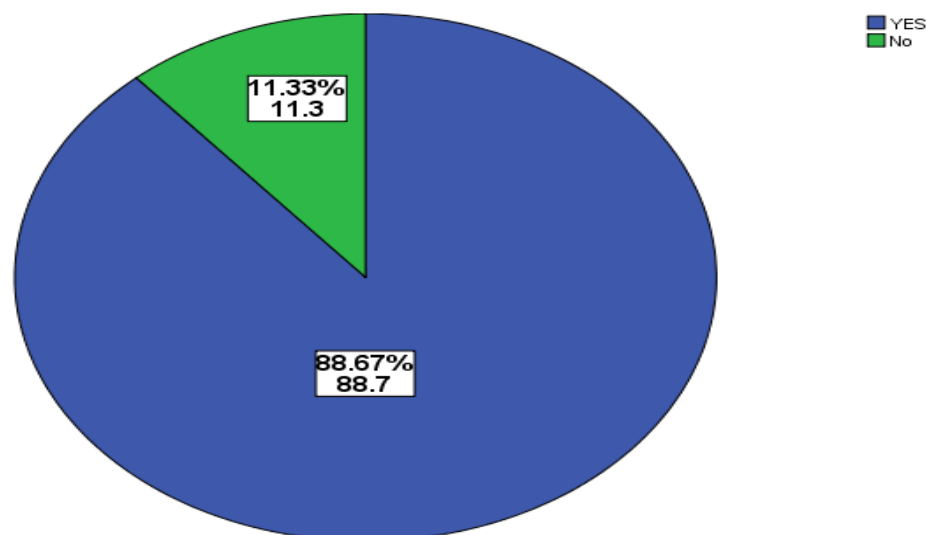
Despite the possibility of security issues and some defaults in delivery and transaction process, the majority of the respondents said that in future too, they will continue their shopping through

web stores and they love to compare the various features of the selected product with the competitor product. The results obtained have shown that majority of the people (96%) in favour of continuing with online shopping and 3 people did not respond for this question.

**TABLE NO 2: POSSIBILITY OF IMPROVEMENT IN ONLINE SHOPPING WEBSITES**

Improvement Desired by Online Shoppers	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
After satisfactory & convenient way to shop	8.7%	27.3%	31.3%	13.3%	--
Secured & Safe	1.3%	22%	36.7%	22.7%	3.3%
Saves time and Money	24%	33.3%	18.7%	6.7%	5.3%
Saves outdoor movement cost	8%	27.3%	25.3%	10%	17.3%
Direct communication possible between buyer and seller	3.3%	26.7%	33.3%	14%	9.3%

**I enjaoy & Continue online Shopping**



---

## CONCLUSION AND FINDINGS OF THE STUDY

The current study is descriptive in nature and it has made an attempt to understand the behaviour of Indian consumers towards online shopping websites. Although statistical significance of various parameters has not been examined but the generalized results obtained through data analysis has given perfect indication of increasing significance of onlineshopping websites or stores in the life of Indian consumers. The e-stores are regularly visited by the online shoppers. The comfort and convenience provided by these stores for 24x7 has made very easy& fast shopping for online shoppers worldwide. The analysis discussed in the above section has documented that the Indian customers are highlydependent to the online shopping websites. But the statistics data available has shown that Indian market is still not a fully developed market for e-stores or shop online. There is vast scope of online shopping stores in various areas and in almost all the segments of indian market. The young population is the main attraction of this online industry and they highly contribute fast growth of online shopping in India. The maximum of internet users are youngsters, the majority of goods and services demanded are related to only this segment. Travel planning is one of the major services used by Indian online shoppers. The present study has provide varioussuggestions for business strategists. On the basis of the present study we suggested the following findings.

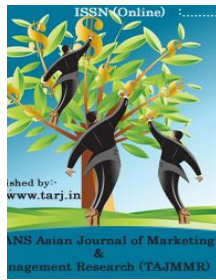
1. The e-commerce market has arisen large possibilities for youth online shoppers. If the demographic features are considered carefully then it can be easily identified that maximum number of respondents of online shopping are lying in age group of 18- 30 years. The online sellers should target this segment for batter future growth.
2. On the basis of the study we find the various factors which helpful foronline sellers to develop batter marketing strategies. It will help to convert their potential online customers into active online customers. By improving the after sales services, providing more secured/safe payment options, timely deliver the products with better packaging.
3. The market segments like Toys, Flowers. Electric products, Mobiles and Home & Kitchen items must be targeted by the marketers to attract more and more online shoppers. And the market for other products and services must be expanded through provide more awareness& knowledge among the online shoppers customers.
4. According to the research various online shoppers has shown fear of unsecured transactions in online payment and misuse of personal information given by online shoppers. Online sellers try to increase the faith of online shoppers regarding online shopping.

## REFERENCES

1. [http://en.wikipedia.org/wiki/online\\_shopping#cite-ref-kimpalmer\\_0\\_1](http://en.wikipedia.org/wiki/online_shopping#cite-ref-kimpalmer_0_1)
2. [http://en.wikipedia.org/wiki/kevin\\_kelly\\_\(editor\)](http://en.wikipedia.org/wiki/kevin_kelly_(editor)) Tkacz, Ewaryst; Kapczynski, Adrian (2009), Internet – Technical Development and Applications, Springer, p. 255.
3. <http://investor.ebay.com/releasedetail.cfm?ReleaseID=84142>
4. [http://www.zwgl.com.cn/article\\_info.asp?nid=4243](http://www.zwgl.com.cn/article_info.asp?nid=4243)
5. [http://domainnamewire.com/2007/07/26/rh-donnelley-acquiresbusinesscom\\_for345m/](http://domainnamewire.com/2007/07/26/rh-donnelley-acquiresbusinesscom_for345m/)
6. <http://techcrunch.com/2009/07/22/amazon-buys-zappos/>
7. <http://www.reuters.com/article/idUSBNG538820091027/>

8. [http://www.msnbc.msn.com/id/40499923/ns/business-us\\_business/](http://www.msnbc.msn.com/id/40499923/ns/business-us_business/)
9. <http://www.fortune3.com/blog/2011/011ecommerce-sales-2011/>  
[www.marketwatch.com/story/amazon-buy-diaperscom-parent-in-545mindeal- 2010-11-08/](http://www.marketwatch.com/story/amazon-buy-diaperscom-parent-in-545mindeal-2010-11-08/)
10. [http://techcrunch.com/2011/03/28/ebay-to-acquire-gsi-commerce-for-2-4- billion/](http://techcrunch.com/2011/03/28/ebay-to-acquire-gsi-commerce-for-2-4-billion/)
11. <http://www.euklems.net/> Goldmanis, Hortaçsu, Syverson and Emre (2010),—E-commerce and the Market Structure of Retail Industries. Economic Journal, Volume 120, Number 545. Alessandro Lizzeri (1999), —Information revelation and certification intermediaries, The Rand Journal of Economics G Sidak and D Teece, (2009), —Dynamic competition in antitrust law, Journal of Competition Law and Economics, Vol 5(4), Global trends in online shopping, a Nielsen global consumer report, June 2010,
12. <http://hk.nielsen.com/documents/Q12010OnlineShoppingTrendsReport.pdf> India Online 2011 Report, Juxt,
13. Rayport and Jaworski, —Cases in E commerce, Mc-Graw Hill, 2001.
14. <http://pages.ebay.co.uk>
15. Kulviwat, S., Guo C., Engchanil, N. (2004), “Determinants of Online Information Search: A Critical Review and Assessment”, Internet Research, Vol.14 No. 3, pp.245-253.
16. <http://www.worldblaze.in/top-12-best-online-shopping-sites-in-india-2015/>
17. <http://yourstory.com/2013/01/indianecommercewhatdoesthefuturelooklike/> (by Aditya Kulkarni, Product Manager at Google)
18. <http://www.fokri.com/2015/02/indiantop10shoppingsites.html>





# TRANS Asian Journal of Marketing Management Research (TAJMMR)

(Double Blind Refereed & Reviewed International Journal)

UGC APPROVED JOURNAL



## IMPORTANCE OF INFORMATION LITERACY IN AGRICULTURAL PRODUCTIVITY: A CASE STUDY OF FARMERS OF JORHAT DISTRICT OF ASSAM

Hemanta Kumar Gohain\*

\*Research Scholler,  
Department of Library and information science  
North Eastern Hill Univesity  
Shillong, Meghalaya, INDIA.

### ABSTRACT

*Knowledge is always treated as driving force for agricultural development, the attention of society towards information and knowledge is raising and people's demand for information and knowledge are increasing step by step. Blending of indigenous with scientific knowledge system is vital for sustainable intensification of agriculture. With tremendous growth in R&D in agricultural sector there is no dearth of technology to the farmers to improve their farming condition by increasing productivity. The technology developed in laboratory much reach to the farmer's working in the field. Traditionally agricultural projects and researchers had paid too little attention to agricultural information. Agricultural information system should be the basic component of extension institutions' task and must be incorporated into their long and short term plans. Only effective information literacy among farmers can help to adopt new farming methods and successfully integrates with their existing system. . Effective dissemination of agricultural information to the farming community is very much essential for increase in agricultural production. A well plan information literacy programme can make information reach to unreached. This paper attempts to assess the importance of information literacy among farming community in context of strengthening agricultural productivity.*

**KEYWORDS:** *Indigenous, Dissemination, Strengthening, Productivity*

## INTRODUCTION

The first priority before the government of India just after independence was to strive for food sufficiency in food production. Agriculture has been always priority area of all the government which has come into power from time to time. Effective dissemination of agricultural information to the farming community is very much essential for increase in agricultural production to ensure the food security of millions of needy people of our country. Food security is possible when there is adequate domestic agricultural production; otherwise we have to depend of import which will adversely affect our economy. One of the government most populist benevolent scheme food security bills 2013 is trying to cover eighty one crore people under the scheme. Agricultural production plays a vital role in our country's economy where almost 65% people engaged in agricultural sector. The agricultural sector contributes 18.2 (year 2011-12) percent to GDP of our country. Innovation is always recognized as key to success for increase of agricultural production since the people started cultivation. Adoption and integration of innovation is an essential prerequisite for any social development and agriculture is not exception to it. The success of green revolution has made tremendous effect over all scenario of agricultural sector of our country. The country which once import huge amount of food grain from outside is now not only self sufficient on essential food grain but also in a position to export. These changes are occurred due to various factor in which proper dissemination of agricultural information through various channel have been playing very important and pivotal role. In this process the role of extension and communication is not only important, it is also indispensable. With tremendous growth in R&D in agricultural sector there is no dearth of technology to the farmers to improve their farming condition by increasing productivity. The technology developed in laboratory much reach to the farmer's working in the field. Only effective information literacy among farmers can help to adopt new farming methods and successfully integrates with their existing system.

## INFORMATION LITERACY

The phrase information literacy first appeared in print in a 1974 report by Paul G. Zurkowski (1974). It was written on behalf of the National Commission on Libraries and Information Science. He used the phrase to describe the "techniques and skills" known by the information literate for utilizing the wide range of information tools as well as primary sources in moulding information solutions to their problems

According to McTavish (2009), in order to increase and maximize people's contributions to a healthy, democratic and pluralistic society and maintain a prosperous and sustainable economy, governments and industries around the world are challenging education systems to focus people's attention on literacy.

The people involved in dissemination of agricultural information must underscore the importance of high information quality. Farmers must be trained to distinguish between fact and

opinion. They must be encouraged to use cue words such as "I think" and "I feel" to help distinguish between factual information and opinions. Information related skills that are complex or difficult to comprehend must be broken down into smaller parts. Another approach would be to train farmers in familiar contexts. Extension personnel should encourage farmers to examine "causes" of behaviours, actions and events. Research shows that people evaluate more effectively if causes are revealed, where available. Such initiatives would aid educators' help people become more Information Literate. As a society, we must critically evaluate information to establish a public demand for high information quality.

Because information literacy skills are vital to future success:

- Information literacy skills must be taught in the context of the overall process.
- Instruction in information literacy skills must be integrated into the curriculum and reinforced both within and outside of the educational setting.

Information literacy is about people's ability to operate electively in an information society. This involves critical thinking, an awareness of personal and professional ethics, information evaluation, conceptualising information needs, organising information, interacting with information professionals and making effective use of information in problem-solving, decision-making and research. It is these information based processes which are crucial to the character of learning organisations and which need to be supported by the organisations technology infrastructure. To date, using the phenomenographic research approach has made available descriptions of seven qualitatively deferent ways in which information literacy is experienced. The experiences are closely related to information based workplace processes and suggest a range of implications for professional education and development. (C.S. Bruce, 1999 )

## **DEFINITION OF AGRICULTURAL INFORMATION**

The information is a powerful tool in addressing other agricultural needs and if it is used appropriately it can change a nations economy (Tshbalala,200). The agricultural information is the data for decision-making and a resource that must be acquired and used in order to make an informed decision. Umali (1994) classified agricultural information into two broad groups: pure agricultural information and agricultural information inherently tied to new physical inventions. Pure agricultural information refers to any information which can be used without the acquisition of a technology. It includes all types of self-standing advice on practices such as production techniques, farm management, marketing and processing and community development. On the other hand agricultural inventions or technologies are those that come in the form of agricultural inputs, management technologies facilitating farm management, and marketing and processing equipment.

### The Concept of Information flow

The concept of knowledge-sharing is defined as the transfer of useful know-how or information. People have investigated multiple types of flows (e.g. the material flow, the energy flow, the message flow, control flow, etc.) and the rules they follow in respective domains.

The knowledge flow (sometimes called information flow) is the flow of knowledge through an organization. It is decomposed into atomic knowledge flow from one knowledge repository to another. The knowledge flow looks like what is best known as workflow. The main difference is that workflow is task-driven although knowledge flow is content-driven. In fact, a workflow is a coordination and control diagram and knowledge flow is a communication diagram. However, coordination requires information exchange and thus most of the workflow models contain the knowledge flow. The reverse does not generally hold. The spread of new information (also called innovative ideas) in society follows a four-step process:

- The awareness stage
- The interest stage
- The examination and testing stage
- The adoption/rejection stage.

Self-confidence is important if individuals are to successfully adopt a new behaviour or implement a new practice. If self-confidence is lacking, it is hard to adopt a new idea/practice. Successful role models set a good example. People not only learn through their own experience, but also by imitating the behaviour of other individuals who have succeeded in doing something new. The process of adopting new ideas can be speeded up through the participation of members of the community. They will then know what to adopt. It will be easier to decide. They will feel free to express their knowledge and information needs, and other needs they have, to build capacity to deal with the expected social changes. Wider participation by members of the community may also help in identifying other structural limits that prevent the adoption of new practices. For example, the shortage of: land, financial resources, transport, and marketing information. The community can then address these problems in order to support the adoption of new ideas and practices.

Agricultural extension and information literacy, Traditionally agricultural projects and researchers had paid too little attention to agricultural information. The information has been identified as one of the resources required for the improvement of agricultural production. It is defined as the data for decision-making. It is said to be a resource that must be acquired and used in order to make an informed decision. Those who possess appropriate and timely information will make a more rational decision than those without. Agricultural scientist and Extension personnel can play a vital role in spreading agriculture related information among farming

community through various effective information literacy programme such as by organizing Krishnamela, Live demonstration, TV and Radio programme, writing agriculture related topic in newspaper etc..

Agricultural information system should be the basic component of extension institutions' task and must be incorporated into their long and short term plans. Having adequate well-presented information will improve the efficiency of rural development projects and programs. It will improve the implementation of rural projects and programs through improving capacity of managers to devote due consideration to the principles of rural development programs: accessibility, independence, sustainability, participation, effectiveness and vision. Information literacy programme can be very useful methods to educate farming community about latest development in agriculture research. Extension personnel from agricultural department must make effective use of Information Literacy programme in collaboration with local village headman, school teachers and other educated people to make farmer aware of not only the what happening in agriculture sector but also other developmental programme. While doing so identifying and documenting and incorporating Indigenous Knowledge is essential to achieve sustainable agricultural development. In this regards information literacy programme should be based on two way communication system:

- Agricultural scientist/ Extension personnel → Farmers.
- Farmers → Agricultural scientist/ Extension personnel

Under this system there is direct interaction between the farmers and extension personnel. Farmers get the information on latest development and on the other hand agricultural scientist/ extension personnel get the feedbacks from farmers about their sort comings, Indigenous farming knowledge etc.. Indigenous knowledge system provides a frame of reference for strengthening agricultural extension programme and this led to reorganization of intervention made by extension personnel. The participatory technologies that are developed through indigenous knowledge integration will:

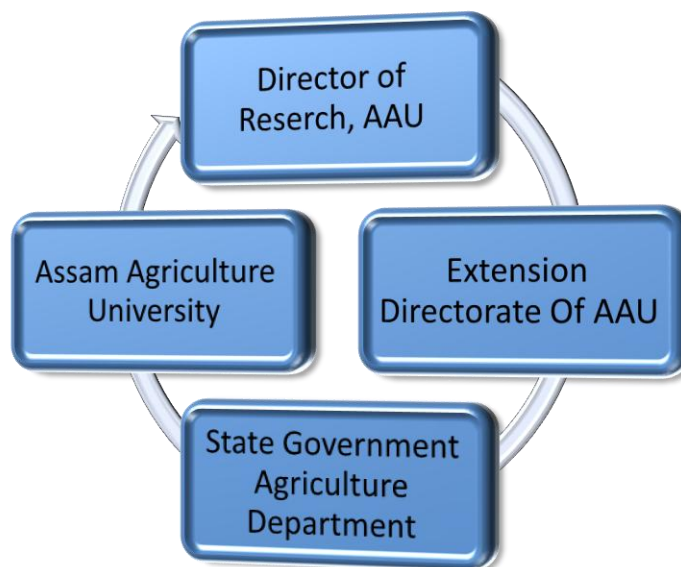
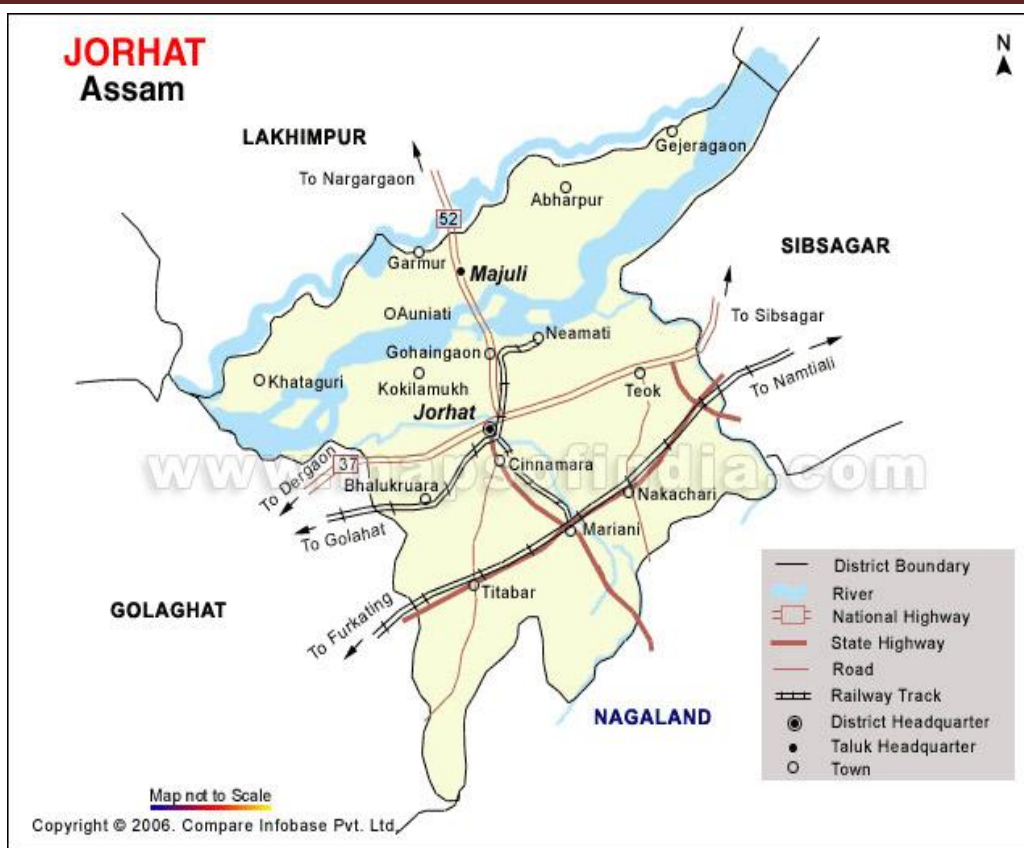
- Provide diversified technological options, which enable farmers to choose using their own decision-making system.
- Originate from the farmers own knowledge
- Use diversified source in active participation of research minded farmers (Rajasrkharan, 1993)

Information literacy programme can be sound base for Extension strategy which will focus on improving current benchmark of indigenous knowledge practices. The strategy should also concentrate on facilitate skill to build capacity of producers of innovations to formulate question, which they used to engage specialists or utilize information systems.

### Farm Information System in Jorhat District of Assam

A pilot study was conducted with an aims to cover agricultural information, its dissemination and usages by the farming community with special reference to Jorhat district of Assam. The study also covered the role of the different stakeholders like Agricultural Scientist, Agricultural Development Officer, Village level Extension worker, Voluntary Organization etc... in disseminating required information to the farmers. The study also tried to cover different information channel used by the farmers in their own situation. The study also tried to identify the problems faced by the farmers while accessing required information. A village near by Jorhat Town under Baghchung Development block was chosen for investigation. Twenty samples were taken on random basis. An attempt has been made to understand the flow of agricultural information and the channel used to disseminate the same. The study also tries to find out various drawbacks and also determine the communication barrier in dissemination and access of agricultural information by the farmers. Approach has been made to District Agriculture Department, government of Assam and Directorate of extension, Assam Agricultural University to understand the existing information system under which they disseminate agricultural information to farmer and vice-versa. With consultation of extension specialist from above department certain information circle and channels were identified which later on instrumental for planning of data collection programme.







## Agricultural Information Circle In Jorhat District

Agricultural Information Flow from Lab to land and vice-versa

Kharif Workshop at AAU – Once in a Year

Rabi Workshop at AAU – Once in a Year



Zonal Workshop at seven zones- Bimonthly



Agricultural Development Officer Training – Once in a week

Fourth nightlies / Cluster meeting with village Level Extension worker  
(Training and Visit system of extension worker)

Group Meeting of 8-9 Farmers with VAEW at Field Management Committee

Agricultural Information Flow from Lab to land and vice-versa

Preliminary results of pilot study highlights following findings:

1. Percentage of land less farmer in the Jorhat district is negligible and they follow both Scientific and traditional farming. The majority of them undertakes farming as single occupation and belongs to middle age group.
2. There is no illiterate farmers and majority of them can at least read and write. Hence Information disseminated to them in simple written medium is easily acceptable to them.
3. Majority of the farmers covered under the study are belongs to lower income group as per capita standard of our country but interestingly equipped with adequate number of farm machinery and livestock.

4. Apart from rice majority of them also cultivates vegetable and cereals sizable among them also grow tea in small scale.
5. As regards scientific farming majority of the farmers' access agricultural related information from Co-farmers, extension worker at block level, Krishi Vigyan Kendra and Agricultural Scientist.
6. The majority of farmers interviewed read news paper and also listen to radio and view television for day to day information including agricultural information.
7. Majority of the farmers believed that information accessed from family members, neighbours, local Traders and agricultural scientist are most reliable.
8. Progressive Farmers are considered as most reliable source of information. Demonstration and Training also helps farmers to take appropriate decision.
9. Memorizing is most common form of methods for storage of agricultural information among farmers. They share view with family members.
10. For crop variety majority of farmers rely on Assam agricultural University.

The findings of the pilot study reveals that most of the farmers cultivate in their own farmland and accessed agriculture related information from family members, neighbours, local traders and agriculture scientist which they find more reliable. Here role of extension personnel from agriculture department is not prominent. On the other hand, getting touch with agricultural scientist on frequent interval is not easy. The extension professional should act as mediator between the farmers and agricultural scientist. The investigation also reveals that majority of the farmers can at least read and write. Hence to make the agricultural Information system more effective in Jorhat District of Assam a sound Information literacy programme will be ideal for proper use of agricultural information so that farm information can be disseminated to remote corner of the district. Keeping in view of the same a model based on research process (Oberg,1999) for agricultural information literacy programme is suggested below to strengthening agricultural information system in Jorhat District of Assam.

#### Focus on Information needs: A Process Approach

STAGES	SKILLS
Planning	<ul style="list-style-type: none"> <li>• Establish Topic</li> <li>• Identify Information Sources</li> <li>• Identify Audience and Presentation Format</li> <li>• Establish Evaluation Criteria</li> <li>• Review Process</li> </ul>

Information Retrieval	<ul style="list-style-type: none"> <li>• Locate Resources</li> <li>• Collect Resources</li> <li>• Review Process</li> </ul>
Information Processing	<ul style="list-style-type: none"> <li>• Choose Relevant Information</li> <li>• Evaluate Information</li> <li>• Organize and Record Information</li> <li>• Make Connections and Inferences</li> <li>• Create Product</li> <li>• Revise and Edit</li> <li>• Review Process</li> </ul>
Information Sharing	<ul style="list-style-type: none"> <li>• Present Findings</li> <li>• Demonstrate Appropriate Audience Behaviour+</li> <li>• Review Process</li> </ul>
Evaluation	<ul style="list-style-type: none"> <li>• Evaluate Product</li> <li>• Evaluate Research Procedures and Skills</li> <li>• Review Process</li> </ul>

### ***STAGE 1: PLANNING***

In the Planning stage, farmers are given the opportunity to get an image of the whole process. Engaging farmers in the planning stage is crucial. Even with the illiterate farmers, the extension personnel can help them to identify what they know and what they want to know about the topic, generate ideas about potential information sources, and discuss potential audiences and evaluation criteria for their work. Topic selection is an important task for farmers in this stage. To satisfy his information need, the farmers should have fair knowledge about the topic he wants to explore. Having a good understanding of the topic will allow the farmers to design the search quarry. Extension personnel generally will have planned the assignment after getting feedback from farmers. They should be looking for topics that farmers will find personally complex. Careful and thoughtful work is needed here to ensure that topics and research questions require high level thinking skills and that they will encourage the farmers and engage their interest and curiosity. The farmers feel more positive towards investigative activities when they are involved in topics of their choice.

### ***STAGE 2: INFORMATION RETRIEVAL***

In the Information Retrieval stage, farmers obtain the sources of information needed. If farmers are inexperienced or if information on the topic is very hard to access, a stations approach, organizing the materials by format or media, is often effective. Knowledge of information tools and systems and of search strategies (source and pathfinder approaches) is critical if the farmers

are finding their sources independently. The Farmers may experience information overload during this stage and find it difficult to pick up right information. The extension personnel should be alert to the feelings and help the farmers to identify the appropriate information that fulfil his or her information needs. The extension personnel should also help farmers to identify useful strategies such as omission or filtering (ignoring or selecting certain categories of information), generalizing or twiggling (broadening or narrowing the topic), or asking for help. Group activities related to getting a large picture of the topic and its sub-categories, such as concept-mapping, or deciding what kinds of information might be appropriate for the topic are helpful strategies for the information retrieval stage, especially when information overload is a problem.

### ***STAGE 3: INFORMATION PROCESSING***

In the Information Processing stage, the farmers select and synthesize information pertinent to their information needs. This is really a two-phase stage. After selecting and recording/memorizing pertinent information, the farmers create a system by organizing and synthesizing their information in a unique and personal way. Here is where the time invested in planning pays off; farmers who do not have a clear understanding of their topic (a topic focus) cannot select pertinent information.

In the first phase, recording information, farmers need to be helped to take notes in some format. The extension personnel should help them how to keep record of required information. It is an established fact that the memorizing is a traditional method for storage of information adopted by farmers. As majority of the farmers literate the extension personnel should convince the farmer to keep the information in recorded form. Memorizing should be discarded as new information is added very frequently. The format should be provided for inexperienced farmers. This should be a search for pertinent information, for information that will answer their questions or fit into their subtopics, not writing down everything they can find. This is often where electronic resources or the photocopy machine can actually be a detriment to the process.

In the second phase, creating information, farmers organize and synthesize their information. Interaction between farmer and extension personnel before writing also can help farmers express their ideas in their own words.

### ***STAGE 4: INFORMATION SHARING***

In the Information Sharing stage, the farmers present the information findings in a way that is meaningful for future guidance. There is also opportunity for the farmers to consider the role of the co farmers in enhancing the sharing experience. The co farmers preferably in a wider range should have been identified in the Planning stage so that the shaping of the sharing mode is possible. For illiterate or inexperienced farmers, small group sharing is often more successful and more time efficient than sharing with the wider range of farmers.

---

**STAGE 5: EVALUATION**

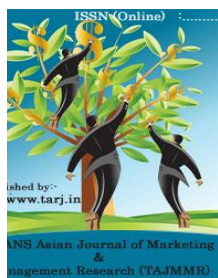
In the Evaluation stage, the emphasis is on involving the farmers in the assessment of the effectiveness of the information in ultimate agricultural productivity. The emphasis may at times be on assessing the farmers' understanding of the process or of the content. Evaluation need not be summative. Assessing the process may take the form farmers prepare a written or oral summary of what they have learned about the process, or what content they have learned through the process.

**CONCLUSION:**

Development and literacy are two important factors for prosperity. Many benevolent schemes whether at government level or non government level could not succeeded due to lack of awareness of ultimate beneficiaries. Information can play a vital role in removing the barriers in this regards. More you are literate; you are one step ahead to your information need. Information literacy can be a very useful tools for awareness campaigning. Agriculture has been always priority area of all the government. Effective dissemination of agricultural information to the farming community is very much essential for increase in agricultural production. A well plan information literacy programme can make information reach to unreached.

**REFERENCES**

1. M, McTavish, (2009). I get my facts from the Internet: A case study of the teaching and learning of information literacy in in-school and out-of-school contexts". *Journal of Early Childhood Literacy* 9 (1): 3-28
2. Bruce, C.S. (1997). *The Seven Faces of Information literacy*. Adelaide: Auslib Press
3. Zurkowski, P G. (1974). The Information Service Environment: Relationships and Priorities". National Commission on Libraries and Information Science. Retrieved on 28/10/2012
4. Rajasekharan, B, Martin, R. A. and Warren, D. M. (1993). A frame work for incorporation of indigenous knowledge systems into agricultural extension. *Indigenous Knowledge and Development Monitor*, Vol. 1(3): 21-24
5. Umali, L, S. Dina, L (1994). Public and private agricultural extension: Beyond Traditional frontiers. *World bank decision papper*.236,15-16
6. Oberg, D (1099). Teaching the research process - for discovery and personal and growth. Retrieved on 9/11/2013 from [www.archive.org/ifla65/pepper/078-110e.html](http://www.archive.org/ifla65/pepper/078-110e.html)
7. Tshabalal, B.V.L. (2001) Agricultural Information needs and resources available to agriculturist and farmers in a developing country with special reference to Lesotho. *Library Review*, 55(8), 497-507.



# TRANS Asian Journal of Marketing Management Research (TAJMMR)

(Double Blind Refereed & Reviewed International Journal)

UGC APPROVED JOURNAL



## HR PRACTICES IN BANKING SECTOR- A LITERATURE REVIEW

**Esha\*; Dr. BimalAnjum\*\***

\*Research Scholar,  
IKG PTU, Jalandhar, INDIA.

\*\*Assistant Professor,  
D.A.V College, Chandigarh, INDIA.

### ABSTRACT

“Hire the best people and set them free”

..J R D Tata

*“The name you can bank upon” is the right maxim for the concept of human relations. Employer employee relations are the backbone of any organization. Tata group concerns are the appropriate examples of the same. Better Human relations leads to better understanding. Better understanding enthuse to work better. Trust creates trust. This is the heart of human relations in its simple form. The same applies in banking too while framing rules, duties and its implementations in various activities. Complex rules create complex problems. Not easy to solve. But, creating unhealthy human relations, causing hardships to both, employee and employer. Hence, aim of any organization must be to frame simple, workable rules within the ambit of law of the land. Framing of rules and practicing are two different things. Even, Banking law and practice has been depicted clearly in Negotiable Instruments act, 1881 (amended up-to-date). It means the HR rules and practices adopted in the banking must have the concept of welfare, efficiency, integrity and ultimately TRUST. But, is it possible to have perfect rules, perfect implementation, objectivity and congenial environment thereof for smooth functioning of a bank? No, it is not. Then what could be our motive and actions to achieve better human practices in the bank? But, the economic orders of world is fluctuating promptly and bringing out of a desire to increase affordability and efficiency and thus organizations are facing tough competition. This aspect can be achieved if Human resources are properly taken care of by the organizations. Redefining and reengineering their business strategies shall have far reaching effect on service industry like banking. Hence, an effective HR practices lead to better performance, productivity*

*and name and fame of an organization in the business world and improvement in the bottom line of balance sheet. By getting the knowledge of this reality, many enlightened business institutions in all over the world started to redesign their human resource's role so to have best output from the available wealth and even our country (India) is not an exemption to all this concept. Hence in this present competitive world, crucial determination of success of banking industry totally depend on the management of human resources. Therefore, as compared to previous decades, today systematic management of human resource has been more intensely felt as a vital because social as well as monetary environment has been changing all over the world which framed an optimistic attitude is being made towards globalization of the economy. Thus, with a view of inevitability of Human Resource in banking sector, the researcher has tabled this to examine HRM Practices followed by public & private sector banks & will end up with suggestions to advance the effectiveness of HR Practices in banking sector. And if it was not taken into consideration, organizations not only have low yield but also fail to retain skills and capabilities of efficient employees which can be advantageous to their firm's itself.*

**KEYWORDS:** Human Resource, HR Practices, Public & Private Sector Banks, suitability & survival, performance & productivity, competition.

## 1. INTRODUCTION:

*“When planning for one year, there's nothing better than planting grain, when planning for ten years, there's nothing better than planting trees, when planning for lifetime, there's nothing better than planting men. Guanzi (51-497 BC)”<sup>1</sup>*

The thought of Human Resource Management started gaining its recognition in both academic and commercial circle since mid-1980. It is a multi-function that calls concepts and thoughts from numerous grounds of management, psychology, sociology and economics and many more.

Human resources, being the principal source of the service industry, constitute the total understanding, talents, resourceful abilities, and skills of employees and even value, attitude and opinions of the individuals involved in them. One of the important and dynamic activities is the controlling of the human resources. It is not an easy task because of people's unpredictable nature. Human resource management is actively involved in recruiting and selecting human resources, fashioning their career paths, improving their skill sets and rewarding them accordingly. The operative functional areas of human resource management are related to acquiring, developing, reimbursing and integrating them and sustaining a workforce for achieving organizational objectives. HRM policy is a total commitment of the organization to act in a specified way while dealing with its manpower, and generally deals with personnel selection, promotion, compensation, training and development of its personnel, their potential and performance appraisal and evaluation, personnel relations and public relations.

Human are utmost significant and vital from all of the resources and play a crucial role in management process. Human resources equipped with knowledge and skills are considered



meaningful resources today. All the other resources are freely moving but the people with knowledge are to be grabbed for, as they are invaluable assets to the organization. They are in greater demand, good performance, better competence, desirable quality are the by-products of knowledge. It is the people (human resources) who work behind machines, manage organization; they plan, organize, direct, control and communicate to fulfil the common objectives and meet the targets. Human Resource Management envisages the human approach towards the people at work; and ignorance of Human Resources can prove to be a curse for the enterprise. Each and every phase of organizations undertakings is totally based on the capability, enthusiasm and general efficiency of its human resources.<sup>2</sup>

Observation by **Rensis Likert (1969)**, thus, concluded that “every activities of any type of organization are commenced and strong-minded by the people who create the institutions. Every type of factories, offices and automated equipment’s are unproductive in the absence of human efforts and directions”. So, it is regarded as the linchpin around which every activity of any organization is carried out. Therefore, it is necessary for the organization that it must handle and tackle its human in an effective manner for its development and success because it is vital to the long-term future of the organization. Further, it was suggested that management should make extensive capital investment on human resource development in organization through training, organizing and developing the skills of people at work, so that they will be able to make the business productive. It is possible only through proper controlling of human resources in the organization.<sup>3</sup>

Whereas **Michael (1973)** explained these resources as human factors which are the complete intervention of physiological, sociological and ethical components.<sup>4</sup> As such, workforce by nature are multi-dimensional factors in an organizational set-up which strive for the accomplishment of business objectives. The terms human resources or human assets or human capital or personnel are used inter-changeably and are in intangible form.

**Storey (1989)**, regarded HRM (Human Resource Management) as a set of interconnected guidelines and procedures with a philosophical and logical underpinning”.<sup>5</sup>

So, it is rightly said by the various authors that definitely the waves of change are creating both opportunities and pressure of threat on the human resources. The survival of the fittest, fastest and the finest is the buzzword. HRM is the area which develops potential of the employees and gets more out of the employees. It is the most important input in any organization for achieving its goals and also shows a vibrant part in the growth of an organization. Days are gone of fat organizations, hierarchy secured job and time scale promotions. That’s why it becomes important for an organization to handle and manage its human resources very carefully. A good human resource policy motivates the employees to work hard, produce more and at the same time, helps the management to utilize the human resources to the optimum level to achieve the managerial objectives.

## 2. RESEARCH METHODOLOGY

Information had been sourced from books, articles, various websites & various researches. This research paper was based on secondary data for finalization of views and opinions. It was an

exploratory research to find the importance of HR in banking sector and the HR practices followed by bank employees.

### **3. HR and HR PRACTICES**

#### **3.1 Human Resource in Banking Industry**

Indian Banking Industry greatly contributes in the establishment of economic soundness of the country.

Banking industry is the back bone for growth of any economy. Banking industry is a financial sector that greatly helps in systematic management of financial resources all over the world. (Ahmad Ashfaq et al 2010).<sup>6</sup> It is sector which act as barometer to study the financial system of the country and oldest sector that helps in economic growth of the country. India is an emerging economic power which have a very vast skillful and knowledgeable pool of both human and natural resources, and even developing an emergent great pool of skilled professionals. Banking Sector of India is most developed, organized and diversified sector and an emerging economic power in India also.

In order to this industry to the altitudes of international distinction it needs to have blend of latest technology, improved methods of credit, management of capital, manufactured goods variation, inner and outer controlled humans and policies is of utmost important. The extent of objectives and tasks accomplishment largely depends on the amount to which Human Resources are the under the control of bank for their objective achievement.<sup>6</sup> Productivity and commitment of staff greatly effect overall performance of banking sector as being a service sector. Due to the intrinsically close ties between employees and customers, losing skilled employees may result in loss of valuable customer relationships. Thus, focus of the banking industry is about employee retention from all levels, while taking into consideration HR policies, systems, procedures and practices with respect to their employees. There is a new alertness to the profound impact of human nature in the workplace. The Industry has identified management of human resources as the key to future success.

Due to growth of more competitive powers in banking sector, there is a need to be both cost effective efficient. With the emergence of improved technologies and global competitive environment, upgrading the work procedures and their norms, improving technical and managerial skills and employee's satisfaction, have become the need of the hour, both in manufacturing and services sectors. There is a mounting pressure on Indian commercial banks to provide cost effective and cost efficient eminence facilities in this dynamic competitive scenario. Just because of this, it has become exceedingly vital to focus on the concept of HRM. Nowadays, organizations are extremely affected by the various issues throughout the world which leads to merging, downscaling and procuring and thus, led the management's focus on human resources more and understanding humans and their roles in this competitive and complex organization.

By following the newer human resource practices, the enterprise itself shapes the behaviors and actions of each individual who becomes a part of it. With the help of well-designed Human Resource Management (HRM) mechanism focus can be made on procurement of fruitful human

resources, providing them various trainings, taking care of their development, providing compensations, welfare and other benefits, taking care of their health safety, job analysis and evaluation along with their performance appraisal and organizational relations.<sup>7</sup>

Thus, the concept of Human Resource Management is promptly achieving a respectable and vital place which determines to have effective and efficient productivity and act as the trademark for business distinction.

### **Why Human Resource Management is important for Banks**

The notion of Human Resource Management now a days growing tremendously and it is have a great relevancy in banking sector as being a service sector. This sector started with a small institution which involved small deposit acceptance and finance trading which now converted into complex multi-player market. Complexity of this institution made because of financial linkage directly and indirectly with national and international banking environment.

As various functions are being performed by almost every bank and financial institution in their daily basis, thus required an effective and efficient work force to run all this working. They are able to achieve desired results only because of the perfect working of the human element. It is the sole biggest contribution made in bank for their functioning. The analysis of human's efficiency is analyzed by the quality of services they are providing along with the growth of bank, their profitability and productivity. Even the new technology would require appropriate human element behind the machine to make things happen. Thus, the banking sector currently laying more worry on the development of HRM functions for survival in this competitive world.

This is justified by many researches like, Constant feature of not changing in this dynamic world will not give growth to anyone and this is not an exception even in banking. Key mantra's of Change, adjust and adopt must be adopted for survival of the organizations. Banking is also going through rapid transformation in today's world for their survival. Thus, according to **Hunt (1984)**, viewing the traditional functioning of personnel managers, the new concept is developed by HR department which relate the HR Practices to the basic beliefs and link it with each and every functions of HR starting from recruitment and end with the exit of the employees.<sup>8</sup>

According to **Nanayakkara (1999)**, the working of the financial institution like banks (as any other service sector organization) extremely based on the effective and efficient working of their workforce. Hence, the most important function is of selecting the right people, act as a challenging task as it is which would help to get the most out of limited resources and thus, reduces the cost of the organization.<sup>9</sup>

**VenkataShivarama, (1990)**, concluded in his thesis titled "Human Resource System: It's designing and managing with reference to Indian Bank". A case study, Banaras Hindu University, Varanasi 1990, that Indian banking sector can survive and grow in this dynamic environment only if there is implementation of standard HRM concept and even formation of proper HR policy also proves as a step to ladder of progress.<sup>10</sup>

### 3.2 HUMAN RESOURCE PRACTICES

It is proved by various researches that banking being a service industry, management of HR plays a vital role in the survival of banks. They face two key challenges: one is workforce management and other is risk management and the management of these two challenges decides their growth of business. It is also rightly said banking as "People Business" which had been and will always. However price concept is also significant, but choosing of a particular bank by consumer also based on some binding motives which led them to be connected to a specific bank.

Thus, in order to attract and retain skilled human resources, banks have started realizing the importance of HR Practices. Many researchers have suggested that HR Practices rises the working output of a company. So, in order to retain skilled and talented employees, banks have started looking towards committed employees and through many researches also even proved again that HR Practices increases the commitment level of employees. Banks have progressively started recognizing the strength of their existing workforces. They have understood that, a firm's personnel can be a distinctive and matchless pool of talent and can take the organization to greater heights. HR practices affect such efforts of the employees by influencing their skills and motivating them. It greatly helps to be at the top by creating competitive edge and achieving organizational goals. These HR practices refers to as management of workforce and then confirming whether these are performing towards achieving the organisational objectives or not. (Schuler and Jackson 1987).<sup>11</sup> Thus, best Practices of HR are if they value both employer and employee.

**Baird and Meshoulam (1988)** pointed out that successful implementation is possible only when execution of HRS (Human Resource System) and Human Resource Practices are made well-matched with the strategy of the organisation. "Vertical Integration" was concluded as the interdependence of Business Strategy and Human Resources Strategy and horizontal integration means integrating within the various Human Resource Practices. Hence, in general a serious step towards accomplishing the organizational objectives by commencing some of HR activities that needed to be united with organizations goals viewed as vertical fit and while making use of various resources viewed as horizontal fit.<sup>12</sup>

For this, all the banks are undertaking exclusive HRM Practices for their most valuable human assets. These Human Resource Practices are vital not only in inculcating empowerment amongst the employees but also help in shaping a healthy organizational culture, which leads to higher growth and performance of banks.

Here, a brief description of the conceptual areas of HRM practices relating to employee's recruitment and selection, promotion, compensation packages, training and development as covered under the study.

### 3.3 STUDIES ON HUMAN RESOURCE PRACTICES

Review of selected literature is an essential part of every research process. It helps us to examine and evaluate what has been said earlier on the research subject. There is vast and varied type of literature on Human Resource Practice Management and Human Resource Development in

general and with special reference to Global & Indian context. Many experts in management and administration of human resource have made their contributions in the form of reference books, case studies, research papers and empirical surveys etc. The prevailing theories, hypothesis and methodologies can be understood in an effective manner. The gap in the research area can be identified only through it. In this chapter, realizing its significance and relevance for the research work, the researcher has made an attempt to provide reviews of some related works on human resource practices. It was found expedient and practical to select a limited number of books and research papers authors on the relevant aspects related to the present research work. The review has given a good insight into the theoretical and practical aspects of the research study. Hence the selected works have been reviewed and presented here. The reviews have helped the researcher in his analysis of the data collected through filed survey and also in drawing some useful conclusions and inferences. Some of the selected general studies undertaken to provide a platform for study are discussed as under:

**Mann (2009)**, in her Ph.D. thesis, evaluated the recruitment, selection, training and the wage policy of SSIs in Punjab. A sample size of 429 units had been taken for the purpose of study. She concluded that recruitment and selection in SSIs was done at factory gate and through agents and HRM personnel needed some special training. She further concluded that employees were of the view that wage policy had differed in different SSIs and wage matters were the major factor of conflict in these organizations. She suggested that there was need of awareness of HRM practices in SSI and specific type of training was required to improve the skill of employees.<sup>13</sup>

**Zulfqar Bowra and Kabir Niazi (2011)**<sup>14</sup> in their research paper “Impact of human resource practices on employee perceived performance in banking sector of Pakistan” found that The HR practices and employee perceived performance has positive and significant relationship and it is very crucial for banks to understand that their HR practices affect the performance of employees and in turn affect the overall performance of a bank be it private sector or public sector. Many researchers have recognized numerous HR organizing practices that significantly influence performance.

A study by **Selvaraj (2009)**<sup>15</sup> reveals that private banks are more successful vis-à-vis public sector banks in terms of implementing human resource management practices, customer focus, and top management commitment.

**D’Souza (2002)** explored that there was a huge gap in compensation structure, working environment, technology, growth opportunities and job security provided to the employees of public and private sector banks. Public sector banks structure compensation in a way such that there are lower pay differentials between the employees, long-term tenure is rewarded and there is a high base pay, whereas in the private sector banks, there are larger pay differentials, fewer rewards for seniority and experience, and pay for performance.<sup>16</sup>

The organizations which implement innovative HRM practices with dedication, remains ahead of their competitors because such practices affects other related variables such as competitive advantage, job satisfaction, financial performance, employee turnover, service quality, employee commitment etc. in a positive manner and leads to overall corporate performance (**Tiwari Pankaj, et al, 2009**).<sup>17</sup>



**Bowra, Sharif (2012)**<sup>18</sup>The main endeavor of this study is to examine the relationship and nature of relationship between the employee perceived performance and human resource(HR) practices (compensation, performance evaluation, and promotion practices) in the banking sector of Pakistan. Survey of 235 banking personnel was conducted through personally administered questionnaire to investigate the impact of HR practices on employees' perceived performance. The relationship and nature of relationship is calculated by applying the Spearman's correlation matrix and multiple regression analysis. The Spearman's correlation results demonstrate that, the employee perceived performance and HR practices has the positive and significant relationship. The regression results indicate that the two HR practices: performance evaluation and promotion practices are significant but the compensation practices are not significant.

Moreover, this study provides help for top-management of banking sector to design or revise their HR policies and make practices to attain high employee performance.

**Dr. K. Karthikeyan et al (2010)** on an Empirical Investigation on Impact of Training in Indian Banking Sector with the twin objectives of analysing the effectiveness of training in selected banks in Tiruchirappalli district, South India. A Methodology was applied for the 512 respondents (454 respondents of clerical cadre and 58 respondents of managerial cadre) to collect data through questionnaire to find the association between effectiveness of training and growth. While applying Statistical Package for Social Sciences (SPSS), analysis was made and following tools were used for the study: Multiple Regression, Reliability Test, and Path Analysis. In Tiruchirappalli district, out of 46 bank branches, three public sector banks and three private sector banks have been selected for this study, namely State bank of India (SBI), Indian overseas Bank (IOB), Indian Bank, Industrial Credit and Investment Corporation of India Bank (ICICI), Housing Development Finance Corporation Bank (HDFC), and City Union Bank. They conferred that every organization needs to have well-trained and experienced people to perform better. Banks should take necessary steps to enhance the productivity and customer satisfaction to meet the present business challenges in India.<sup>19</sup>

**Khera (2010)**<sup>20</sup> studied to explore the extent to which Commercial Banks of India differ on aspects of human resource management practices and the key Human Resource Practices contributing to employee productivity. The study revolved around 17 Human Resource practices (manpower planning, recruitment & selection, motivation, performance management, reward system, training, career planning, creativity & innovation, team building, grievance redressal, Quality of Work Life, employee participation, employee accountability, compensation management, benefit and services, discipline, incentives) as independent variable while the employee productivity has been taken as dependent variable. The study used the sample from three commercial banks of India (one foreign sector, one private sector and one public sector bank). The results signify that training practices contribute to the employee productivity especially foreign bank employee have a perception that training is the strongest human resource practice in their bank compared with private sector and public sector banks.

**Purohit (1992)**<sup>21</sup>in his doctoral thesis, explored the human resource development practices experienced on 130 officers in State Bank of Bikaner & Jaipur (SBBJ) and Bank of Rajasthan in state of Rajasthan. Good development climate in these banks had facilitated the importance and implementation of training programmes but with performance appraisal system was not upto the

desired level. The science and arts graduates were found less critical of the performance appraisal system as compared to the commerce graduates. Besides reporting dominant leadership style of employees in these commercial banks, both these banks followed most of the human resource development practices. To improve further the performance in these banks, there was an emphasis and recommendation to recruit HRD experts for developing human resource.

**Jammu (1994)**<sup>22</sup> studied the organizational structure and personnel management aspects like recruitment, selection, placement, promotion, training, pay & allowances, fringe benefits, code & discipline and employee-employer relationship in Punjab & Sind bank. He concluded that employees were found satisfied with the recruitment policy and special training courses conducted by the bank for them. However, the employees were not satisfied with the promotion policy of the bank as it was marred by political influence. Training facilities were not adequate and training centres were not well-equipped. The study also brought out that employees were satisfied with regard to salary structure and code & discipline in the bank.

**Kumar (1996)**<sup>23</sup>, in his Ph.D. thesis, made an attempt to study HRD practices with regard to different variables like age, sex, marital status, designation, educational qualification, length of service, mode of employment and contribution of the different HRD sub systems in the development of human resource. For this purpose, 200 employees were selected as a sample for the present study. He concluded that most of the employees got training but variables such as age and sex were not taken into consideration during training of employees. It was also found that employees were not satisfied with promotion policy; and education and professional qualification were not given due weightage in promotion and transfer of employees. He further concluded that recruitment was made according to the manpower requirement and these variables were not taken into account at the time of recruitment; and majority of the employees were satisfied with the welfare facilities, performance appraisal system of the bank and their attitude toward management was found positive.

**Mahajan and Sharma (2005)**<sup>24</sup>, in their research paper, covered the most of the HRD concepts i.e., recruitment, selection procedure, placement, training, promotion, wage salary, financial incentive, transfer, deputation, industrial relations, and political interference in the cooperative banks. A sample of 50 employees was taken for this study. They found that human resource development practices in the cooperative banks were not satisfactory. Employees were having low level of satisfaction with regards to the HRD practices followed in of these banks.

**Sharma and Nayyar (2005)**<sup>25</sup>, in their research paper, made an attempt to examine the HRD mechanism in State Bank of India. The study presented an overall view of HRD practices, level of job satisfaction and HRD climate in State Bank of India (SBI) with special reference to Chandigarh circle which comprises Haryana, Himachal Pradesh, Punjab and Jammu & Kashmir. He concluded that SBI was the largest bank with largest manpower as compared to other commercial banks in India. The Bank had excellent customer service and well-designed training programme. Performance appraisal system, working condition and organizational climate were also satisfactory.

**Hassan et al. (2006)**<sup>26</sup>, in their research paper, attempted to measure employee perception regarding human resource development practices on employee development and quality



orientation in organizations. A sample of 229 employees belonging to eight organizations was taken for the purpose of study. A questionnaire, which measured career system, work planning system, development system and self-renewal system, was used for data collection. The results indicated that there were large variations in the HR practices adopted by the organizations; and combined effect of HR performance index was significant in predicting firm performance as well as employee turnover and productivity. The study revealed that employees' satisfaction with HRD climate was predicted by learning & training system and employee development system. The results also suggested that organization which had an adequate system of potential appraisal and promotion, performance guidance and development would be able to promote employee trust and satisfaction.

**Mellacheruvu and Krishnamacharyulu (2008)<sup>27</sup>**, in their paper, had explained that recruitment was not adequate in public sector banks and there was shortage of employees as per requirement of the banks. Training had been a neglected function in these banks. They also opined that appraisal system of the employees had been in vogue and it needed to be reformed by making it more objective and linked to the bank objectives. They further found that rigidity in the system of rewards and promotion had no linkage with the performance of employees and banks were providing less compensation to their employees as compared to other organizations. It had created the problems of retention and succession planning in the banks. They also suggested that banks should be given autonomy to recruit and provide faster promotions for meritorious employees. Performance based promotion and reward system should be followed to build a service culture through HRD programmes.

**Manjinder (2009)<sup>28</sup>** examined the employees' perception regarding designing, implementation, and evaluation of the training and development programmes and comparative analysis of training and development strategies in public and private sector banks. A sample of 150 employees was taken for the purpose of study. She concluded that both private and public sector banks had focused on training designing part which was influenced by job requirement, technology advancement and internal mobility. She further concluded that both types of banks had used best possible methods for the training of their employees. She suggested that training programmes should be more diversified. The benefits of these programmes should be extended to all the employees working at different levels from time to time; and e- training concept needed to be implemented in these banks.

**Pathak Neetu<sup>29</sup>** has conducted a study by selecting 300 respondents from public sector and 300 respondents from private sector. The questionnaire was equally distributed in supervisory/manager and general level of employees, in Purvanchal region. The study is based on primary data only. The objective of the study was to know effectiveness of the training programmes and analyze the same. The study reveals that training programmes are effective in improving skills, knowledge and helps in development of attitude. They provide an opportunity for the worker to develop their personality, dedication towards work and capacity to learn and group cohesiveness. However, the emphasis should be put on in conducting technical and behavioural training. The process of training should be evaluated after the lapse of some time. Increasing the duration of the programmes and providing background material to employees will benefit more.

**Mellacheruvu Sujatha and Krishnamacharyulu**<sup>30</sup> have conducted a study on the challenges faced by public sector banks in India. The objective of the study was to focus on the suggestions made by the experts in the banking industry. The study revealed that while pointing out the problems relating to human resources in public sector banks, the experts and high level HR committee which has representations from Indian Bankers Association, Government of India, State Bank of India and other public sector banks have suggested measures to overcome the deficiency in training. Training and development programmes will provide a means for pinpointing the most critical competencies for the banks success. Training programmes should be in conformity with the changed scenario and demands from customers.

**Trivedi Vikas (2008)**<sup>31</sup> in his research paper deals with comparative account of human resource practices of public and private sector banks and provides an insight into the different human resource strategies in both the sectors. He has conducted a study by selecting 123 employees from public and private sector banks. For this, he has used a structured questionnaire. He concludes that employees in private sector banks are encouraged to work and try to be excellent in their work, and all opportunities are provided to the employees. But in public sector banks employees' promotions are given on the basis of seniority and their hierarchical positions are based on other considerations. He suggests, public sector banks should undertake long-term training and retraining programmes. And the training facilities in public sector banks should be strengthened.

## SUGGESTIONS

1. Recruitment test of banking must focus on testing psychological abilities of candidates which will avoid to have people having brilliant minds but incapable of actually delivering on the tasks assigned.
2. In both the sectors, the "RESERVE" category in recruitment/selection/promotion must be for "ECONOMICALLY WEAKER ONLY". No age relaxation, No caste, creed and colour, except the differently abled persons (Divyong).
3. According to research findings, the public sector banks need to explicitly tackle the generation gap to induct new talent in large number to maintain growth and retention.
4. Performers and non-performers are unidentifiable in the current HR Practices, Hence, revised promotion must be framed to deal with the dissatisfaction level.
5. In banking industry, performance pay and better pay is a myth. It must be introduced whole heartedly to retain better talent and to avoid attrition.

## CONCLUSION

The review of earlier works of various researchers and scholars have not only enriched knowledge but also helped the researcher to fit the objectives of the present study. It was found that Public and private sector banks differ with respect to their background and work culture. It has been observed that the work culture of public sector banks was based on the concept of socioeconomic responsibility, in which profitability is secondary. On the other hand, private sector banks work towards profitability. Because these differences between the sectors hold an important factor in shaping the work culture of an organization, it needs to be explored how they

would likely influenced by their HRM Practices. For the success and sustained growth of Indian banks, it is imperative to create a pool of committed employees by determining whether they are job satisfied. Their satisfaction would affect their performance and commitment, which would eventually influence the banks' growth and profitability.

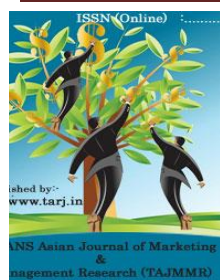
And even the study of various qualitative works highlighted the absences of systematic approach for human resource management in the private banking industry in India. The studies have identified that, different private bank managements are applying different HR strategies to improve the productivity of the banks. Job security, employees' development, compensation structure, work environment etc. are the major barriers for Indian private banking industry. It is observed that human resource management needs to be fully embedded in the policy and strategy of the banking organizations if they are going to be effective and competitive.

## BILIOGRAPHY

1. Guanzi: Political, Economic, and Philosophical Essays from Early ..., Vol.1, By W. Allyn Rickett, Zhong Guan, page 97
2. [http://www.academia.edu/4239302/MAN\\_POWER\\_PLANNING\\_AND\\_DEVELOPMENT\\_CONTENT](http://www.academia.edu/4239302/MAN_POWER_PLANNING_AND_DEVELOPMENT_CONTENT)
3. Linkert R. The Human Organization, Its Management and Value. McGraw Hill, New York, 1969.
4. [www.newagepublishers.com/samplechapter/001716.pdf](http://www.newagepublishers.com/samplechapter/001716.pdf)
5. <http://s-h-r-m.blogspot.in/2010/07/human-resource-management.html>
6. Ahmad Ashfaq, Malik Muhammad Imran, Humayoun Asad Afzal. Banking Developments in Pakistan: A Journey from Conventional to Islamic Banking, European Journal of Social Sciences, Vol.17, 2010, No. 1.
7. J. Poornima, A. Sharmila, "Recent HR Practices Of Selected Banks In India", Indian Journal of Applied Research, Vol.I, Issue.II November 2011
8. James E. Grunig and Todd Hunt. Managing Public Relations, Halt, Rinehart and Winston, 1984, p.16.
9. Nanayakkara, G. 'Changing Paradigms in Human Resource Management', Institute of Personnel Management of Sri Lanka, Annual Conference, 1999.
10. Mr. Venkata Sivaram, Y G, thesis titled "Human resource system: It's designing and managing with reference to Indian Bank: A case study" Banaras Hindu University, Varanasi, 1990.
11. Schuler, R.S. and Jackson, S.E. (1987) "Linking competitive strategies with human resource management practices", Academy of Management Executive, Vol.1, No.3, 1987, pp. 207-19.
12. Baird, L. and Meshoulam, I. Managing Two Fits of Strategic Human Resource Management. Academy of Management Review, 13(1), 1988, 116-128.
13. Mann, Kittu (2009), Human Resource Management Policies and Practices in Small Scale Industries in Punjab, Doctoral Thesis, Punjabi University, Patiala.
14. Zulfqar Bowra and Kabir Niazi (2011). "Impact of human resource practices on employee perceived performance in banking sector of Pakistan, Pakistan.
15. Selvaraj, M. (2009). Total quality management in Indian commercial banks: A comparative study. Journal of Marketing and Communication, 4(3), 59-70.

16. D'Souza, E. (2002). Employment and human resource practices in public sector banks in the nineties. In Shuji Uchikawa (Ed.). Labour market and institution in India: 1990s and beyond. Japan: Institute of Developing Economies.
17. HUMAN RESOURCE MANAGEMENT PRACTICES: A COMPREHENSIVE REVIEW Pankaj Tiwari , Shri Chimanbhai Patel Institute of Management & Research Ahmedabad-380051 (India) Karunesh Saxena Faculty of Management Studies, Mohanlal Sukhadia University, Udaipur-313001, India
18. African Journal of Business Management Vol. 6(1), pp. 323-332, 11 January, 2012 Available online at <http://www.academicjournals.org/AJBMDOI:10.5897/AJBMM11.2312> ISSN 1993-8233 ©2012 Academic Journals Impact of human resource practices on employee perceived performance in banking sector of Pakistan Zulfqar Ahmad Bowra, Bilal Sharif\*, Affan Saeed and Muhammad Kabir Niazi Hailey College of Commerce, University of the Punjab, Lahore, Pakistan
19. Karthikeyan K. Karthi R Shymala Graf. D, (July 2010) "Impact of Training in Banking Sector – An Empirical Investigation" International Journal of Business and Management, Vol.5, No.7, 77-83
20. Shikha N. Khera (2010) "Human Resource Practices and Their Impact on Employees Productivity- A Perceptual Analysis of Private, Public and Foreign Bank Employees in India", DSM Business Review, Vol2, No 1 ( June 2010 )
21. Purohit, Govind Narain (1992), Human Resource Development with Special Reference to Commercial Banks in Rajasthan, Doctoral Thesis, Jai Narain University, Jodhpur, Rajasthan.
22. Jammu, Iqbal Singh (1994), Personnel Administration in Punjab and Sind Bank, Zonal Office, Chandigarh, M.Phil. Dissertation, Panjab University, Chandigarh.
23. Kumar, Satish (1996), A Critical Study of Human Resource Development in Cooperative Banks of Himachal Pradesh, Doctoral Thesis, Himachal Pradesh University, Shimla.
24. Mahajan, Sanjeev K.; and Sharma, I.D. (2005), "Human Resource Development Practices in Cooperative Banks of Himachal Pradesh", in S.L.Goel and P.N.Gautam (eds.), Human Resource Development in 21st Century, Deep & Deep Publication, New Delhi.
25. Sharma, Rajinder; and Nayyar, Sushil (2005), "Human Resource Development in State Bank of India—A Case Study of Chandigarh Circle", S.L.Goel and P.N.Gautam (eds.), Human Resource Development in 21st Century, Deep & Deep Publication, New Delhi.
26. Hassan, Arif; Hassim Junaidah; and Ismail Ahmed, Zaki Hj. (2006), "Human Resource Development Practices as Determinant of HRD Climate and Quality Orientation", Journal of Industrial Training, Vol. 30, Issue 1, pp. 4-18.
27. Mellacheruvu, Sujatha; and Krishnamacharyulu, C.S.G. (2008), "Challenges of Human Resource Management in Public Sector Banks", JIMS 8 M, January-March, pp. 42-45.
28. Kaur, Manjinder (2009), Training and Development Strategies: A Comparative Study of Public and Private Banks, M.Phil dissertation, Punjabi University, Patiala.
29. Pathak Neetu, 'Corporate Training Programme- An Effective Instrument for Organisational Development [ A Comparative Study of Public and Private Sectors], ' The Indian Journal of Commerce, Vol 61, No 3, July – September 2008, School of Management Studies, IGNOU, Maiden Garhi, New Delhi – 110068, pp 113-119.

30. Mellacheruvu Sujatha and Krishnamacharyulu. C.S.G, 'Challenges of Human Resource Management in Public Sector Banks', The Journal of Indian Management and Strategy, Volume 13, No 1, January-March 2008, Strategic Consulting Group OCF Pkt – 9, Sector –B, Vasant Kunj, New Delhi – 110070. pp 42 – 45.
31. Trivedi Vikas (Dr), 'HR Perspectives in Indian Banking System,' The Indian Journal of Commerce, Vol 61, No 1, January-March 2008, Delhi, pp 68-73.



# TRANS Asian Journal of Marketing Management Research (TAJMMR)

(Double Blind Refereed & Reviewed International Journal)

UGC APPROVED JOURNAL



## SUSTAINABLE MANAGEMENT OF ECOTOURISM IN KERALA

**Suneera.A \*; Dr. M.A. Joseph \*\***

\*Assistant Professor

Dept. of commerce

Zamorin's Guruvayurappan College,  
Calicut, INDIA.

Email id: suneeramunna@rediffmail.com

\*\*Professor

Department of Commerce and Management Studies

School of Business Studies

University of Calicut, INDIA.

Email id: jsphma@gmail.com

### ABSTRACT

*Ecotourism is one of the fastest growing tourism segments and further rapid growth is expected in future. Ecotourism has been growing 20% - 34% per year. Global tourism is forecast to reach 1.56 billion international arrivals by 2020. The country offers enormous potential for the development of tourism industry especially the development of ecotourism which especially takes place in the natural and rural areas, areas of exceptional beauty, ecological interest and cultural importance. The natural and other resources of the state of Kerala provide lot of strength for the development of the ecotourism which should be used in such a manner that ensure sustainable development. The aim of Sustainable development is to maintain a balance between human need for well-being and improved lifestyle as well as the preservation of natural resources and ecosystems. The present paper focuses on the importance of visitor management for the sustainable ecotourism development in general and especially in the state of Kerala. It also entails some measures for managing the tourists visiting the natural and protected areas of the state.*

**KEYWORDS:** Ecotourism, sustainable development, visitor management, Kerala Tourism.



## INTRODUCTION

Tourism emerged as the fastest growing and largest global industry of the 21<sup>st</sup> century. Tourism industry is widely recognized as a critical sector worldwide and one that provides significant potential for economic growth and development. The rural India is rich with natural attractions which can be used as a means of sustainable development of the nation. The country offers enormous potential for the development of tourism industry especially the development of ecotourism which especially takes place in the natural and rural areas, areas of exceptional beauty, ecological interest and cultural importance. Today, these areas are established to conserve biodiversity. Globally there are approximately 8500 protected areas which cover about 5.17 per cent of the earth's land surface. India ranks sixth among the 12 mega biodiversity countries of the world. Indian biodiversity is unique not so much for its numerical species diversity as for the range of biodiversity attributable to a variety of biographic and physical environment situations. Our numerous mountain chains in extensive continuum are repositories of invaluable forest wealth which offers innumerable potential for the development of ecotourism in the country.

The concept of ecotourism holidays emerged from the nature based holiday market over the past 20 years or so. Thoughtful nature lovers and tour companies became concerned to ensure that their holidays were not putting environments and species at risk. Over time a greater emphasis was placed on the impacts of tourism on local people as well as environments and species. According to the definition and principles of ecotourism established by The International Ecotourism Society (TIES) in 1990, ecotourism is "Responsible travel to natural areas that conserves the environment and improves the well-being of local people."

As such, when considering how to conduct sustainable development and participate in ecotourism, it is crucial to consider all aspects of this definition: economic, social, and environmental impacts. In recent years, many governments have developed ecotourism or sustainable tourism strategies. While many ecotourism strategies are well crafted and use a balanced approach of focusing on appropriate areas, many responsible tourism strategies contain problems that are seen throughout the world. Ecotourism, to be successful, must promote sustainable development by establishing a durable productive base that allows local inhabitants and ecotourism service providers to enjoy the raising of the standard of living.

Ecotourism was originally conceived in the mid 1980s as a small-scale alternative to the mass conventional tourism that was seen to be overwhelming and harming peripheral destinations all over the world. It is relatively a small segment of the overall tourism sector. At the same time, it is one of the fastest growing tourism segments and further rapid growth is expected in future. In 2004, ecotourism/nature tourism was growing globally three times faster than the tourism industry as a whole. Nature tourism is growing at 10%-12% per annum in the international market. United Nations Environment Programme (UNEP) and Conservation International have indicated that most of tourism's expansion is occurring in and around the world's remaining natural areas. Ecotourism has been growing 20% - 34% per year. Global tourism is forecast to reach 1.56 billion international arrivals by 2020. Sustainable tourism could grow to 25% of the world's travel market within six years, taking the value of the sector to £250 billion (US\$473.6



billion) a year. More than two-thirds of U.S. and Australian travellers, and 90% of British tourists, consider active protection of the environment.

In this paper, the researcher focuses on the importance of visitor management for the sustainable ecotourism development in general and especially in the state of Kerala. Further, this study also extends to the identification of the available tools for managing the tourists visiting the natural and protected areas of the state.

Ecotourism is a new concept in tourism. It can be defined as a nature based tourism that involves education and interpretation of natural environment and is managed to be ecologically sustainable. Ecotourism is a complex activity, often seeking to meet a range of objectives, involving a variety of stakeholders and taking place in environmentally fragile areas.

### CONCEPT OF ECOTOURISM

The UN World Tourism Organization (UNWTO) defines Ecotourism as: “a form of tourism that is practiced in relatively undisturbed natural areas, for the main purposes of admiring them and learning more about habitat”.

Oxford Dictionary defines Ecotourism as: "tourism directed towards unspoiled natural environments and intended to support conservation efforts”.

The book “Ecotourism in Kerala” published by the Dept. of Public Relations, 1999 in their definition focused on the importance of protecting the integrity of ecosystems. Ecotourism is generally defined as fostering sustainable consumption of natural areas, including conservation and educative supporting elements. It incorporates the characteristics of adventure, wildlife and nature based tourism.

### ECOTOURISM IN KERALA

Kerala is a beautiful piece of land wedged between palm fringed Arabian Sea on the west and the lush green Western Ghats on the east with panoramic and unique stretches of backwaters in between. This natural geographic advantage offers ample scope for the development of ecotourism in Kerala.

Tourism in an ecologically sensitive area needs close monitoring or tourism in these nature based areas should be ecologically sustainable. There should also be a provision for learning process for a visitor. The natural and other resources of the state provide lot of strength for the development of the tourism which includes:

- 12 wildlife sanctuaries (Neyyar wildlife sanctuary, Peppara wildlife sanctuary, Shenduruny wildlife sanctuary, Periyar tiger reserve, Idukky wildlife sanctuary, Chinnar wildlife sanctuary, Thattekkad bird sanctuary, Chimmini wildlife sanctuary, Peechi- Vazhani wildlife sanctuary, Parambikulam wildlife sanctuary, Wayanad wildlife sanctuary and Aralam wildlife sanctuary) and two national parks (Eravikulam National park and Silent valley national park) which form a base for planning ecotourism activities.
- Rich biological diversity
- The water bodies formed within the forest area due to construction of dams.

- The variety of ecotourism activities such as trekking, bird watching, etc.
- Locational advantages like short distance from seashore well developed road networks to the destinations.
- Well informed public and conservation groups who may always be watchful of the adverse impacts, if any.

## SUSTAINABLE DEVELOPMENT

Sustainable development emerged in 1980s as an alternative form of development. It is considered both as a desirable goal of development and a means towards development. There are variety of interpretations for the definition and practice of the term 'sustainable development'. Sustainable Development was defined in the Bruntland Report, released by the United Nations in 1987. According to this report, "Sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

The aim of Sustainable Development is to maintain a balance between human need for well-being and improved lifestyle as well as the preservation of natural resources and ecosystems. The important phases of sustainable development is given in the following picture.

Figure1 Phases of sustainable development



The three phases, viz, environmental sustainability, social sustainability and economic sustainability are the three main measurable objectives of sustainable development. The present study mainly focuses on the environmental sustainability which calls for maintaining ecological diversity, productivity and resilience and social sustainability which entails the element of maintaining cultural diversity and social justice.

## REVIEW OF LITERATURE

**Ecotourism** aims at raising awareness amongst visitors and locals for the preservation of the destination. It is a responsible form of tourism which encourages going back to natural products in every aspect of life. A lot of studies have been conducted in the field of tourism and

ecotourism. But, there is a dearth of research which links the visitor management and sustainable ecotourism development in Kerala. The following literatures have been reviewed for this study.

Mbaiwa E Joseph and Stronza L Amanda (2009) in their work “The Challenges and Prospects for Sustainable Tourism and Ecotourism in Developing Countries” attempted to give the practices and prospects of sustainable tourism and ecotourism in developing countries; the definitions and concepts of sustainable tourism and ecotourism and the socio-economic and environmental impacts by illustrating the case of Botswana, the sustainable tourism project in South Africa.

Mirela Stefanica, *et al* (2010) opined that ecotourism distinguishes itself through strongest connection with the natural environment and represents the most valuable form of manifestation of sustainable tourism.

Roy S, in the article, “environmental impact and sustainability of ecotourism” attempted to evaluate the impacts of ecotourism on the environment of country as well as the state of Kerala. The study also discussed the need for the local participation in the planning and implementation of tourism activities.

### **OBJECTIVES OF THE STUDY**

The present study intends to evaluate the following things:

- To analyze the importance of visitor management for sustainable ecotourism development.
- To identify the tools available to manage the tourists visiting the ecotourism destinations of Kerala.

### **VISITOR MANAGEMENT AND SUSTAINABLE ECOTOURISM DEVELOPMENT**

Increasing tourism in the environmentally fragile areas is generally accompanied by negative environmental and social impacts. Healthy natural ecosystems are critical to the ecological well-being of all living entities. Numerous legal, planning and management frameworks have been developed to prevent and to minimize the effects of recreational use of natural resources. Some of the tools which are used for planning and managing visitors include:

- Carrying capacity
- Recreation opportunity spectrum
- Limits of acceptable change
- Visitor impact management
- Visitor activity management process
- Tourism optimization management model

The concept of carrying capacity originated in 1970s. It is fundamental to environment protection and sustainable development. It refers to the maximum use of any site without causing negative effects on the resources, reducing visitor satisfaction, or exerting adverse impact upon the society, economy and culture of the area. Its central idea is that environmental factors set limits on the population that an area can sustain. Too many visitors will degrade the fragile

ecosystems. Carrying capacity varies according to the season and over time. However, this is not as much useful tool for managing visitors because it depends on assumptions and values.

Recreation Opportunity Spectrum (ROS) is a framework which prescribes the carrying capacity and is used to manage the recreational impacts. It focuses its attention where recreation occurs.

ROS further developed to provide a logical step for planning the use of the natural areas which resulted in the development of the third measure known as Limits Of Acceptable Change (LAC) which recognizes social and environmental impacts of recreational activities. It is more technical and provides a systematic decision making framework for determining the acceptable social and natural conditions. This ensures the conservation efforts of the different stakeholders who are involved in tourism activities.

Visitor Impact Management (VIM) process involves a combination of legislations, scientific problem identification (both social and natural), analysis and professional judgment. VIM establishes certain principles for planning and identifying the probable impacts.

Visitor Activity Management Process (VAMP) is essentially built on the visitor impact management. It's a proactive, flexible, decision building framework which can contribute to a more integrated framework for managing the protected areas. It's an aid to understand the behavior of the visitors and, where necessary, to modify it. It operates along with other traditional planning and management processes.

Tourism Optimization Management Model (TOMM) was developed by Manidis Roberts Consultants. It builds on the LAC system to incorporate a stronger political dimension and seeks to monitor and manage tourism in a way that ensures optimum sustainable performance rather than carrying capacities.

The major sustainability issue related to tourism is to ensure the impact upon the environment is minimized while social and economic goals are achieved as tourism industry continues to grow. Before making any development, it is necessary to consider and to avoid the serious and irreversible damage to the environment for ensuring the sustainable development. Sustainable development is a development strategy that manages all assets, natural and human resources as well as physical and financial assets for increasing the long term wealth and well being. Sustainable development, as a goal rejects policies and practices that support current living standards by depleting the productive base, including natural resources, and that leaves future generation with poorer prospects and greater risks than our own (Repetto, 1986). All the stakeholders who are involved in the tourism activities are responsible for ensuring the sustainable development of the same.

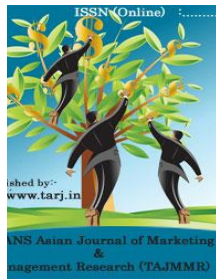
## CONCLUSION

Kerala is a beautiful piece of land wedged between palm fringed Arabian Sea on the west and the lush green Western Ghats on the east with panoramic and unique stretches of backwaters in between. This natural geographic advantage offers ample scope for the development of ecotourism in Kerala. Tourism in an ecologically sensitive area needs close monitoring or tourism in these nature based areas should be ecologically sustainable. The major sustainability issue related to tourism is to ensure the impact upon the environment is minimized while social

and economic goals are achieved as tourism industry continues to grow. The present paper discussed some tools which can be used for managing the visitors for reducing the negative impacts of ecotourism in the fragile areas of the State. All the stakeholders who are involved in the tourism activities are responsible for ensuring the sustainable development of the same.

## REFERENCES

1. Abhilash Mallya, (2006) “Wildlife tourism and conservation”, New Delhi, India: GNOSIS.
2. Boora S.S, (2005),” Ecotourism and environmental sustainability in India”, India.
3. <http://tourism.gov.in/>.
4. <http://www.incredibleindia.org>.
5. <http://www.keralatourism.org/>
6. Mbaiwa E Joseph and Stronza L Amanda, (ed. by Jamal Tazim and Robinson Mike), “The Challenges and Prospects for Sustainable Tourism and Ecotourism in Developing Countries” The Sage Handbook of Tourism Studies, London, Sage Publications Ltd, 2009.
7. Ministry of Tourism, Govt. of India, 2005; “ Study to identify best practices adopted by the State Govt.s for the development of tourism” , States profile and tourism development, final report, volume II, New Delhi.
8. Mirela Stefanica and Maria Valavian, (2010), “Ecotourism- model of sustainable tourist development”, Romania
9. Swarbrooke. J, (2010) “Sustainable tourism management”, Jaipur, India: Rawat Publications.
10. [www.kerala.gov.in/dept\\_tourism](http://www.kerala.gov.in/dept_tourism)
11. Zhenguo Zhang, Lee Liu & Xueli Li, (2008), “Ecotourism and nature-reserve sustainability in environmentally fragile poor areas: the case of the Ordos Relict Gull Reserve in China”, China.



# TRANS Asian Journal of Marketing Management Research (TAJMMR)

(Double Blind Refereed & Reviewed International Journal)

UGC APPROVED JOURNAL



## THE DETERMINANTS OF ALIENATION AT WORK: A REVIEW

**Sucheta Boora\*; Dr. Dalbir Singh\*\***

\*Research Scholar,  
Haryana School of Business,  
Guru Jambheshwar University of Science & Technology,  
Hisar, INDIA.  
Email id: boora.sucheta@gmail.com

\*\*Assistant Professor,  
Haryana School of Business,  
Guru Jambheshwar University of Science & Technology,  
Hisar, INDIA.

### ABSTRACT

*Alienation is more than a century old concept, which has not got the attention it deserves. The notion of alienation is still surrounded by much dubiety; nonetheless, we cannot afford to neglect this problem of alienation because of the appreciable pernicious influence it has. Alienation is an intricate issue having widespread existence, with several dire consequences ensuing from its presence. Therefore, it's necessary to study alienation to dispel the obscureness, caused by various factors, surrounding the notion of alienation. Employees are the invaluable source of sustainable competitive advantage, and therefore the organisations need to come to grips with alienation. The top management along with HR manager should, indispensably, work in the direction of attenuating alienation to prevent its employees from "creatively dying". This study contributes to the literature of alienation by conceptually analysing the factors making individuals susceptible to alienation.*

**KEYWORDS:** Alienation, Determinants, Organisation



---

## INTRODUCTION

Alienation is perceived as a “situational dependent construct” instead of being an attribute (Seeman, 1967). The author explained alienation as a dynamic process consisting of three stages - sources of alienation at the level of the social and normative structures; alienation as a psychological property of the individual; and behavioural consequences of alienation (Barakat, 1969). The way to unsnarl the knotty concept of alienation is to address it at systemic as well as at individual level, externally and internally (O'Donohue and Nelson, 2012, 2014).

## SCHOOLING/ACADEMICS

The institutional framework of school, override of intrinsic interests, impersonal relationship between teacher and students, isolation from community, lack of communication, absence of development of self-accepted ethical principles, and evaluation criteria can lead to a state of self-alienation which may be carried over to adulthood (Miller, 1973). Non-recognition of each pupil's talent and abilities render them vulnerable to alienation (Dillon and Grout, 1976). Gender, race/ethnicity, and undergoing special education due to disability impacts student's perception of school life and has a strong association with alienation (Brown *et al.*, 2003).

## INDIVIDUAL CHARACTERISTICS

There is a substantial relationship between the degree of alienation and immigrant background (Kuo, 1978; Safipour *et al.*, 2011). Religious beliefs and socio-cultural change together influence alienation (Petersen, 1988). The high degrees of ritual religiosity lessen alienation only when accompanied by an equivalent degree of ideological support (Martin and Stack, 1983). As implied by the theory, orthodoxy has an alienating effect but surprisingly also has an integrative effect on individual (Petersen, 1988). Each type of alienation (powerlessness, meaninglessness, normlessness, social estrangement, and estrangement from work) is related to disabling social conditions (subordinate racial status and limited education) that limit attainment of culturally valued objectives, except cultural estrangement where alienation of intellectual occurs from dominant culture due to awareness of the more subtle ways in which the dominant culture can thwart human potentialities (Middleton, 1963). The societal alienation has signification association with marijuana, and the disparity in value hierarchy among different usage of marijuana explained that users held attitude and value contrary to generally accepted norms of society (Knight *et al.*, 1974). The individuals belonging to families with high socio-economic status and having studied from elite college had a great propensity to be alienated when opportunities for fulfilment were finite (Lang, 1985). The alienated youth is most likely to lash out against peers who reject them and are further likely to be alienated due to high levels of aggression (Reijntjes *et al.*, 2010). The alienation and emotional maturity have an inverse relation (Dean and Bruton, 1989). Employee's perception of person-organisation fit affects the degree of alienation among employees (Suarez-Mendoza and Zoghbi-Manrique-de-Lar, 2007). Expectancy disconfirmation, contradictory role demands, sense of external control, loss of affiliative satisfaction, and developmental changes are, in general, factors influencing personal and social alienation (Korman *et al.*, 1981). Alienation is a positive predictor of employee careerism and a negative predictor of career satisfaction (Chiaburu *et al.*, 2013). Work alienation has a strong association with work locus of control, work self-discipline, and affective



organisational commitment thereby, proposing that it's improbable for alienated people to be engaged in work with healthy relations and have positive experiences while they work (Hirschfeld and Field, 2000).

## ORGANISATIONAL STRUCTURE

A democratic organisational culture, where employees have a say, alienation lessens (Bajaj, 1982). Organisational injustice is positively associated with dimensions of alienation, powerlessness and social isolation (Ceylan and Sulu, 2011). Centralisation in the organisation, consisting of hierarchy of, has a linkage with work alienation (Aiken and Hage, 1966; Allen and LaFollete, 1977; Cox and Wood, 1980; DeHart-Davis and Pandey, 2005; Nair and Vohra, 2012), wherein subjective measure has stronger relationship than objective measure (Brutsaert, 1977). Formalisation, comprising of job codification and rule enforcement, has a positive relationship with alienation, (Aiken and Hage, 1966; Allen and LaFollete, 1977; Cox and Wood, 1980; Nair and Vohra, 2012) while another study found that formalization has a mitigating effect on alienation (DeHart-Davis and Pandey, 2005). Organisational red tapeism is associated with alienation in most models studied (DeHart-Davis and Pandey, 2005). Alienation is caused by dissension between employee's desire for autonomy and employer's want to control the work (Kohn, 1976; O'Donohue and Nelson, 2012; Suarez-Mendoza and Zoghbi-Manrique-de-Lara, 2007). Alienation from work was found to be strongly associated with organisational dimensions (degree of organisational control and number of professional incentives) even when length & type of professional training and structural variation within the organisation were controlled; the results were consistent (Miller, 1967). Technology routineness in the organisation is associated with high alienation (DeHart-Davis and Pandey, 2005). The empirical study confirms that intention to buy a computer, computer knowledge, computer experience, the level of education, and employee's receptiveness to information about computers were inversely proportional to computer alienation (Abdul-Gader and Kozar, 1995). Automated work provides for self-realization and results in the least alienated manpower (Cotgrove, 1972). However, perceptions cannot be considered as a sole estimate to measure any organisational attribute (Brutsaert, 1977).

## JOB DESIGN

The work, which allows for self-expressiveness and is meaningful, decreases alienation among employees (Nair and Vohra, 2010). While, routinization and substantive complexity of the work have a substantial direct effect on feelings of powerlessness, self-estrangement, and normlessness (Kohn, 1976). In an empirical study restricted to knowledge workers in IT industry in India, it was found that presence of good work relationship would decrease alienation among employees of the organisation (Nair and Vohra, 2010). The task variety and task identity have a negative association with alienation while alienation has a positive relationship with deviant behaviour at work (Shantz *et al.*, 2015). Temporary nature of the work and underutilisation of skills leads to alienation (Halbesleben and Clark, 2010). Role stress in work impacts psychological distraction and discomfort; and thus causes alienation (Chiaburu *et al.*, 2014). There is a decrease in alienation with an increase in job involvement (Singh, 1988).

## INCOME

Income has an inverse relation with alienation and the relation is controlled by the importance given to money. Further, it is suggested that spreading wage increases, enhancing pay transparency and, linking pay to performance has the ability to suppress alienation (Brender-Ilan, 2012).

## LEADERSHIP

The perception of good and supportive leadership by the employees has the ability to assuage alienation (Banai and Reisel, 2003, 2007). Leadership reduces alienation by reducing role ambiguity along with providing the individual with much-required instrumental and emotional resources (Chiaburu *et al.*, 2014).

## CONCLUSION

An alienated individual tends to be disconnected from everything around and oneself thus together; they don't produce a healthy workforce. Alienation negatively impacts the performance and productivity of the individual. The scrutiny of this concept is not only necessary owing to its acute form, but also due to the exigent need to remove the vagueness surrounding the concept.

The research reveals that several factors associated with schooling, individual characteristics, organisational structure, job design, leadership, and income cause alienation. The study of the determinants of alienation may help in better understanding of the concept. The HR managers along with competent support should deal alienation at the systemic level as well as individual level. A study of the causal factors by followed by an opportune address can alleviate the issue of alienation. However, this may not be adequate. Therefore, the line managers need to be heedful of this trouble of alienation.

## REFERENCES

- Abdul-Gader, A., & Kozar, K. (1995). The Impact of Computer Alienation on Information Technology Investment Decisions: An Exploratory Cross-National Analysis.
- Aiken, M., & Hage, J. (1966). Organizational Alienation: A Comparative Analysis. *American Sociological Review*, 31(4), 497-507.
- Allen, B., & LaFollette, W. (1977). Perceived Organizational Structure and Alienation among Management Trainees. *The Academy of Management Journal*, 20(2), 334-341.
- Banai, M., & Reisel, W.D. (2007). The influence of supportive leadership and job characteristics on work alienation: A six country investigation. *Journal of World Business*, 42(4), 463-476.
- Banai, M., & Reisel, W. (2003). A test of control- alienation theory among Cuban workers. *Management Research*, 1(3), 243-252.
- Bajaj, P. (1982). Alienation as Related to Perception of Organizational Climate. *Indian Journal of Industrial Relations*, 17(4), 563-572.

- Barakat, H. (1969). Alienation: A Process of Encounter between Utopia and Reality. *The British Journal of Sociology*, 20(1), 1-10.
- Brender-Ilan, Y. (2012). How do Income and Its Components and perception relate to Alienation. *Journal of Applied Psychology*, 42(2), 440-470.
- Brown, M., Higgins, K., Pierce, T., Hong, E., & Thoma, C. (2003). Secondary Students' Perceptions of School Life with Regard to Alienation: The Effects of Disability, Gender and Race. *Learning Disability Quarterly*, 26(4), 227-238.
- Brutsaert, H. (1977). Centralization of Authority and Alienation from work: A Reassessment. *International Review of Modern Sociology*, 7(1), 121-130.
- Ceylan, A., & Sulu, S. (2011). Organizational injustice and work alienation. *E+ M Ekonomie a Management*, 14(2), 65-79.
- Chiaburu, D. S., Thundiyil, T., & Wang, J. (2014). Alienation and its correlates: A meta-analysis. *European Management Journal*, 32(1), 24-36.
- Chiaburu, D. S., Diaz, I., & De Vos, A. (2013). Employee alienation: Relationships with careerism and career satisfaction. *Journal of Managerial Psychology*, 28(1), 4-20.
- Cotgrove, S. (1972). Alienation and Automation. *The British Journal of Sociology*, 23(4), 437-451.
- Cox, H., & Wood, J. (1980). Organizational Structure and Professional Alienation: The Case of Public School Teachers. *Peabody Journal of Education*, 58(1), 1-6.
- Dean, D., & Bruton, B. (1989). Alienation and Emotional Maturity. *Sociological Focus*, 22(4), 221-230.
- DeHart-Davis, L., & Pandey, S. (2005). Red Tape and Public Employees: Does Perceived Rule Dysfunction Alienate Managers? *Journal of Public Administration Research and Theory: J-PART*, 15(1), 133-148.
- Dillon, S., & Grout, J. (1976). Schools and Alienation. *The Elementary School Journal*, 76(8), 481-489.
- Halbesleben, J., & Clark, S. (2010). The Experience of Alienation among Temporary Workers in High-skill Jobs: A Qualitative Analysis of Temporary Firefighters. *Journal of Managerial Issues*, 22(4), 531-545.
- Hirschfield, R., & Feild, H. (2000). Work Centrality and Work Alienation: Distinct Aspects of a General Commitment to Work. *Journal of Organizational Behavior*, 21(7), 789-800.
- Knight, R., Sheposh, J., & Bryson, J. (1974). College Student Marijuana Use and Societal Alienation. *Journal of Health and Social Behavior*, 15(1), 28-35.

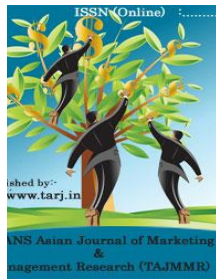
- Kohn, M. (1976). Occupational Structure and Alienation. *American Journal of Sociology*, 82(1), 111-130.
- Korman, A., Wittig-Berman, U., & Lang, D. (1981). Career Success and Personal Failure: Alienation in Professionals and Managers. *The Academy of Management Journal*, 24(2), 342-360.
- Kuo, W. (1978). Immigrant/Minority Status and Alienation. *Sociological Focus*, 11(4), 271-287.
- Lang, D. (1985). Preconditions of Three Types of Alienation in Young Managers and Professionals. *Journal of Occupational Behaviour*, 6(3), 171-182.
- Martin, J., & STACK, S. (1983). The Effect of Religiosity on Alienation: A Multivariate Analysis of Normlessness. *Sociological Focus*, 16(1), 65-76.
- Middleton, R. (1963). Alienation, Race, and Education. *American Sociological Review*, 28(6), 973-977.
- Miller, G. (1967). Professionals in Bureaucracy: Alienation Among Industrial Scientists and Engineers. *American Sociological Review*, 32(5), 755-768.
- Miller, J. (1973). Schooling and Self-Alienation: A Conceptual View. *The Journal of Educational Thought (JET) / Revue De La Pensée Éducative*, 7(2), 105-120.
- Nair, N. and Vohra, N. (2010). An exploration of factors predicting work alienation of knowledge workers. *Management Decision*, 48(4), 600-615.
- Nair, N. & Vohra, N. (2012). The concept of alienation: towards conceptual clarity. *International Journal of Organizational Analysis*, 20(1), 25-50.
- O'Donohue, W., & Nelson, L. (2012). Work engagement, burn-out, and alienation: linking new and old concepts of positive and negative work experiences. Presented at the BAM 2012 Management Research Revisited: Prospects for theory and practice, Cardiff, South Wales (2012).
- O'Donohue, W. & Nelson, L. (2014). Alienation: An old concept with contemporary relevance for human resource management. *International Journal of Organisational Analysis*, 22(3), 301-316.
- Petersen, L. (1988). Orthodoxy, Religious Discordance and Alienation. *Journal for the Scientific Study of Religion*, 27(3), 362-377.
- Reijntjes, A., Thomaes, S., Bushman, B.J., Bolen, P.A., Orobio de Castro, B., & Michael, M.J. (2010). The Outcast-Lash-Out Effect in Youth: Alienation Increases Aggression Following Peer Rejection. *Psychological Science*, 21(10), 1394-1398.
- Safipour, J., Schopflocher, D., Higginbottom, G., & Emami, A. (2011). Feelings of social alienation: comparison of immigrant and non-immigrant Swedish youth. *International Journal of Sociology and Social Policy*, 31(7/8), 456-468.

Seeman, M. (1967). On the Personal Consequences of Alienation in Work. *American Sociological Review*, 32(2), 273-285.

Shantz, A., Alfes, K., Bailey, C., & Soane, E. (2015). Drivers and Outcomes of Work Alienation: Reviving a Concept. *Journal of Management Inquiry*, 24(4), 382- 393.

Singh, B. (1988). Relationship of Participation and Alienation with Job Involvement. *Indian Journal of Industrial Relations*, 23(4), 498-507.

Suarez-Mendoza, M. J., & Zoghbi-Manrique-de-Lara, P. (2007). The impact of work alienation on organizational citizenship behavior in the Canary Islands. *International Journal of Organizational Analysis*, 15(1), 56–76.



# TRANS Asian Journal of Marketing Management Research (TAJMMR)

(Double Blind Refereed & Reviewed International Journal)

UGC APPROVED JOURNAL



## ROLE OF GOODS AND SERVICE TAX (GST) ON INDIAN ECONOMY

**Dr. Shamsher Singh Malik\***

\*Associate Professor & Head,  
Deptt. Of Public Administration,  
C.R.Kisan College, Jind. INDIA.

### ABSTRACT

*GST also known as the Goods and Services Tax is defined as the giant indirect tax structure designed to support and enhance the economic growth of a country. More than 150 countries have implemented GST so far. However, the idea of GST in India was mooted by Vajpayee government in 2000 and the constitutional amendment for the same was passed by the Loksabha on 6th May 2015 but is yet to be ratified by the Rajyasabha. However, there is a huge hue and cry against its implementation. It would be interesting to understand why this proposed GST regime may hamper the growth and development of the country. In today's scenario we pay various taxes i.e. Direct and Indirect taxes, which are felt as burden on us and due to these taxes the corruption is increasing. So, to overcome from all these taxation system the Central Government has decided to make one tax system i.e. Goods and Services Tax (GST). GST is one of the most critical tax reforms in India which has been long awaiting decision. It is a comprehensive tax system that will subsume all indirect taxes of State and central Governments and whole economy into seamless nation in national market. It is expected to remove the burden of existing indirect tax system and play an important role in growth of India. GST includes all Indirect Taxes which will help in growth of economy and proves to be more beneficial than the existing tax system. GST will also help to accelerate the overall Gross Domestic Product (GDP) of the country. GST is now accepted all over the world and countries are using it for sales tax system. This paper will help to show that, what will be the impact of GST after its implementation, difference between present Indirect Taxes and GST and what will be the benefits and challenges of GST after implementation.*

**KEYWORDS:** *Goods and service tax; Indian economy.*



## INTRODUCTION

The Goods and Services Tax (GST) is a vast concept that simplifies the giant tax structure by supporting and enhancing the economic growth of a country. GST is a comprehensive tax levy on manufacturing, sale and consumption of goods and services at a national level [1]. The Goods and Services Tax Bill or GST Bill, also referred to as The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014, initiates a Value added Tax to be implemented on a national level in India. GST will be an indirect tax at all the stages of production to bring about uniformity in the system.

On bringing GST into practice, there would be amalgamation of Central and State taxes into a single tax payment. It would also enhance the position of India in both, domestic as well as international market. At the consumer level, GST would reduce the overall tax burden, which is currently estimated at 25-30%.

Under this system, the consumer pays the final tax but an efficient input tax credit system ensures that there is no cascading of taxes- tax on tax paid on inputs that go into manufacture of goods [2]. In order to avoid the payment of multiple taxes such as excise duty and service tax at Central level and VAT at the State level, GST would unify these taxes and create a uniform market throughout the country. Integration of various taxes into a GST system will bring about an effective cross-utilization of credits. The current system taxes production, whereas the GST will aim to tax consumption.

Experts have enlisted the benefits of GST as under:

- It would introduce two-tiered One-Country-One-Tax regime.
- It would subsume all indirect taxes at the center and the state level.
- It would not only widen the tax regime by covering goods and services but also make it transparent.
- It would free the manufacturing sector from cascading effect of taxes, thus by improve the cost-competitiveness of goods and services.
- It would bring down the prices of goods and services and thus by, increase consumption.
- It would create business-friendly environment, thus by increase tax-GDP ratio.
- It would enhance the ease of doing business in India.

Why no to GST?

However, the question is: is the picture as rosy as it is portrayed?

Wall Street firm Goldman Sachs, in a note 'India: Q and A on GST — Growth Impact Could Be Muted', has put out estimates that show that the Modi Government's model for the Goods and Services Tax (GST) will not raise growth, will push up consumer prices inflation and may not result in increased tax revenue collections [3].

There appears to be certain loopholes in the proposed GST tax regime which may be detrimental in delivering the desired results. They are:

India has adopted dual GST instead of national GST. It has made the entire structure of GST fairly complicated in India. The centre will have to coordinate with 29 states and 7 union territories to implement such tax regime. Such regime is likely to create economic as well as political issues. The states are likely to lose the say in determining rates once GST is implemented. The sharing of revenues between the states and the centre is still a matter of contention with no consensus arrived regarding revenue neutral rate.



Chief Economic Advisor Arvind Subramanian on 4 December 2015 suggested GST rates of 12% for concessional goods, 17-18% for standard goods and 40% for luxury goods which is much higher than the present maximum service tax rate of 14%. Such initiative is likely to push inflation.

The proposed GST structure is likely to succeed only if the country has a strong IT network. It is a well-known fact that India is still in the budding state as far as internet connectivity is concerned. Moreover, the proposed regime seems to ignore the emerging sector of e-commerce. E-commerce does not leave signs of the transaction outside the internet and has anonymity associated with it. As a result, it becomes almost impossible to track the business transaction taking place through internet which can be business to business, business to customer or customer to customer. Again, there appears to be no clarity as to whether a product should be considered a service or a product under the concept of E-commerce. New techniques can be developed to track such transactions but until such technologies become readily accessible, generation of tax revenue from this sector would continue to be uncertain and much below the expectation. Again E-commerce has been insulated against taxation under custom duty moratorium on electronic transmissions by the WTO Bali Ministerial Conference held in 2014 [4]. Communication is considered to be necessity and one cannot do without communication. In modern times, communication has assumed the dimension of telecommunication.

The proposed GST regime appears to be unfavorable for telecommunication sector as well

“One of the major drawbacks of the GST regime could be the direct spike in the service tax rate from 14% to 20-22%” (GST: Impact on the Telecommunications Sector in India). The proposed GST appears to be silent on whether telecommunication can be considered under the category of goods or services. The entire issue of telecommunication sector assumes a serious proportion when India’s rural teledensity is not even 50% [5].

The proposed GST regime intends to keep petroleum products, electricity, real estate and liquor for human consumption out of the purview of GST

It is a well-known fact that petroleum products have been a major contributor to inflation in India. Inflation in India depends on how the government intends to include petroleum products under GST in future.

Electricity is essential for the growth and development of India. If electricity is included under standard or luxury goods in future then it would badly affect the development of India. It is said that GST would impact negatively on the real estate market. It would add up to 8% to the cost of new homes and reduce demand by about 12%.

The proposed GST regime “would be capable of being levied on sale of newspapers and advertisements therein”

This would give the governments the access to substantial incremental revenues since this industry has historically been tax free in its entirety” [6]. It sounds ridiculous but the provision of GST is likely to make the supervision of operations by its Board/senior managers across the company’s offices in different parts of the country a taxable service by allowing each state to raise a GST demand on the company.

Again there appears to be lack of consensus over fixing the revenue rate as well as threshold limit. One thing is for sure, services in India are going to be steeply costly if GST is fixed above the present service tax rate of 14% which in turn will spiral up inflation in India. “Asian

countries which implemented GST all had witnessed retail inflation in the year of implementation [6,7].

## CONCLUSION

The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 150 countries have implemented GST. The government of India should study the GST regime set up by various countries and also their fallouts before implementing it. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing current heterogeneous taxation system only if there is a clear consensus over issues of threshold limit, revenue rate, and inclusion of petroleum products, electricity, liquor and real estate. Until the consensus is reached, the government should resist from implementing such regime.

## REFERENCES

1. The Economic Times (2009) Featured Articles from The Economic Times.
2. Gst India (2015) Economy and Policy.
3. Mehra P (2015) Modi govt.'s model for GST may not result in significant growth push. The Hindu.
4. Sardana M (2005) Evolution Of E?Commerce In India Part 3.
5. TRAI (2015) Highlights of Telecom Subscription Data as on 28th February.
6. Patrick M (2015) Goods and Service Tax: Push for Growth. Centre for Public Policy Research (CPPR).
7. SKP (2014) GST: Impact on the Telecommunications Sector in India.

## Editorial Board

### Dr. SS Narta

Professor  
Department of Commerce,  
Himachal Pradesh University,  
Summerhill, Shimla – 171005,  
H.P., India.

### Dr. Mamta Mokta

Professor  
Department of Public Administration,  
Himachal Pradesh University,  
Shimla, India.

### Prof. Shyam Lal Kaushal

School of Management Studies  
Himachal Pradesh University,  
Shimla, India.

### Dr. Durgesh Nandini

Associate Professor  
Department of Public Administration,  
IGNOU, Delhi, India.

### Dr B. Mohan

Associate Professor in English  
S.V. College of Engineering and Technology  
Chittoor, Andhra Pradesh, India.

### Dr. Dalbir Singh

Assistant Professor  
Haryana School of Business,  
G.J.U.S & T, Hisar,  
Haryana, India.

### Dr. Sonia Sharma Uppal

P.G. Department of Commerce and Management  
Arya College, Ludhiana,  
India.

### Nadeera Jayathunga

Senior Lecturer  
Department of Social Sciences  
Sabaragamuwa University, Belihuloya  
Sri Lanka

### Mrs. Sabina Dinesh Kumar

Assistant Lecturer  
Faculty of Management Studies & Comm.  
University of Jaffna,  
Sri Lanka

### Jumana M. Elhafiz

Assistant Professor  
Department of Biochemistry,  
Shendi University, Ministry of Health,  
Sudan

### Dr. Sunil Kumar

Assistant Professor,  
Punjab School of Economics,  
Guru Nanak Dev University,  
Amritsar, Punjab, India

### Dr. Ebele P. ifionu

Faculty, Department of Finance and Banking  
University of Port Harcourt, Nigeira

## Review Process

Each research paper/article submitted to the journal is subject to the following reviewing process:

1. Each research paper/article will be initially evaluated by the editor to check the quality of the research article for the journal. The editor may make use of iThenticate/Viper software to examine the originality of research articles received.
2. The articles passed through screening at this level will be forwarded to two referees for blind peer review.
3. At this stage, two referees will carefully review the research article, each of whom will make a recommendation to publish the article in its present form/modify/reject.
4. The review process may take one/two months.
5. In case of acceptance of the article, journal reserves the right of making amendments in the final draft of the research paper to suit the journal's standard and requirement.

## Categories

- Business Management
- Marketing
- Finance
- Insurance
- Human Resource & I.T.



## Published by

### Trans Asian Research Journals

SCO 34, 1st Floor, HUDA Market,  
Near Red Cross, Jagadhri - 135 003 (Haryana) INDIA  
Website : [www.tarj.in](http://www.tarj.in)

Our other publications :

Asian Journal of Multidimensional Research (AJMR)

ISSN (online) : 2278-4853