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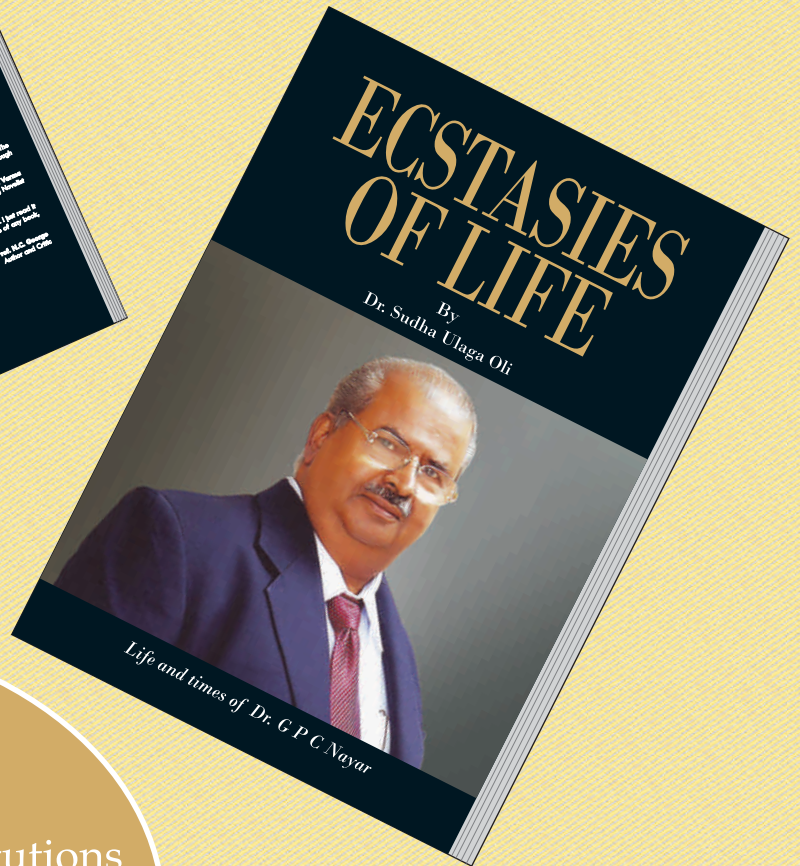
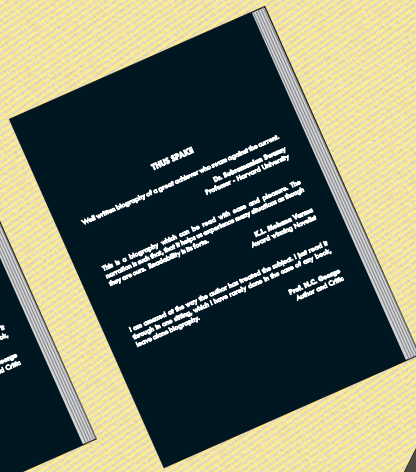
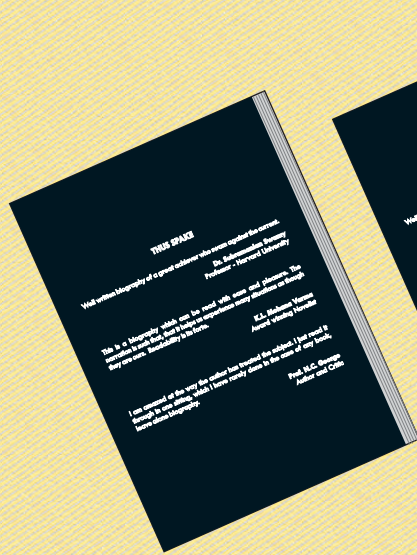
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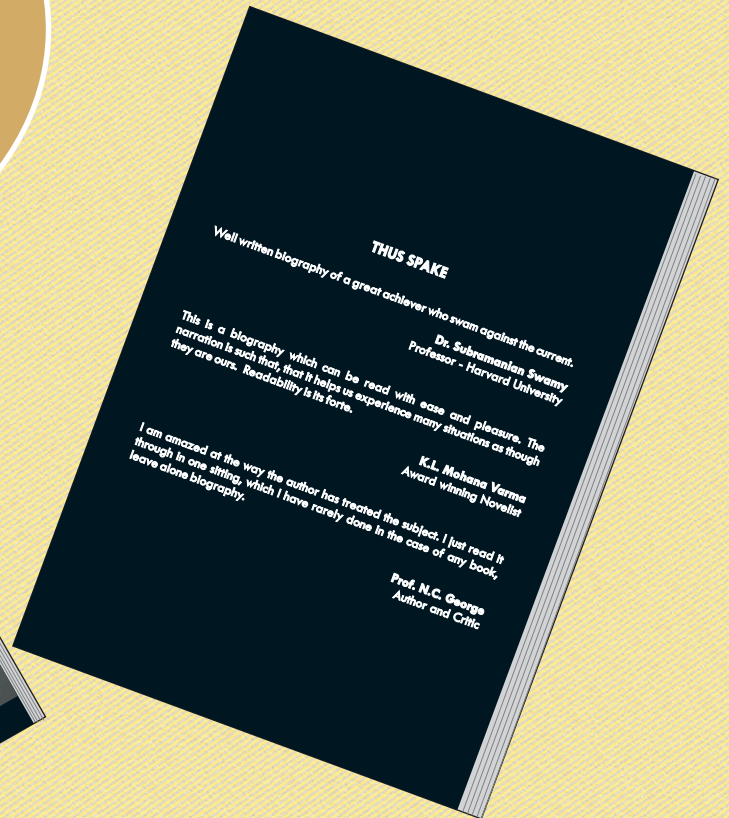
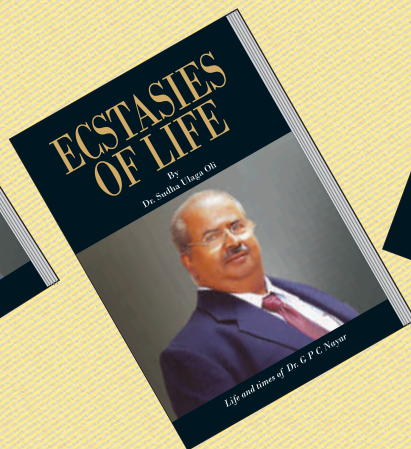
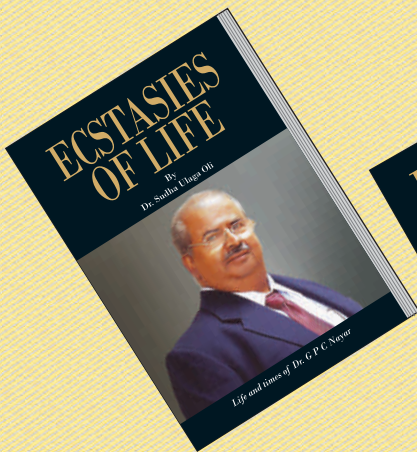
Internal Communication: Practices and Implications

Aniisu K. Verghese





Here's an entrepreneur who has created some excellent academic institutions in an unfriendly environment. It is a saga of trials and tribulations in an extremely readable manner by a consummate writer in English.



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Chairman's Overview

Counterfeiting is a hugely successful industry, especially where luxury goods are concerned. Although it is a phenomenon that we can find in every sector, fashion industry is one of the most counterfeited sectors. It has been estimated that counterfeit fashion goods cost European brands the value of 9.7 percent of their total sales every year. The arrival of the Internet and e-commerce has certainly made its contributions to this situation owing to the anonymity it gives to fraudsters.

Different countries vary in the extent to which they protect intellectual property and enforce intellectual property regulations. Some of the countries do better than others in protecting the rights and some countries make no effort to curb any stealing and copying. But it must be noted that few assets are more valuable than the patents and copyrights of a manufacturing company. In this context, we hope you will find it interesting to read our lead article in this issue that looks at intellectual property rights and its effect on places, particularly in Hong Kong and Italy.

How and why people shop and what influences them had been studied by researchers for many years. To the fashion industry it is important knowledge for designers, retailers and marketers to identify target groups and to focus on them. Therefore, our second lead article is on the impact of influencers in consumer decision process in fashion industry.

Selling is becoming more complex as customers seek deeper understanding of their business transactions and demand genuine value. Therefore, the sales person ought to have the right mix of skills and traits for business success. Our third lead article is on measuring sales person's true potential.

We also feature in this issue a number of learned articles on a variety of topics such as Determinants of Dividend Policy, Internal Communication, Impact of Demographic Factors, Digital Life Certificate, TV Advertisement on Children's Preferences and the like.

I am confident that this issue will be truly informative and educative to our readers.

Dr. G. P. C. NAYAR
Chairman, SCMS Group of Educational Institutions.

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Editorial

Strategy as language Game



Strategy has the character of “language games,” says Ludwig Wittgenstein. Traditional view holds: language simply “draws pictures” of an existing reality. Wittgenstein does not follow this stand. He opines that there is not any one right way to view the world. All we really have are different language games. These define the conventions by which we agree to talk or act.

Each language is at least a different “form of life.” It expresses itself in different ways of speaking and acting. It does not make sense to ask whether a chosen language game is a true or false representation of reality. People find the conventions and rules of their language game as a useful way to conduct their business. Different language games prove more or less useful, depending on the situation at hand and the purpose of the players.

We call language games rhetorics. In the 1950s long-range planning was the language in vogue. In the 1960s and 1970s strategic portfolio planning and diversification became the dominant rhetoric. In the 1980s competition analysis and generic strategies came to the fore and diversification lost its charm. By the mid-1980s, the emphasis had turned to sources of competitive advantage, and restructuring. By the end of the 1980s the new slogans were strategic thinking, core competencies, global strategy, and strategic alliance. Since the beginning of 1990s, this process has become an illustrious continuum. By now, it's interesting to trace back the language games paradigm shift and discover a strategy chain as an infinite regress.

The rhetorics of strategy are introduced as new and improved ways of formulating strategy and gaining competitive advantage. A new perspective in strategy is introduced, it comes with a rhetoric: This is a new idea. This represents a radical break from the past. It warrants attention because the previous concepts are outdated and no longer relevant. Leading edge companies have embraced it and benefited from it. If a firm wants to be leading edge, it will have a new language.

Strategy is associated with war: the tactics on which wars are won or lost. It is a militarist image. It suffuses much of the discourse on business strategy. The first book on strategy is by the Chinese military strategist, Sun-Tzu's *The Art of War* in the 6th Century BC. Managers are often measured in terms of the extent to which he gives the firm a corporate strategy to its competitive advantage relative to its competition.

Strategy is not something devised. It is also something that happens. It emerges constantly in a firm, as different people respond to and reinterpret their sense of the organization's identity and purpose.

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Counterfeits and Intellectual Property Rights (IPR): the Fashion Industry

Olivia Hyde and Kishore G. Kulkarni

A b s t r a c t

It is known that neglect in the Intellectual Property Rights (IPR hereafter) protection such as trademarks, patents, and labels can lead to counterfeits, but it is not well known that counterfeits can have major effects on a variety of parties. This paper intends to look at IPR and its effect on places, specifically in Hong Kong and Italy. It is a common knowledge that Hong Kong has historically adopted a relaxed enforcement of IPR therefore one can easily see a bunch of counterfeited goods such as clothing and other consumer goods in the street markets of that country. What is equally interesting is that in Italy similar phenomenon has appeared in recent years. We investigate the commonalities between these two countries in implementation of IPR laws. The paper is divided into 3 sections; one for each country and one for summary, and the third for conclusions.

Keywords: *Intellectual Property Rights (IPR), Trade Policy, Economies of Hong Kong and Italy*



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The world of fashion is one that is as competitive as any industry can get. One stolen design and a fashion house could lose an entire season, because one weak link can cause some of the most protected designs to be leaked. The fashion industry is one that protects creativity because fashion relies heavily on the creativity of its designers. If a precious idea born out of creativity is stolen, then the original fashion house could lose millions of dollars. Some countries do better than others to protect the intellectual property rights, and some countries make no effort to curb any stealing and copying, which deeply impacts the designers. Known as the home of some of the most famous fashion houses, is Italy and then home to some of the biggest copiers, is Hong Kong. Even though Hong Kong is part of China there is a difference between the IPR enforcement of Hong Kong and China. Hong Kong is known as one of the freest economies with little copyright protection, and one has the ability to open a business in a mere 72 hours. Italy, on the other hand, is a little different. That being said, the counterfeit business is huge and

continues to grow as people want to prove their wealth and appear to people as having more money than they actually have. Counterfeits come from a violation of intellectual property rights with people all over the world buying counterfeit products or “fakes.” Looking at Italy and Hong Kong, this paper examines intellectual property rights and the impact the fake goods are having on the international economy and trade. To some, the counterfeiting of luxury fashion does not seem like a big deal. It is the harmless copying of products that just allows people who cannot own a name brand the opportunity to have that status symbol. Through the examination of various sources and looking at the impacts it can be determined that in fact, counterfeiting is not harmless. There are quite a lot of parties that are impacted by the industry of counterfeiting. There are economic, social, and commerce effects that can happen from the counterfeiting of goods. This paper will be looking at the IPR protection in Hong Kong and Italy, looking if there is a difference and what impact that can have on places.

Literature Review

Over the years, and especially as the counterfeit industry has taken off, there has been an increase in the articles and books about intellectual property rights and the counterfeit industry. The literature begins with a general overview of the counterfeit trade industry. Chaudhry and Zimmerman give a nice overview of the recent growth of the counterfeit industry. It is easier than ever to create counterfeits as well as creating them to look realistic. This article serves the purpose of showing the dangers of the counterfeiting industry. It is able to show that counterfeiting luxury fashion is not harmless, it is a “major funding source for organized crime and terrorist organizations” (Chaudhry and Zimmerman, 2013, p. 13).

In 2016, Natasha Reed published an article that presents the information that “10 percent of fashion products sold are counterfeits, amounting to approximately \$28.5 billion of lost revenues per year” (Reed, 2016, p. 26). With improved technology that number could continue to grow since Reed also mentioned that the invention of the 3D printer is causing fear in the fashion industry since it could become possible for “the average consumer to replicate runway fashions” (2016, p. 26).

This fear of technology as a further threat to the fashion industry is expanded on in Anna Luczkow's article on changing the law to protect against 3D printers. While there are not a lot of designs coming from 3D printers, it is growing and the files that are used for 3D printers are different and should get protected under copyright laws. Luczkow states there is a “continued reliance on arguments rooted in pre-technological age conceptions of fashion design, its consumers, and the copyists who plague the industry” (Luczkow, 2016 p. 1134). She also goes on to discuss copyright law, which as a part of IPR is very important regarding the fashion industry. It is stated that designers “only acquire such rights in qualifying separable elements of their designs, rendering designers virtually powerless against the mounting number of knockoffs threatening the industry” (2016, p. 1137). Technology is constantly changing and it is important for laws to reflect so that designers can get the protection they need.

Vithlani is able to point out that some believe that “counterfeits actually contribute to the marketing of the brand without causing any significant loss in profits” (Vithlani, 1997, p. 12). She then goes on to point out many impacts that counterfeiting can have for each party involved. Counterfeit can affect the consumers since they pay for a product, and then end up getting a fake or defected good which can also affect the company due to its profit loss. Vithlani spells out each effect of counterfeiting and states some other costs that might not be thought of, such as when the “right owner becomes involved in costly investigations and litigation when combating counterfeiters” (Vithlani, 1997, p. 22). In this valuable article, Vithlani does an excellent job of formulating the effects of IPRs on the economy.

In their article Barrere and Delabuyere really get into the idea of intellectual property rights and especially with a focus on creativity and heritage. The authors further go onto point out how IPR can be used with fashion, but it is difficult since creativity and heritage is a part of the process to create and it is not as possible to enforce that. Barrère and Delabuyère go on to discuss how “specific assets of fashion creation become more and more valuable” (Barrère and Delabuyère, 2011, p. 321). The market value of the brand becomes the key when looking at trademarks and

counterfeits. The reason brands can command such high prices and become known as Haute Couture is because of their name and the reputation they have built up over the years, as well as their reputation for quality and exclusivity. Looking at what is applicable and what is not, this paper is able to analyze IPR and the fashion industry.

Two of the other sources we searched are short articles that look at the dangers of counterfeits and then what counterfeiting really is in regard to criminal activity. Like Chaudhry and Zimmerman mentioned there is the threat of counterfeits funding terrorist activities, there are also the dangers of the factories where the workers are making the counterfeits. In *Spot the Fakes* by Lee Hibbert, counterfeits are looked at from the engineering perspective. Hibbert (2008) looks at the bearings that are used in rotating machinery and he finds that the bearings that are used in counterfeit plants are sometimes counterfeit bearings and are safety hazards to the workers. Since this was put out by an engineering magazine, it could be considered credible regarding technology. Kelly Ross then goes and looks into the criminal offenses of counterfeiting with the article *The Industry of Fakes*. When selling counterfeits, the vendor can be guilty of theft and fraud (Ross, 2011). The theft comes from stealing the copyright of the good. This is the part that is getting into IPR. The designer has IPR that protects them against the contesters.

The next paper looks specifically at intellectual property rights and the protection of the fashion industry. It is stated that “fashion products can be perfectly fitted among other artworks” (Panidou, 2016, p. 15). This is difficult to enforce since “a designer needs a full system of protection and not an “exclusive” one” (2016, page 22). With the fashion industry, there is a line between just copying a design for trends and counterfeiting. It can be seen that designs are copied all the time since that is how the fashion industry and trends work. Also, this source is able to take into account the time frame of the fashion industry. The fashion industry moves very quickly, copyrights do not have to be for five years since by then the trend has gone out of style. IPR in the fashion industry is different since counterfeits fall into a different category than just another designer trying to do a similar design.

The last source is the *Foreign Trade Barriers* report that is put together by the Office of the United States Trade

Representative. This is the fully comprehensive report on foreign trade barriers. It has information about almost every country in the world and their trade barriers. In each country's section, there is a part about IPR and how the country is doing in terms of their enforcement and the availability of counterfeit goods. This source is able to provide vital information about the IPR of Italy and Hong Kong, as well as having general facts about the trade policies of a country. Since it is put out by the government it can be considered a credible source, but at the same time have some potential bias.

Each source is able to add something new to the perception of intellectual property rights regarding the fashion industry. Each allows for a deeper understanding of IPR, and the importance and impact a lack of IPR enforcement can have.

IPR in Hong Kong and Italy

To some researchers, intellectual property rights do not seem like as big of a deal, but in the grand scheme of things, it can have a snowball effect if IPR is not enforced. For the purpose of this paper, Hong Kong and Italy will be compared in terms of their IPR enforcement for the fashion industry to see what impact IPR can have in the respective places.

In general, intellectual property rights for the fashion industry are one of the most important parts of how the industry functions, especially for the luxury fashion industry. Intellectual property rights as defined by the US government “encompass four separate and distinct types of intangible property – namely, patents, trademarks, copyrights, and trade secrets, which collectively are referred to as ‘intellectual property’” (United States Embassy, 2005). With the fashion industry, the main parts that are violated would be trademarks and copyrights. With the production of counterfeits, it is the theft of trademarks because counterfeits are copying the logo and attempting to pass something that is not the brand off as a brand. Since the violation of IPR can be a criminal activity in some areas of the world it can cause issues with the issue of whether it is important enough to enforce heavily.

The Case of Hong Kong

After the handover of Hong Kong from the British to China in 1997, the Chinese authorities decided to adopt as separate from mainland, but continued as before, basically free

market system for Hong Kong. Under the “one-country, two-systems” principle, Hong Kong's constitution, the “Basic Law,” specifically provides that Hong Kong should, on its own, develop appropriate policies and afford legal protection for intellectual property rights. Therefore, despite being part of China, Hong Kong and China have separate legal systems. IPR registered in Hong Kong will not be automatically protected in mainland China, and vice versa.

What Is Intellectual Property?

IP rights are proprietary rights granted to protect original products of creation. They are intended to encourage and reward creativity and fair competition in the marketplace. IP rights can be relied upon to prevent others from using one's trademark, patented invention, copyright work, or design without consent. IP is territorial in nature and exists for set periods of time.

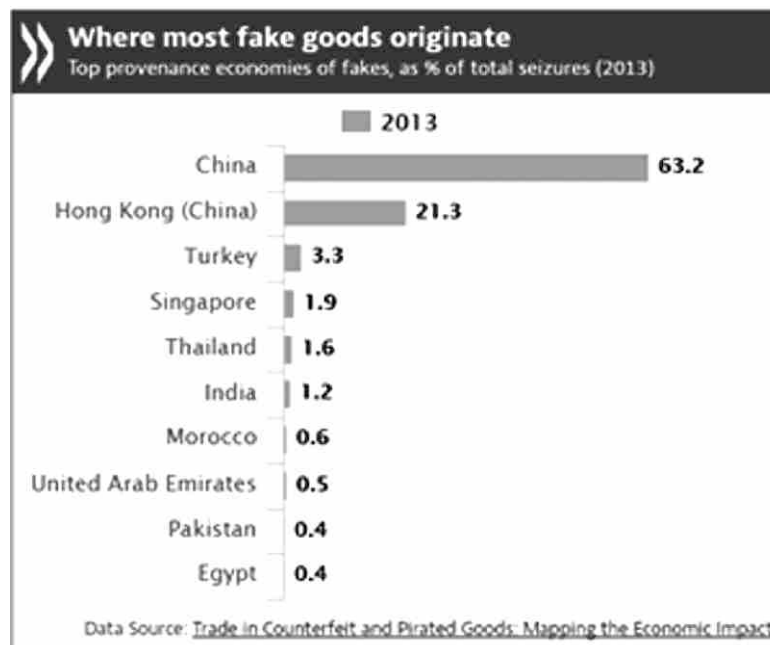
Hong Kong has had an English legal system for over 150 years, which was retained on the 1997 handover to China. The courts still rely on a great deal of English case law, and proceedings (whether administrative or judicial) can be conducted in either English or Chinese. Although its English legal system makes Hong Kong an ideal stepping stone for doing business in China, IP owners will need to pay extra

attention to a number of issues that are unique to this city that stands between the East and the West.” (See more on this topic at https://www.americanbar.org/publications/blt/2013/06/05_yu.html).

Nonetheless as is well known, Hong Kong market is flooded with clown products and counterfeits. With the production of counterfeits, they are competing with the actual brand for sales. This will lead to a direct decrease in profits for the brand producers. The rights owner also suffers losses when a customer buys a fake and then “blame[s] the manufacturer of the genuine product when it fails, creating a *loss of goodwill*” (Vithlani, 1997, p. 22). Also, the cost of trying to enforce the IPR is an additional cost that rights owners should not have to be responsible for, but they are. Going along with the idea of the loss of goodwill, if many products from such countries, including genuine ones, gain a reputation of being of poor quality, this will cause export losses which in turn implies both *job losses* and *loss of foreign exchange* (Vithlani, 1997, p. 23).

This causes major problems since it is affecting not just the company, but also the country where the company has produced. Once something starts to affect a country it becomes a bigger problem since it is not only an internal problem within the company, it is external to the surrounding people.

Table 1 : Pirated Goods



Hong Kong is a place that is known to have more lax rules when it comes to IPR. The above chart shows how China is the number one place where fakes originate and then Hong Kong is in the second rank with 21% of total seizures in the whole world. China, in general, is thought to be a place where IPR is not enforced as strictly as other places. It is known for the amount of fakes that will exit the borders whether it is through trade or visitors. With the World Trade Organization (WTO), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) was decided upon. TRIPS is an extensive agreement that “offers an extensive IP protection framework” (Guan, 2014, p.1). With the negotiation to create TRIPS, Hong Kong was adamant to make IPR private rights. They wanted this clarification to make clear that “the enforcement of IPR is the responsibility of private rights holders rather than of government” (Guan, 2014, p. 13). This has allowed for the emphasis on individual companies to fight a problem that is bigger than one company can take on. It is hard to actually enforce the IPR violations since the government is not backing the investigations. In Hong Kong, there are warehouses where counterfeit goods are sold, as well as the people who are just selling their goods on the street, which makes them harder to track and catch. With the lack in the government to enforce IPR, this makes it more difficult to be aware of everything that is going on in Hong Kong.

An issue with IPR in Hong Kong is that they have a separate legal system from mainland China. This means “IP rights registered in Hong Kong will not be automatically protected in mainland China, and vice versa” (Yu, 2013). This can cause issues since Hong Kong is a hotspot for the trade of counterfeit goods because it is a major “intermediary transit point” (“Trade”, 2016, p. 14). This also means that since the enforcement is a private matter, it is hard to watch every good that comes and leaves Hong Kong. It is also a point of intermediary transit, so anything that is leaving China could go through Hong Kong.

The United States Report on Foreign Trade Barriers states that Hong Kong has “robust IPR protection and enforcement and has strong laws in place” (Eiss, 2017, p. 200). This is somewhat contradictory to what other sources and the reality show. But it does say at the end the “failure to modernize its copyright system has allowed it to become vulnerable” (2017, p. 200) and goods are continued to be

transported through destined for Hong Kong and places outside.

Nonetheless, companies are assumed to be proactive in the registration of intellectual property rights because valid registration is the most cost-effective way for a company to protect its IP assets. “As China and Hong Kong are separate jurisdictions, registration in one jurisdiction does not extend to protection in the other jurisdiction. IP owners must register IP rights separately in each jurisdiction for more extensive coverage and protection.

Trademarks:

Registration significantly reduces procedural requirements in enforcing trademark rights against unauthorized users in both Hong Kong and China. In China, both the original and the Chinese translation and transliteration of trademarks should be registered.

Patents – utility and design:

Inventions, utility patents and design patents (in Hong Kong, design patents are called registered designs) must be registered to be protected. Hong Kong has a re-registration system for utility patents. A grant of a standard patent in Hong Kong is based on patent granted in China, the United Kingdom or the European Patent Office designating the UK. Without such a prior registration, the Hong Kong Patent Registry will not grant a standard patent.

Hong Kong offers an alternative, the short-term patent. This is based on the search report of an international searching authority or a report from one of the three jurisdictions mentioned above. The term of a short-term patent is four years and it may be renewed for an additional four years.

Copyright:

Hong Kong does not have a government-established copyright registry. To enforce copyright, a holder must offer independent evidence of the existence of the copyright.

China has a copyright-registration system and registration makes enforcement easier as it evidences the existence of the deposited materials from the time of deposit.

A Chinese registration may also be presented as evidence of the existence of the deposited materials in a Hong Kong enforcement action.

Domain names:

Trademark owners should consider registering the English and Chinese translation or transliteration of their domain names in China. This may help prevent hijacking of a company's trademark by an unauthorized user in China.” (See more at <https://www.tannerdewitt.com/protecting-intellectual-property-rights-in-hong-kong-and-china/>)

It seems as though the IPR in Hong Kong has done little to deter the creation and sale of counterfeits. There are laws, but counterfeiters have been able to get around those and people are still buying counterfeits in Hong Kong. This can

have a major impact on the local economies since it can affect foreign direct investment (FDI). This has two sides because if a country has strong IPR protection then there it “increases firms' costs of operation in foreign market, and thus discourage FDI inflow in emerging markets” (Dai, 2016, p. 1). Then on the other side a company might not want to invest in a country where their brand would not be safe, where their trademarks could be copied and sold for a price that undercuts the brand. A lack of FDI can hinder the growth of an economy since FDI bring foreign money into the local economy.

Table 2 : Trade in counterfeit and pirated goods

The Case of Italy



Italy is known for being one of the key fashion capitals of the world and as seen from the graph above, is second in countries that are hit by the trade of counterfeit goods. While it makes sense that they would be hit hard by counterfeiters since they are a major place of fashion houses, it is also strange that they are not trying harder to combat counterfeits. Italy has many iconic brands that have iconic logos that have been trademarked to show that they are distinctly that brand. One brand that is known for some of its iconic logos, patterns, and designs is Gucci. They have a variety of their interlocking Gs that came from the founder Guccio Gucci as well as their green and red stripes that

adorn many of their bags, shoes, glasses, etc. All of these things should have been allowed to be protected by copyright or trademark laws, and while there are laws that should protect brands, the US government states that “Italy's protection of intellectual property lags behind that of many other Western European countries” (United States Embassy, 2007, p. 1) in a way that has led them to be on the watch list for companies who are debating doing business in other countries. Some issues with Italy have to do with the government and their lack of IPR protection. Also, there is some extreme corruption regarding the government. It is said that “corruption costs the Italian economy approximately 60

billion Euros each year – the equivalent of four percent of GDP.” (Eiss, 2017, p. 175). In the case of some brands the trademarks are what give the brand value and under Italian Code of Intellectual Property (CIP), the owner of a strong trade mark may seek protection against those marks which, regardless of whether their composition is similar to the applicant's mark, may give rise to the risk of confusion because they appropriate the core elements of the strong mark (Giannino, 2015, p. 495). That being said if a brand does go to court it could still lose the case and there is the issue of the corruption in the government.

While Italy does protect its designers under the Italian copyright law (LDA) and they are a part of the Paris Union International Convention for the Protection of Industrial Property and the TRIPS agreement and while they have laws “the enforcement of said laws is far below satisfactory levels” (Coppola, 2012, p. 48). This is a major problem for Italy since it has been calculated that Italians spent \$8.2 billion on counterfeits (Pozzebon, 2014). Like it was mentioned earlier in this paper, this high valued spending means that money is not being spent on genuine products that would be supporting the local economy. Instead, money is being spent on counterfeits that do little less to support the local economy since counterfeits are probably imported from China or some other countries. Even though Italy could be classified as a developed nation “its innovation sector and the receipt of patents lies well below that of other developed nations” (Coppola, 2012, p.48) and it is “one of the countries in Western Europe having one of the highest rates of copyright piracy” (2012, p. 48). While there are some issues with the laws themselves, the major issue is the enforcement or lack of enforcement regarding the laws. Going back to the extreme corruption in Italy is another issue with IPR protection.

Hong Kong vs. Italy

One would think that a country that has a large amount of luxury fashion houses would have better intellectual property right protection, but that is not the case. Italy has okay laws, but terrible enforcement. That is something they have in common with Hong Kong. Hong Kong also has good laws but their lack of enforcement is what causes a large number of counterfeits to slip through. This was an unexpected finding since Hong Kong is known to have a

large number of counterfeits both made and distributed, but Italy is not as known to have a large number of counterfeits.

The impacts on the countries are similar, and the impacts counterfeits have on brands are the same since no matter where the counterfeits are sold, they are still affecting the brands in negative ways. Another effect that counterfeiting has on both Italy and Hong Kong is that “the counterfeit industry also undermines the nation's economy by circumventing various duties and taxes” (Agarwal and Panwar, 2016, p. 55). Italy and Hong Kong are more similar in their IPR policies than one would think considering they are in different parts of the world and have different reputations.

Summary and Conclusion

Through the examination of intellectual property rights in both Italy and Hong Kong some similarities are able to be seen. They have very different places, but in terms of their protection for designers, they are similar. One might be home to the luxury designers, and the other might copy those designers extensively, but they both have people who are willing to sell counterfeits and people who are willing to or are tricked into buying fakes. Counterfeits are problematic for both countries since it can lead to countries not wanting to invest for fear of not having protection for their products. Also, they take away from the local economies.

Counterfeits have a major impact on the brands due to the fact that luxury brands gain their prestige from their reputation, as well as the limited quantity that is available. Counterfeits pollute the supply with similar looking goods that have a lower quality and not made with the same care. The lack of IPR protection affects the businesses in more than just one way. It is not just about the direct loss of profits, it is also about a decreased brand image, and in the fashion world image is everything.

All of that being said, in 2004 China and Italy penned an agreement to try and crack down on counterfeits. It might not have made a huge difference considering there are still problems with counterfeits and it is 13 years later, but maybe sometime an agreement will be signed that will make a bigger difference. Also a cohesive trade policy involves IPRs as a major part of the overall design. In both these countries, as our study shows, more attention is needed for this important aspect.

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Impact of Influencers in Consumer Decision Process: the Fashion Industry

Sudha M. and Sheena K.

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Tremendous changes are happening in the world of clothing retail. Internet and social media play vital role in helping consumers find the items they are looking for. Obviously companies will keenly try to retain a strong presence in the social media platforms; otherwise the target audience can easily change suppliers. The present study is intended to explore the influencer marketing techniques used by fashion industries and also the impact of influencers on the consumers buying decision process in fashion industry.

Key words : Social media, Fashion industry, Influencer marketing, consumer buying decision



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During the last five years, the spread of social media has further changed buying and selling techniques. With platforms like Facebook, Twitter and YouTube, consumers are able to comment on their experiences with products and companies and to share them with their friends. This has led to the growing need for companies to generate positive customer experiences in order to minimize negative word-of-mouth messages, which would easily be spread within the social media platforms to other, potential customers.

Another form of social media that is very popular with fashion conscious women is blogging. Fashion blogs have grown to be one of the most effective ways of sharing experiences and recommendations over the internet and they are an effective way of marketing products straight to the target customer with low cost. It is not only a place where women go to find specific products to buy, but also a place to roam around and accidentally find something desirable. It can increase the amount of internet store buying, since it can link the user directly to the place of purchase.

The existence of social media and the changes in options has also had a dramatic effect on the buying behavior model that describes the traditional way of purchasing products. Because of social media, they are able to conduct even deeper analysis of companies and to portray their own experiences and opinions to other users, creating a certain type of viral marketing-effect where the message can be spread to thousands of user with a few clicks of the mouse.

Digital marketing

It is an umbrella term for the marketing of products or services using digital technologies, mainly on the Internet, including mobile phones, display advertising, other digital media. The way in which digital marketing and has developed since 1990s and 2000s has changed the way brands and businesses utilize technology and digital marketing for their marketing. Digital marketing campaigns are becoming more prevalent, as digital platforms are increasingly incorporated into marketing plans, and as people use digital devices instead of going to physical shops. As digital marketing is dependent on technology which is ever-evolving and fast-changing, the same features should be expected from digital marketing developments and strategies. This portion is an attempt to qualify or segregate the notable highlights existing and being used as of press time.

Online marketing channels

Digital marketing is facilitated by multiple channels, as an advertiser one's core objective is to find channels which result in maximum two-way communication and a better overall ROI for the brand. There are multiple online marketing channels available and they are: i) Affiliate marketing is a type of performance-based marketing in which a business rewards one or more affiliates for each visitor or customer brought by the affiliate's own marketing efforts. The industry has four core players: the network, the publisher, and the customer. The market has grown in complexity, resulting in the emergence of a secondary tier of players, including affiliate management agencies, super-affiliates and specialized third party vendors. ii) Display advertising: it is advertising on websites which includes many different formats and contains items such as text, images, flash, video, and audio. Its main purpose is to deliver general advertisements and brand messages to site visitors. iii) Email marketing: is considered cheap when compared to other means of marketing and it is also a way to

rapidly communicate a message such as their value proposition to existing or potential customers iv) Search engine marketing (SEM) is a form of Internet marketing that involves the promotion of websites by increasing their visibility in search engine results pages (SERPs) primarily through paid advertising. SEM may incorporate search engine optimization (SEO), which adjusts or rewrites website content and site architecture to achieve a higher ranking in search engine results pages to enhance pay per click (PPC) listings. v) Social media marketing: when we use social media channels (Facebook, Twitter, Pinterest, Instagram, Google+, etc.) to market a product or service, the strategy is called Social media marketing. It is a procedure wherein strategies are made and executed to draw in traffic for a website or to gain attention of buyers over the web using different social media platforms. vi) Video advertising: it is a type of advertisements that play on online videos e.g. YouTube videos. It has gained an increase in popularity over time. vii) Mobile marketing: it is marketing on or with a mobile device, such as a smart phone. It can provide customers with time and location sensitive, personalized information that promotes goods, services and ideas. viii) Content marketing can be briefly described as “delivering the content that your audience is seeking in the places that they are searching for it.” It is highly present in digital marketing and becomes highly successful when content marketing is involved. ix) Influencer marketing: Important nodes are identified within related communities, known as influencers. This is becoming an important concept in digital targeting. It is possible to reach influencers via paid advertising, such as Facebook Advertising or Google AdWords campaigns, or through sophisticated SCRM (social customer relationship management) software, such as SAP C4C, Microsoft Dynamics, Sage CRM and Salesforce CRM. Many universities now focus, at Masters Level, on engagement strategies for influencers

Social media, in terms of fashion, turns out to be so powerful that it facilitates many people to take an interest in a number of fashion events. A digital world keeps you aware of what is popular and what is being more appreciated in the fashion industry. The availability of different fashion trends in the digital world allows people to take an interest in the buying process, and many of the people get influenced by a wide range of domestic and international fashion brands. The fashion industry is, thus, putting its focus on the digital platform, which involves the innovative uses of technology along with the most recent fashion trends.

Influencer marketing

Influencer marketing can be defined as a process of identifying and activating individuals who have an influence over a specific target audience or medium, in order to be part of a brand's campaign towards increased reach, sales, or engagement. Influencer marketing is an extension to the original concept of word-of-mouth marketing, focusing on a social context and performed in a more professional way. It is a form of relationship building which may be very helpful for brands that seek to expand their audience and turn them into loyal customers through trust and authenticity.

Influencer marketing tends to be broken into two sub-practices: The first one is earned influencer marketing. It stems from unpaid or pre-existing relationships with

influencers or third party content that is promoted by the influencer to further their own personal social growth. And the second one is paid influencer marketing: the Paid influencer marketing campaigns can take the form of sponsorship, pre-roll advertising or testimonial messaging and can appear at any point in the content. Budgets vary widely and are usually based on audience reach. Influence can come from a wide range of places. Any person, group, brand, or place could potentially be an influencer. Influencer marketing has many applications. Some marketers use influencer marketing to establish credibility in the market, others to create social conversations around their brand, others yet to drive online or in-store sales of their products. Therefore, the value that influencer marketing creates can be measured in multiple ways.



Fig-1 Brand post opinion

Source : www.clickz.com/wp-content/influence-posting

Influencer marketing derives its value from 3 sources namely reach, relevance and resonance.

Reach is a measure of audience size. Aside from possessing qualities that have the power to drive action, an influencer has an above-average number of followers in a specific niche or market. Influencers are able to reach millions of consumers through their social channels and blogs, Where as relevance measures the degree of relevance to the reader. Influencers need not promote the products and services of a brand that isn't relevant to them. Influencers produce original, and oftentimes effective, marketing content for the brand. Resonance counts the number of activity an influencer generates by publishing content. Someone who creates content people crave for and love to engage with will make a major wave with a blog post and gain a lot of traction

with a single tweet, because the content resonates with fans and followers. Influencers maintain strong relationships with their audience, who has a certain level of trust in the influencer's opinions.

In order to understand the role of influencers in fashion industry it is imperative to understand different types of influencer. They are i) Traditional influencers – These are the individuals that conventional PR agencies and celebrity figures in a specific area of subject expertise. ii) Emerging (digital) influencers – These poster-tech bloggers and emerging digital influencers have recognized a large audience following and drive thought leadership in a specific space. Emerging digital influencers could also be blogs. iii) Influencers by connection – People who have hundreds of Facebook friends and Twitter followers. If you represent a

brand, you want to court these people to produce brand action. iv) Influencers by topic – People who are opinion leaders for the certain topics, like if you represent a brand, you want opinion leaders talking about your products or services.

The rise of influencer marketing has helped brands understand that there needs a shift of focus. As people trust influencers more than any brand for the promotion of a product, direct marketing is not as effective anymore as it was in the past, which creates the need for the assessment of a branded content strategy. And it gets even more challenging when trying to target the younger generation, as millennials are more demanding for the advertised content they get exposed to. In fact, they don't even get convinced from the traditionally popular celebrities, as 70% of them prefer non-celebrity influencers for product endorsements. This means that a brand starting with influencer marketing needs to understand its audience, in order to enjoy the benefits of an effective campaign with an influencer.

Fashion industry is entirely driven by influencer marketing than any other industry. Nowadays, the fashion industry is, even more, prone to using influencers, but it is more democratic. Fashion being one of the industries more comfortable with influencer marketing also offers many ways of collaboration between bloggers and brands. This is not limited to just blog and social media posts, but it can include, Instagram takeovers, event hosting, modeling or even product design. Involving bloggers early in the creative process can pay off, as they know their audience and offer ideas and strategies that are effective for their audience.

Platform for influencers:

The most pertinent platform for influencers marketing are:
 i) Fashion Blogs are usually maintained by an individual or business with regular entries of commentary, description of events, or other material such as graphics or video. 'Blog' can also be used as a verb, meaning to *maintain or add content to a blog*" (Bodnar, K. 2011). Fashion blogging has become popular since 2011, blogs often cover the industry as a whole, personal style, reviews of clothing items and collections. Fashion bloggers have a very high status of legitimacy and those with large followings have power in the fashion world.
 ii) Video: YouTube can upload numerous videos about fashion, hair and beauty tips to share with people all over the world. These viewers inspired from these videos because they can simultaneously watch and do their make up.
 iii) Instagram, Pinterest, Tumblr and many other apps are highly used today to sway how one understands and captures fashion. The photo apps are geared toward the younger generation. The reason for their success relies on their ease and their instantaneous qualities. For a generation that lives in a fast paced world, convenience and quickness is the key to success.

The fashion bloggers can more or less directly or indirectly influence the fashion industry. A blog is a form of social media and a communication channel where messages travel globally across (fig. 2). Bloggers may use this channel to advertise their likes and dislikes and influence the way in which certain brands or products are presented and experienced. In addition, blogs may begin new trends to an industry or discuss matters which companies may not want to be publicly discussed such as ethics or environmental factors.

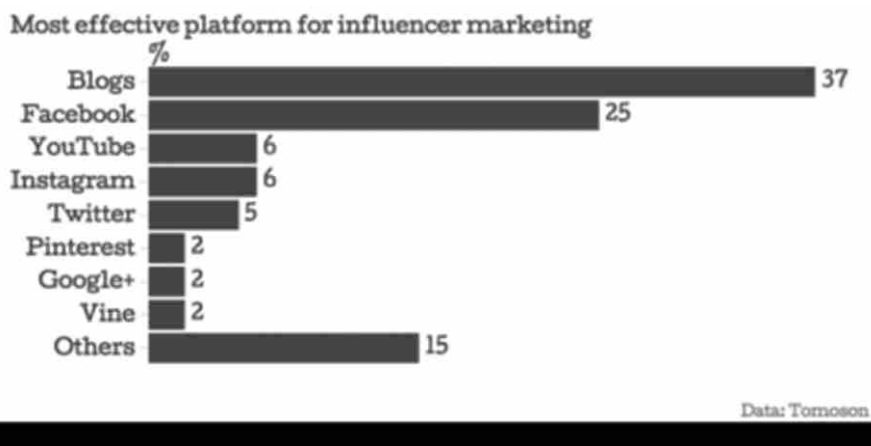


Fig-2 Effective platform for influence marketing

Source : Data - Tomoson

The Consumers and Decision making in fashion

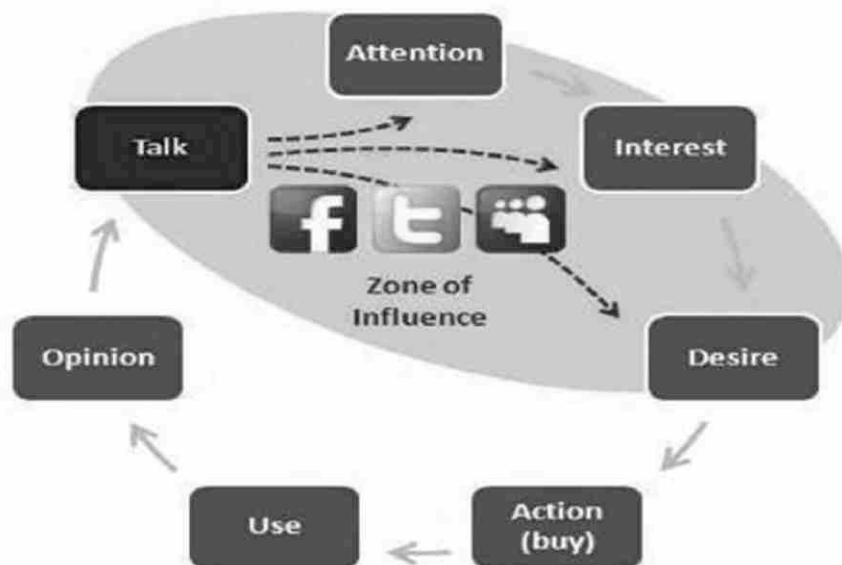
Consumers are actors on the market place stage. Consumers, in general, can be referred as individuals who purchase or consume products and services; however, in terms of buyer and consumer, there is a slight difference. Buyers are the people who are acting either as ultimate, industrial, or institutional purchasers. Consumer exhibits various behavior patterns during purchase process and disposing of goods, services, ideas or experiences. They are eagerly observing the cues of the fashion industries with which they can set perceptions for fulfilling their needs. Inevitably, businesses encounter bottlenecks where the message is not reaching their consumers and prospects, with the fact that, at times, consumers and prospects are facing significant blocks in their decision process. If not, each of them should be fully committed, loyal, enthusiastic, repeated consumers; however, this is not the case. Today the accessibility and transparency of information has profoundly influenced the decision making process; therefore, it is important to examine what are the hurdles and fiction points that hold prospects becoming consumers, or keeps consumers hesitating from repurchasing.

Fashion is of great importance to many consumers, it is defined as “the process of social diffusion by which a new

style is adopted by some group of consumers.” Fashion influences many aspects of our lives, it has both economic and social value and provides individuals with a tool to express themselves and create an identity. It is therefore important to understand the process of decision making within the fashion industry.

Influencers on Decision Making

Consumer's decision making within fashion is influenced by the information available in the society from many different sources like advertising, magazines, celebrities, online, friends, family and bloggers. Further, a fashion purchase is a devoted task that requires more detailed involvement from consumers. In today's society social influencers, like journalists, celebrities, bloggers, magazines and brand advocates, are regarded as “the most powerful force in the fashion marketplace.” They impact customers purchasing decisions based on their personal opinion, ability and position and are often considered experts in their field by consumers. Social influencers therefore have a great deal of influence on consumers purchasing decisions and can influence what becomes a trend and a “must have” fashion as consumers tend to copy their style and believe that they are the experts within the product category. Consumers in today's society are therefore influenced by social influencers to a greater extent than before.



Source - created by author

Fig (3) : Influence of social influences in fashion market

Weidman et al (2012) identifies 3 types of social influencers in fashion

- The fashion super spreaders
- The narrative fashion experts and
- The helpful friends.

Fashion super spreaders have the lowest fashion involvement of the three, the narrative fashion experts are excited about fashion and enjoy shopping and the helpful friends are most concerned with the risk involved in the fashion purchase and therefore them all influence consumers in a different way. Consumers do not associate fashion purchases to be of high risk and therefore don't necessarily have or expect strong ties with the social influencers.

Effect of blogs on women's buying behavior

Buying behavior that occurs in blogs can differ significantly from the buying behavior that occurs in other forms of social media. As stated before, blogs can portray several different forms of marketing that appeal to the consumers. Written from an unbiased point of view, consumers tend to put more weight into the opinion of other consumers than they would in other forms of advertisement such as banner advertisement or PR statements. The marketing efforts that can be found in blogs can have a huge impact on a consumer and therefore on the buying process in itself.

In order to find out what types of factors in blogs affect the behavior of women in buying situations, it is important to consider both internal influencers and external influencers.

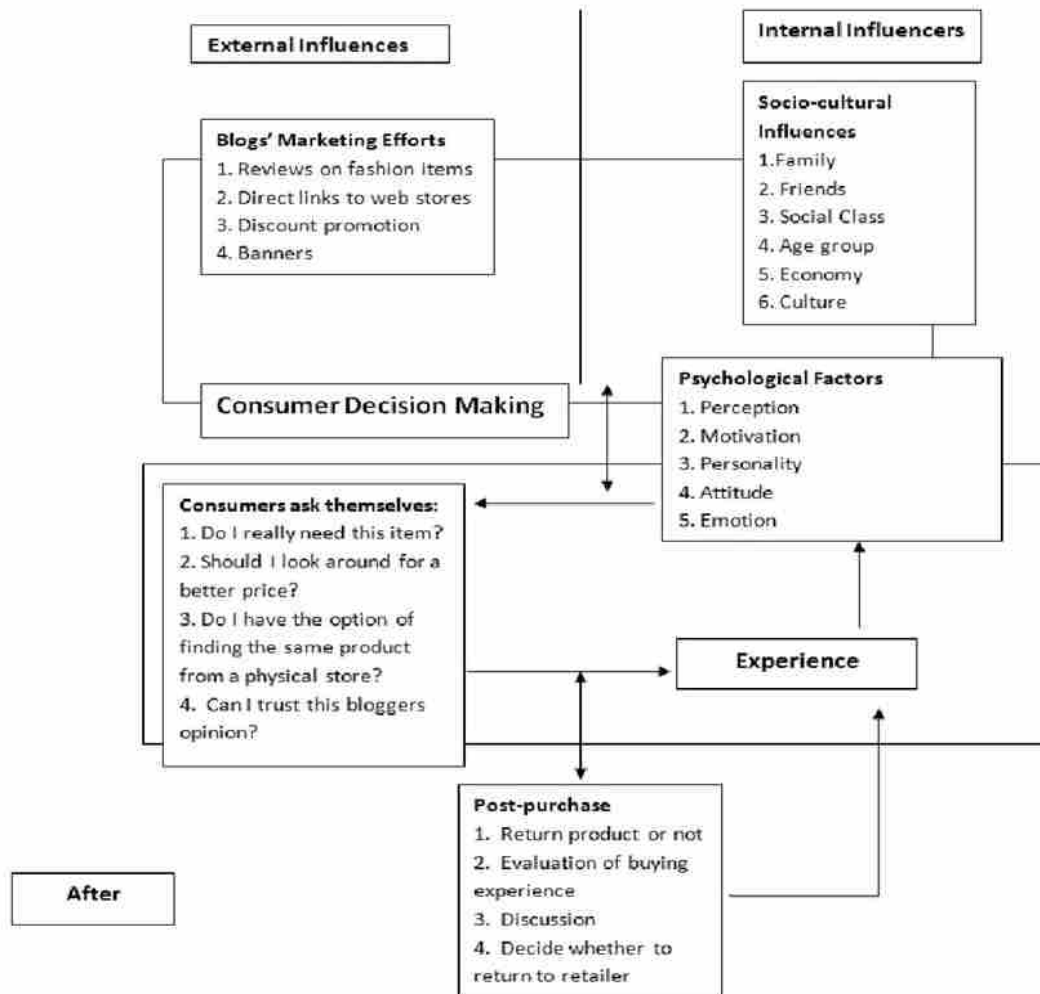


Fig. 4 : Impact of external influencers like Blogs and other internal influencers in the consumer decision making process.

Consumers are unconsciously affected by both every time they make buying decisions, and it is therefore vital that both are considered when studying the topic. The consumer buying process is influenced by several different factors. Since these blogs are essentially formed to act as a tool for the blogger to be able to post reviews and recommendations for their followers and online consumers, it also acts as a form of marketing that can encourage the consumer to try out products they have never used before. Another advantage the blogs have in terms of being a marketing tool is that they can express the bloggers opinions, promote discounts and give readers direct links to the internet store and still maintain a neutral point of view. As an aggressive marketing method don't react negatively to what is promoted. If a company were to promote its product as bluntly, consumer might ignore the message altogether as is typical in today's world of internet advertising. Therefore fashion blog are a huge advantage to online retail stores in terms of providing inexpensive, attractive marketing for the consumers.

The diagram also mentions factors such as socio-cultural and psychological influences that affect consumers buying decision. In terms of the socio-cultural factors, things like friend's opinions, the economic situation and the age group of the consumer can have a huge impact on whether the consumer decides to trust the blogger's recommendation and buy the product (Fig 4).

Scope of the study

Philip Kotler's consumer decision making process is taken as a model. By collecting data from consumers' point of view, fresh insights can be gathered. The research also aims to serve as an indicator to potential readers of how they can tap into the decision making process influencers. Since it studies mainly the effect that blogs have on buying behavior, which something all retailers should be aware of in order to be able to understand how behavior patterns of modern buyers can be affected by other people's opinions.

Review of Literature

Digital marketing campaigns are becoming more prevalent, as digital platforms are increasingly incorporated into marketing plans, and as people use digital devices instead of going to physical shops. As digital marketing is dependent on technology which is ever-evolving and fast-changing,

the same features should be expected from digital marketing developments and strategies.

Digital marketing is an umbrella term for all online marketing efforts. Businesses leverage digital channels such as Google search, social media, email, and their websites to connect with their current and prospective customers. Digital marketing can work for any business in any industry. Regardless of the company sells, digital marketing still involves building out buyer personas to identify your audience's needs, and creating valuable online content. Today, monotonous advertising and marketing techniques have given way to digital Marketing (Munshi (2012)). In addition, it is so powerful that it can help revive the economy and can create tremendous opportunities for governments to function in a more efficient manner. Chaffey, 2013. Digital marketing is the use of technologies to help marketing activities in order to improve customer knowledge by matching their needs.

Consumer Behavior is defined as the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desire.

A person who has indicated his/ her willingness to obtain goods or services from a supplier with the intention of paying for them is called a Consumer (Solomon M. et al (2006)). Schiffman and Kanuk (2010) mentioned that the consumer made the purchase decision is influenced by several measurements, namely (1) the measurement of culture, which has the most influence and the most extensive in the behavior of consumers so that marketers need to understand the influence of culture, sub-culture, and social class of consumers; (2) social measurement, which need to be considered when designing a marketing strategy because these factors can affect consumer responses; (3) personal measurements, which consist of the age and stage of life cycle, occupation, economic situation, lifestyle, personality, and self-concept affects the consumer on what is purchased; and (4) psychological measurement, include motivation, perception, learning and beliefs and attitudes also influence the selection of consumer purchases.

Mir and Zaheer(2012)explained through the “ Social Impact Theory” that, marketers now must understand how to “position themselves to benefit from fundamental changes that are occurring in the ways people decide on which

products and services to consume, and how they actually consume them.” Sedeke(2013) stated that Fashion blogs dominate this communication in the fashion industry, enjoying the attention of users due to the platform's personal and interactive approach versus the standardized treatment through mainstream media.

Conner and Armitage (1998) observed that when a person decides his/her future purchase with the help of his/her past experiences of purchases, one can predict the intention of that person in the future too. D'Souza et al. (2006) postulated that if a person get benefit from his/her previous purchase, s/he will tell about that experience to others and also purchase that product or services again and again. Muhammad Irfan Tariq et al. (2013) elucidated purchase intention concerning four behaviors of consumers comprising the absolute plant purchase the brand, thinking clearly to buy the brand, when someone considers to purchase the brand in the future, and to purchase the particular product absolutely.

McCracken's (1989), through his study observed that a celebrity endorser is an individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement. Celebrity endorsement influences the feelings of the consumers and can also influence the attitude consumers have towards the advertisement and attitude towards the brands, which can increase the purchase intentions and, consequently, increase sales. Tripp C Jensen T.D. and Carlson L. (1994) found that how much consumers trust the celebrity endorser to be credible, when a celebrity endorses one or two products it is significantly more trustworthy than a celebrity who endorses even more products. Hence he states that there is always the possibility of negative effect due to multiple endorsement programs by a single celebrity. McCracken (1998) proposes that superstar is considered like memorial, entertainer or representative of the business organization. Investigation has established that spokesperson endorsement influence consumers' mind-set in common and it may change the feelings of customers towards the commercial and products as well. This may perhaps effect in improvement of acquisition plan and as an outcome in increase of trade.

The trends in fashion change very often. Digital media, nowadays, is given such an importance that it redefines the fashion industry tremendously. A fashion world makes use

of social media in a way that it invites bloggers to several fashion shows. Moreover, models contribute in generating a social media following, and the designers, on the other hand, make use of Instagram to inspire the people who look forward to a fashion in trend. Furthermore, the increasing numbers of influencers are being followed by a number of like-minded followers who tend to follow the fashion in a number of ways.

According to Sedeke, (2013) Fashion is a consistently changing industry with new products and trends being created and new designers itching to be publicized around the world at any given moment, making identification with loyal consumers and their preferences vital to any amount of success. As a low-cost form of distributing online media, specifically important to new designers whose budgets remain at lower capabilities, bloggers spend their time searching for high-quality information, including products and trends, to supplement a blog post to attract the largest audience possible.

Objectives of the study

A comprehensive review of most pertinent past research papers about fashion industry and influencers on consumer behavior has been carried out and researchers understand that there are not many researches were conducted on the impact of influencers in fashion industry. Thus keeping in view the gap identified through review we set the following objectives:

- I) To identify how the fashion industry is currently using influencer marketing,
- ii) To study the impact of influencers on the consumers buying decision process in fashion industry, and
- iii) To find out the influencer marketing techniques used by fashion industries.

Research Hypotheses

The following Research Hypotheses are formulated to test the objectives:

H1: There is a significant difference between the levels of influence made by brands, bloggers, and celebrities in each level of decision making process.

H2: There is significant difference in the influencers, viz., brand, celebrity, and bloggers across “age.”

H3: There is significant relationship between age and what attracts them i.e. pictures, videos, textual contents.

Research Methodology

The research was conducted on exploratory mode as there is no pre-defined problem but can provide significant insight into a given situation. A structured questionnaire is given to 200 women across all demographic areas based on judgmental and snow bowling technique. The research is not intended to provide conclusive evidence, but helps researchers to have a better understanding of the problem. The focus is on gaining insights and familiarity for later investigation.

Data collection techniques

Data collection is done using both Primary data and Secondary Data. Primary data is collected by means of questionnaire (online and offline). Secondary data for the study were collected from websites and other previous studies. The study was pilot tested with 20 respondents. The pilot study was initially undertaken to ascertain the reliability of the questionnaire. After the pilot study, changes were made to the questionnaire in order to prepare the main survey instrument.

Tools of Analysis

Simple statistical tools such as chi square test, cross tabs, one way Anova analysis are done. These were done using software such as SPSS and MS Excel.

Data Analysis and major findings

Customer Profile

Of the respondents, 30.5% respondents belong to 20-25 age categories and 55% are single. Among the respondents 48% of them are students and 40% of the respondents purchase 1-5 times a month and 57.5% of them spend Rs 1000-5000 at a time. 58% of the consumers sometimes purchase when on sale and 77% of them follow current fashion trends.

Influencer Marketing

In today's society even the apparel customers like fashion trend seekers are influenced by journalists, celebrities, bloggers, magazines and brand advocates and they are regarded as "the most powerful force in the fashion marketplace." They impact customers purchasing decisions based on their personal opinion, ability and position and are often considered experts in their field by consumers.

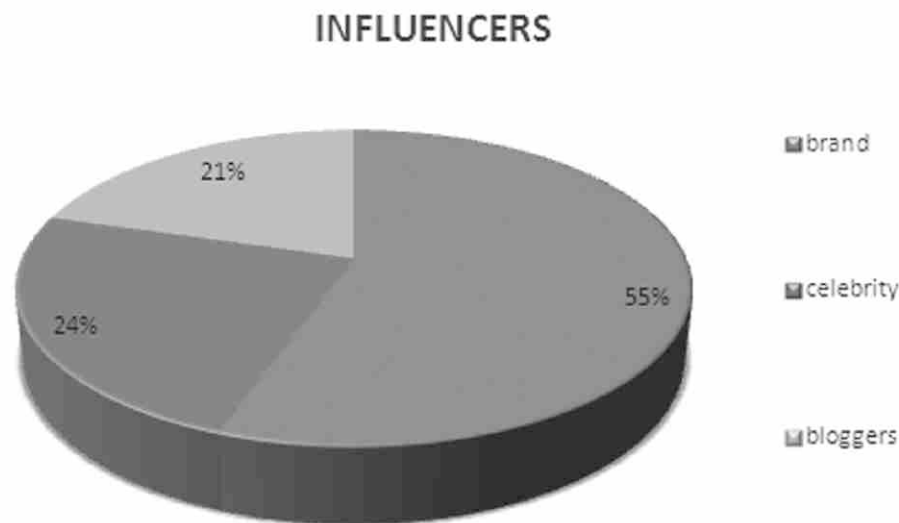


Fig 5: Influencers among the respondents

Brands have maximum influence among the consumers than the celebrities and the bloggers. It is understood from the Fig:5 that, out of the total respondents, 55% (111) follow brands, 24% (48) follow celebrities, 21% (41) follow bloggers. Brands use Facebook as a platform to influence

the consumers. Fig:6 states that 25% of the respondents follow brands in Facebook, 24.5% in apps. It is evident from the Fig:7 that, Bloggers use blogs as a platform to influence the consumers.

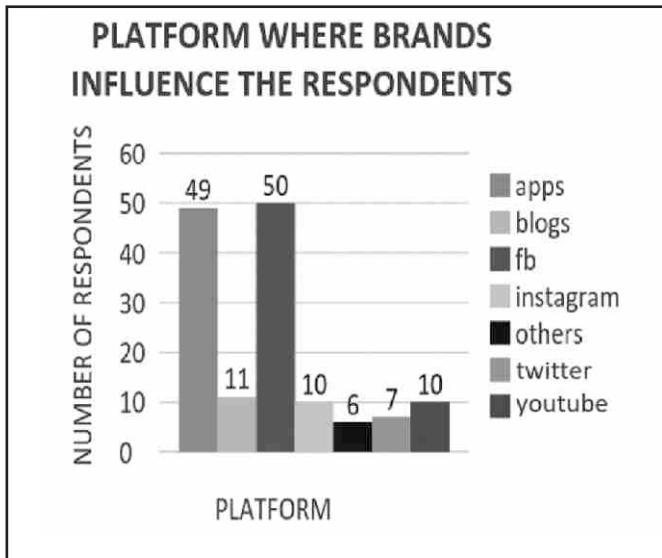


Fig 6: Platforms where the brands influence the respondent

Celebrities use Facebook as a platform to influence the consumers. Fig 8 shows that 22 respondents follow celebrities in Facebook. While analyzing various sources of attraction for respondents, it is clear from the fig 9 that, pictures play a major role in influencing the consumers to

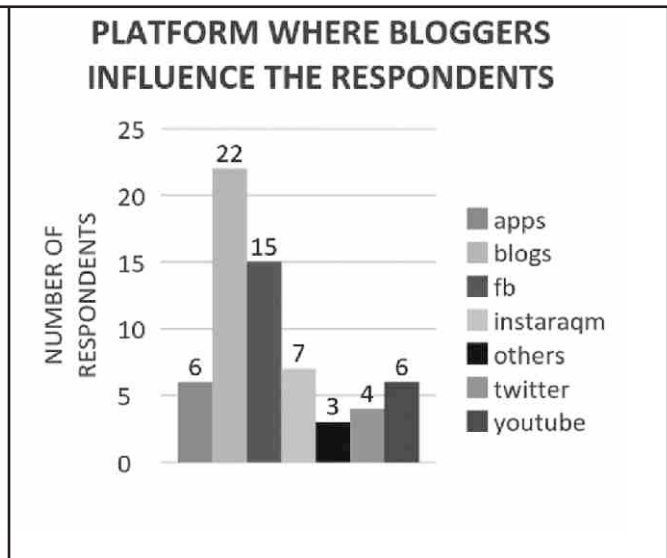


Fig 7: Platforms where bloggers influence respondent

buy clothing. Out of the total respondents, 63.5% of the respondents get attracted towards the pictures, 23.5% towards the textual content, 13% get attracted to videos to buy their fashion clothing.

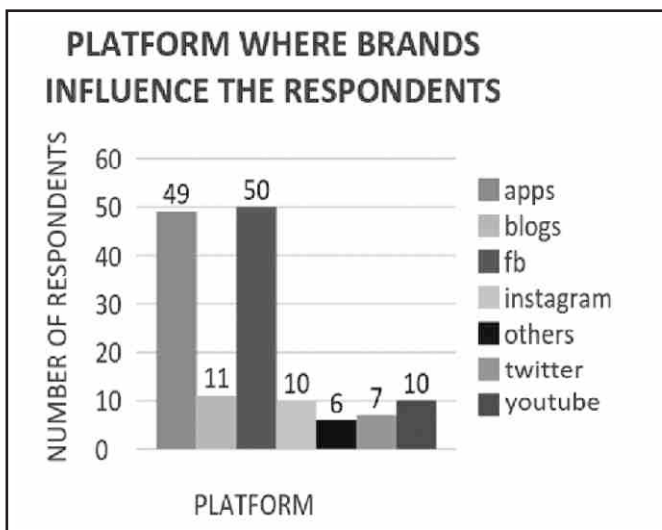


Fig 8: Platforms where celebrity influence the respondents

When we observe the impact made by the influencer in every stage of decision making process, celebrities plays a major role in influencing the consumers followed by brand and the bloggers. But in the information search stage, the bloggers have more impact followed by brands and the celebrities. At the stage of choosing alternatives, brands have more impact than celebrities and

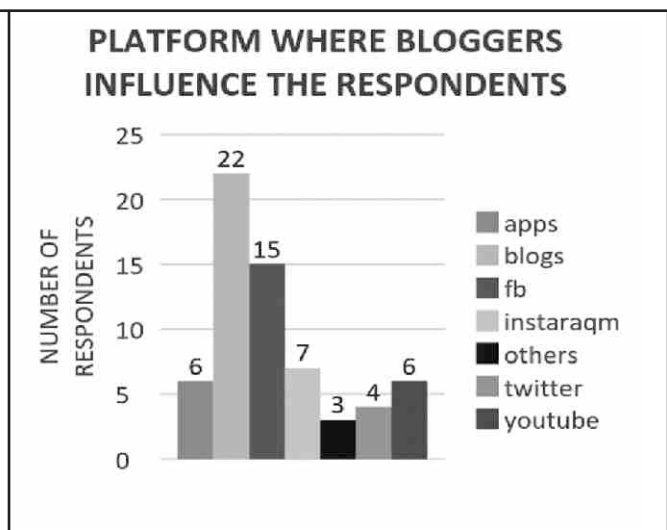


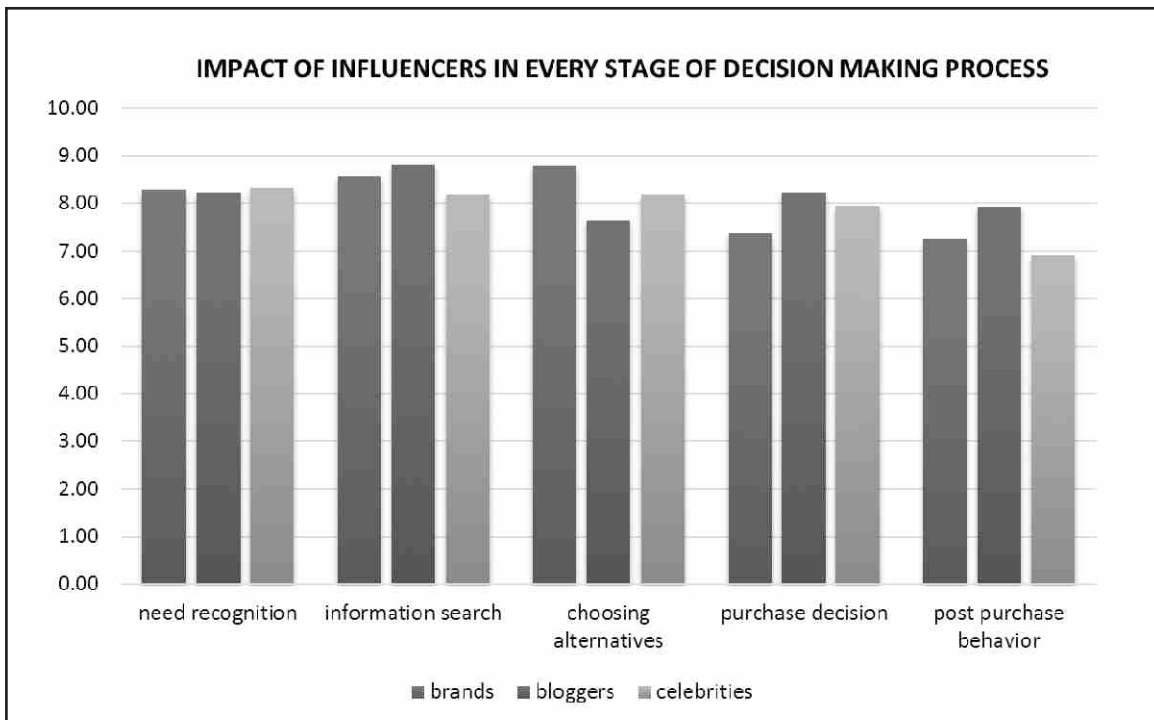
Fig 9: Source of attraction for the respondents

bloggers. As the customer moves on to the stage of purchase decision, bloggers have huge impact than celebrities and brands. Finally in the post purchase behavior, bloggers have huge impact in changing the attitude of the consumers than brand and celebrities. The results are depicted in tables 1 and graph 1.

Table 1: Impact made by the influencers in every stage of decision making process

	BRANDS	BLOGGERS	CELEBRITIES
Need recognition	8.30	8.24	8.33
Info search	8.57	8.82	8.21
Choosing alternatives	8.79	7.65	8.21
Purchase decision	7.36	8.24	7.95
Post purchase behavior	7.25	7.94	6.92

Source : primary Data



Graph 1: Impact made by the influencers in every stage of decision making process

Source : Primary Data

The present study aims to serve as an indicator to potential readers of how they can tap into the decision making process via the influencers and it also tries to understand how behavior patterns of modern buyers can be affected by other people's opinions. Since the major objectives of the studies are focused on influencer's impact on fashion seekers decision making process, we formulated the following hypothesis for this purpose.

Results of the statistical tests

Hypothesis Testing

Analysis of variance (ANOVA) has been carried out to examine whether there is any significant difference in level of influence exists across the various categories influencers like brands, bloggers and celebrities. We have formulated the following hypothesis for this purpose.

H1: There is a significant difference between the levels of influence made by brands, bloggers, and celebrities in each level of decision making process.

The ANOVA output is presented in Table 2

Table : 2 Result of ANOVA Test

DEPENDANT VARIABLES			Sig.
NEED RECOGNITION	brand	celebrity	.779
		bloggers	.567
	celebrity	brand	.779
		bloggers	.470
	bloggers	brand	.567
		celebrity	.470
INFORMATION SEARCH	brand	celebrity	.740
		bloggers	.825
	celebrity	brand	.740
		bloggers	.644
	bloggers	brand	.825
		celebrity	.644
CHOOSING OF ALTERNATIVES	brand	celebrity	.513
		bloggers	.879
	celebrity	brand	.513
		bloggers	.505
	bloggers	brand	.879
		celebrity	.505
PURCHASE DECISION	brand	celebrity	.219
		bloggers	.661
	celebrity	brand	.219
		bloggers	.528
	bloggers	brand	.661
		celebrity	.528
POST PURCHASE BEHAVIOR	brand	celebrity	.344
		bloggers	.518
	celebrity	brand	.344
		bloggers	.185
	bloggers	brand	.518
		celebrity	.185

ANOVA is used in the analysis of comparative experiments, those in which only the difference in outcomes is of interest. Let the value of P be 0.05. The significance level in every stage of the decision making process is above 0.05. Hence the null hypothesis is rejected. We infer that, there lies a significant difference between the levels of influence made by the influencers in each level of decision making process.

Social media are now an integral part of many consumers' everyday lives. Majority of the consumer choices are made on the basis of social media information. Previous studies have also investigated the relationship between the fashion consciousness of mature consumers and the fashion information social sources used by members of that market

segment. Customer age also plays a distinct role in apparel decision making process. In order to analyze the age wise preference among respondents a second hypothesis has been formulated as follows:

H2: There is significant difference in the influencers, viz., brand, celebrity, and bloggers across "age".

The CROSS TAB: 1 shows the distribution of the age of the respondents and whom they follow. It explains that, in the age group 15-30, brands are followed in a larger aspect as compared to bloggers and celebrities. But in the age group 30-35, it is the bloggers and from 35 and above it is the brand that is followed by the consumers.

Cross Tab 1 : Distribution of Age Responents

			influencers			Total
			brand	celebrity	bloggers	
age	15-20	Count	27	9	1	37
		% within age	73.0%	24.3%	2.7%	100.0%
		% within influencers	30.3%	23.1%	2.9%	22.8%
		% of Total	16.7%	5.6%	.6%	22.8%
	20-25	Count	36	11	6	53
		% within age	67.9%	20.8%	11.3%	100.0%
		% within influencers	40.4%	28.2%	17.6%	32.7%
		% of Total	22.2%	6.8%	3.7%	32.7%
	25-30	Count	11	9	5	25
		% within age	44.0%	36.0%	20.0%	100.0%
		% within influencers	12.4%	23.1%	14.7%	15.4%
		% of Total	6.8%	5.6%	3.1%	15.4%
	30-35	Count	5	5	14	24
		% within age	20.8%	20.8%	58.3%	100.0%
		% within influencers	5.6%	12.8%	41.2%	14.8%
		% of Total	3.1%	3.1%	8.6%	14.8%
35 and above	Count	10	5	8	23	
	% within age	43.5%	21.7%	34.8%	100.0%	
	% within influencers	11.2%	12.8%	23.5%	14.2%	
	% of Total	6.2%	3.1%	4.9%	14.2%	
Total	Count	89	39	34	162	
	% within age	54.9%	24.1%	21.0%	100.0%	
	% within influencers	100.0%	100.0%	100.0%	100.0%	
	% of Total	54.9%	24.1%	21.0%	100.0%	

Source : Primary Data

Table 3 : Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	38.170 ^a	8	.000
Likelihood Ratio	37.763	8	.000
Linear-by-Linear Association	23.783	1	.000
N of Valid Cases	162		
a. 1 cells (6.7%) have expected count less than 5. The minimum expected count is 4.83.			

chi-square a statistical method assessing the goodness of fit between a set of observed values and those expected theoretically. A significance level of 0.05 is assumed. It is clear from the table 3 that the Pearson chi-square significance value shows significance value less than 0.05. Since P value ≤ 0.05 , the null hypothesis is rejected. Therefore, it states that there is a significant difference in the perception of influencers across “age” group.

The above hypothesis proves the existence of the relationship between age of the customer and the perception of influencers, viz., brand, celebrity, and bloggers. This

result drives another stage of analysis to investigate the major factors which lead to attract the customers towards the influencers. These factors may also influence the customers in their purchasing decision. So the following hypothesis is formulated to identify the impact of influencing context in this regard.

H3: There is significant relationship between age and what attracts them i.e. pictures, videos, textual contents.

The **CROSS TAB: 2** shows the distribution of age of the respondent and what attracts them i.e. pictures, videos, and textual contents.

Cross Tab 2 : Relationship between Age and Source of attraction

			attracts most			Total
			Pictures	Videos	Textual content	
age	15-20	Count	24	7	6	37
		% within age	64.9%	18.9%	16.2%	100.0%
		% within attracts most	23.3%	28.0%	18.2%	23.0%
		% of Total	14.9%	4.3%	3.7%	23.0%
	20-25	Count	42	8	2	52
		% within age	80.8%	15.4%	3.8%	100.0%
		% within attracts most	40.8%	32.0%	6.1%	32.3%
		% of Total	26.1%	5.0%	1.2%	32.3%
	25-30	Count	16	4	5	25
		% within age	64.0%	16.0%	20.0%	100.0%
		% within attracts most	15.5%	16.0%	15.2%	15.5%
		% of Total	9.9%	2.5%	3.1%	15.5%

30-35	Count	7	3	14	24
	% within age	29.2%	12.5%	58.3%	100.0%
	% within attracts most	6.8%	12.0%	42.4%	14.9%
	% of Total	4.3%	1.9%	8.7%	14.9%
35 and above	Count	14	3	6	23
	% within age	60.9%	13.0%	26.1%	100.0%
	% within attracts most	13.6%	12.0%	18.2%	14.3%
	% of Total	8.7%	1.9%	3.7%	14.3%
Total	Count	103	25	33	161
	% within age	64.0%	15.5%	20.5%	100.0%
	% within attracts most	100.0%	100.0%	100.0%	100.0%
	% of Total	64.0%	15.5%	20.5%	100.0%

Source : Primary Data

In the age group 15-30, pictures and from 30 and above the textual content made by brand, celebrity, and bloggers attracts them a lot.

Table : 4 Chi-Square Text

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	31.869 ^a	8	.000
Likelihood Ratio	30.805	8	.000
Linear-by-Linear Association	9.299	1	.002
N of Valid Cases	161		

a. 5 cells (33.3%) have expected count less than 5. The minimum expected count is 3.57.

The table 4 shows that the value of Chi-Square test is significant at 5% significance level. This states that null hypothesis is rejected and alternative is accepted. Thus the result states that, there exists significant relationship between the age and what attracts them i.e. pictures, videos, textual contents.

Conclusion

Fashion plays an important role on lifestyle and many people spend their money proportion to fashion changes. Today, social media are firmly anchored in consumers changing habits in keeping themselves updated with the latest fashion trends. The present paper analyzes the impact of influencers in various stages of consumer decision process in fashion industry. In the beginning stages of the buying process, consumers tend to realize the need for the

product by following celebrities in Facebook, Instagram, twitter etc. The consumers have used blogs as a way to find out information about the product they were considering buying. The blogs also increase the amount of communication consumer's conduct that occurs before the actual purchasing situation. With the use of blogs the phenomena of passing on the message is highlighted in its efficiency. Research responses also suggest that readers use blogs as a way of validating their purchasing decisions. They go online to find reviews posted by bloggers about the product they might be interested in buying and by using the communication tools of the blogs, they ask opinions from the blogger and other readers, hoping to get help to their decision making.

The results of the research indicate that blogs can have a significant impact on how young women behave after

reading a positive comment on a purchase, as they enjoy not only having a reliable source telling them their opinions on the products and having a source of information, but also that they enjoy reading texts by someone they relate to. The style of the blogger is what draws the reader to a specific blog, it is the pictures that attract readers coming back and trusting their reviews. Bloggers often provide direct links to the specific items they are talking about and provide the consumers with tips on good and safe places to shop from.

This can be seen both as a negative and a positive shift in terms of the company. If the consumer is satisfied with the product, blogs can be a tool the customer uses to pass on a message about the good experience to unlimited amount people. Without blogs, consumers might talk about the product, but mainly only with their friends, limiting the number of potential customers to a very small number. Therefore by writing about the experiences on blogs, companies can get an idea of what they have done right and what they need to improve on, getting the customer point of view. It is important to note that several companies operating in the fashion industry have come to value and recognize the influence that bloggers can have in terms of reaching their target customers, and have found an efficient way of marketing their products. With these recommendations of investing into relationship building with a blogger and indirectly engaging the company's target customer base, company trust and customer loyalty can be built, resulting in higher sales and profitable long-term customer relationships.

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Salesperson's True Potential vs. Salespersons Profitability Index

Pankaj M. Madhani

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Typically sales organizations measure only past sales performance and hence rely on historical metric. Sales people who brought in the most sales were considered 'stars'. However, such direct measure was neither an accurate gauge of a sales person's present worth nor a good indicator of his or her potential. By developing a forward looking approach to forecast a salesperson's future value and linking sales performance with the types of training and incentives each salesperson has received, it is possible to optimize salesforce investments, boost revenue and profit and derive greater business value. Salesperson's profitability index (SPI) developed in this paper provides basis for internal benchmarking and helps sales organizations in measuring future value of salesperson. SPI is dependent on future value of sales people and salesforce investment. This research provides insights on how sales organization can incorporate SPI metric in salesforce investment and performance management to boost salesforce productivity and enhance competitive advantages.

Keywords: Salesperson's future value, Sales performance, Training, Sales incentives, Salesperson's profitability index



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The salesforce represents a significant investment as it is a large percentage of total costs for most sales organizations. Each year businesses across the globe spend a massive amount on salesforce investment. U.S. businesses spend a whopping \$800 billion annually on salesforce compensation and another \$15 billion on sales training (Kumar *et al.*, 2015). Nevertheless sales organizations currently rely on backward-looking metrics to gauge the impact of these spendings.

Sales organizations have used many subjective and objective measures to gauge sales performance. In subjective measures, sales organizations focus on how hard sales people have worked in terms of the overall amount of efforts or time that sales people devote trying to achieve sales goals. While in objective measures, sales organizations monitor and reward their sales people with sales revenue or output measure. Such output based measures of performance are simple and easy to implement, but ad-hoc rather than

systematic and tend to reward sales people's past behavior while ignoring future profit potential. There are various aspects of a salesperson's performance which are not accounted for by current sales performance. For instance, prospecting for new customers may require extra efforts or collecting market information which does not result in immediate sales. Such qualitative elements are more likely to be reflected in long-run profits.

By using a forward looking approach to forecast a salesperson's profitability index (SPI) and linking performance with the types of each salesperson has received, it's possible to identify who will be highest-performing sales people in the organization and accordingly tailor incentives and training to maximize sales performance. SPI is dependent on future value of sales people and salesforce investment. By linking SPI to specific type of incentives and training, it is possible to optimize salesforce investments to boost revenue and profit. This research provides insights on how sales organization can incorporate SPI metric in salesforce performance management to enhance salesforce productivity and derive greater business value.

Reward System and Training: Impact on Sales Performance

Rewards and Sales Performance

Rewards employees receive for performing their jobs are intrinsic as well as extrinsic. Intrinsic rewards reflect employees' psychological satisfaction resulting from performing their tasks while extrinsic rewards are based on performance based financial incentives. Extrinsic motivation is mainly divided in two distinct components: compensation seeking (financial rewards) and recognition seeking (non-financial rewards) (Miao *et al.*, 2007). Thus, two main components of reward plan are 'financial rewards' and 'non-financial rewards'.

Organizations need to pay attention to individual differences (*e.g.* age, tenure, educational background etc.) in reward preferences among employees. Individuals may favor different rewards/incentives according to their needs, education, social status, or circumstances (Gerhart, and Rynes, 2003). Rewards, financial or non-financial, both are extremely important as manager can't do one without the other as they have to go hand in hand. Besides satisfaction with financial rewards – employee behaviors and attitudes were also affected by their satisfaction with non-financial rewards (De Gieter and Hofmans, 2015). It was found that

employees' initial motivation and satisfaction may have improved with a pay raise or cash bonus, but the effects were shorter lived than the motivating effects of non-financial rewards (Whitaker, 2010).

Non-financial recognition is a non-cash award given in recognition of a high level of accomplishment or performance. The size, scope and formality of non-financial recognition schemes vary tremendously. Non-financial rewards are more likely to enhance interest and involvement in the job (Selart *et al.*, 2008), and hence should be customized to carefully match it with employees' characteristics, situations and preferences as it is often idiosyncratic to each salesperson. WorldatWork (formerly American Compensation Association) reported that effectively implemented non-financial rewards programs can achieve an ROI (return on investment) 3 times higher than cash incentive programs (Jimenez *et al.*, 2013).

Reward systems have a direct effect on the direction of employees' individual attention and effort (Bamberger and Levi 2009). There is a positive relationship between reward satisfaction and task performance and a negative one between satisfactions with rewards and turnover intentions. It is found that the more employees feel dissatisfied with their financial rewards, the higher the risk they leave the organization (Williams *et al.*, 2006). Organizations are recognizing that paying above or at market-levels is not sufficient to encourage, motivate, and retain staff. Accordingly, firms use various reward mechanisms and frequently realign it to motivate sales people to expend more effort and eventually perform better. Changes in reward systems have long been known to affect employee motivation and performance. Nearly 80% of U.S. organizations make meaningful changes to their salesforce reward programs every two years or less; nearly two-thirds of organizations made revisions in 2009 (WorldatWork, 2009).

An organizational reward system based solely on financial rewards, or at the other extreme non-financial rewards, is not likely to lead to an optimum reward strategy. Financial and non-financial rewards send different messages to the employees. Non-financial rewards, such as recognition signal appreciation and enhance feelings of self-actualization; while, financial rewards, are perceived as control and micro-management over employees (James, 2005). Mix of financial and non-financial forms of incentives also encourage the salesperson to perform better. It is important to provide the appropriate financial rewards,

but it is also necessary to complement these with other reward types (Chiang and Birtch, 2011). Employees' personality affects the attractiveness of a variety of reward types (Vandenberghe *et al.*, 2008). Satisfaction with a particular reward type may have a different effect on the behaviors and attitudes of different employees. There are differences between groups of employees in their preferences for certain rewards, depending on employment level (Dubinsky *et al.*, 2000) and personal characteristics such as age (Von Bonsdorff, 2011). Sales people can underperform because of a misalignment of their extrinsic motivation with the type of reward they receive (Kumar *et al.*, 2015). Hence, the more important a reward type is for an employee, the more satisfaction with this reward type will influence the employee's behaviors and attitudes.

Training and Sales Performance

Most training programs at sales organizations are geared toward increasing the salesperson's knowledge, skills, and abilities that are considered relevant for selling effectiveness. Knowledge, skills, and abilities are malleable characteristics that are open to change and enhancements through various training interventions. Hence, along with properly designed incentives, training is also an important driver in enhancing sales performance. Organizations are spending millions of dollars on training employees, and sales training takes a significant portion of that budget (Tan and Newman, 2013). Sales training offers a means for realizing change within the salesforce required for sales success. Through training, the salesforce can learn new skills and be introduced to contemporary ideas, perspectives, and ways of behaving and thus enhancing their sales performance. As training has a positive impact on the salesperson's performance (Roman *et al.*, 2002), successful selling methods used by top salespeople can be incorporated into organizational level training programs for the development of rest of individual salespeople. It remains vital that proper training take place to ensure organizational goals are met and that individuals are not just "born but also made" into successful sales employees.

Selling is a problem-solving task and training helps sales person to understand, anticipate and exceed customer needs. Training is defined as "the systematic acquisition of skills, rules, concepts, and attitudes that results in improved performance in another environment" (Goldstein, 1993). Sales people are not born with sales success but it comes from sales training and effective ongoing coaching. Sales

training refers to a deliberate and formalized accumulation of information (e.g., product knowledge, market and competitive information, company policies and procedures), concepts, and selling skills that are intended to foster competence or enhance the performance of salespeople. Successful sales people continuously seek to expand their knowledge and strengthen their skills. They also possess the ability to present the company's product or service in the best possible light. A basic objective of most sales training program is to impart skills and induce changes in salesperson behavior that promote performance.

Sales training involves a systematic attempt to describe, and transfer "best-selling practices" to sales personnel. Sales training contributes significantly to salesperson knowledge and skill levels, performance, effectiveness, customer orientation, and overall firm performance. Through sales training programs, sales people may actually learn to perform more effectively and more quickly. A study of Nabisco's sales training program found a \$122 increase in sales and a 20-fold increase in profit for every dollar invested in training. With strength of 2,200 sales people, it means an increase in sales of \$270 million and an increase in annual profits of \$45 million (Klein, 1997). Training may improve sales performance (and company profits) by increasing productivity, improving morale, reducing turnover, improving customer relations, and improving management of time and territory (Farrell and Ralph, 2001).

The relationship between training and salesperson performance at the individual level was established by developing an analytical model (Caldieraro and Coughlan, 2002). Researchers also empirically tested that training increases the salesperson's knowledge base and skill level, resulting in higher performance (Aragón-Sánchez *et al.*, 2003). Prior research also found positive relationship between training and sales performance. Cavusgil (1990) evaluated sales training for independent Caterpillar dealers in Central America by matching locations and providing training to one of the locations and found that sales were higher at the geographical locations that received training. In an experimental design that matched 14 retail stores into seven groups based upon market characteristics and location, it was found that sales employees who received training earned statistically higher earnings. The trained sales associates increased their sales by about 7% and employee turnover was lower at stores that received sales training (Meyer and Raich, 1983). Similarly, in a research

study of stores from a major UK chain of 263 fashion boutiques, it was found that the average weekly sales in stores receiving training were significantly higher than in control group locations. Moreover, trained salespersons accomplished multiple sales at a significantly higher level (Doyle and Cook, 1984).

Businesses invest substantial time, money, and effort training their sales team with ultimate objectives of increasing sales productivity and profitability (Wilson *et al.*, 2002). The American Society for Training and Development (ASTD) estimates that U.S. businesses spend \$15 billion every year on sales and sales management training, which amounts to approximately \$2,000 per salesperson (Salopek, 2009). U.S. firms devote more than 33 hours per year training the average salesperson (Lorge and Smith, 1998) and 73.4 training days for an average entry-level sales person (Kaydo, 1998). In technical markets the costs associated with the development of a single salesperson can exceed \$100,000 (Johnston and Marshall, 2006). The large amounts spent on training endeavors reinforce notion that it remains critically important for sales organizations to enhance performance of sales employees.

In current scenario ethics also remains a requisite training focus. Sales performance can be enhanced through ethical sales behaviors. As the focus of sales has shifted in many circumstances from a transactional to a relational sales approach, the need for ethical behavior has heightened. Given increasing product liability litigation, coupled with headline news items about organizations and individuals involved in unethical sales behavior, it is obvious why ethics training is taking on a more prominent role. Customer-oriented salespeople, avoid deceptive or manipulative influence tactics that sacrifice customer interests simply to enhance the chances of making an instant sale (Saxe and Weitz, 1982). Prior research empirically found that salespeople who receive ethics training are more likely to practice customer-oriented selling, which can be perceived as more ethical (Honeycutt *et al.*, 1995).

Salesperson Future Value (SFV): Measuring Salesforce Potential

Because of the influence of a salesperson's performance on a sales organization's profitability, it is imperative that organizations have the ability not only to measure a salesperson's current performance but also to predict the salesperson's performance into the future. It is even more

important when there is a possibility that turnover of salespeople could take valuable customers with them. Hence, sales organization should know which salespeople are more valuable (in terms of future performance), whom to focus on retaining, and whom to let go. The lack of this capability could lead to myopic and ill-advised salesforce reward practices.

For guiding, valuing and evaluating its salespeople, sales organizations mainly focused on how hard sales person has worked in terms of the overall amount of effort or time that salespeople devote to trying to achieve sales goals. Accordingly, most sales organizations have used sales revenue as the main performance metric for sales people and hence sales employees who brought in the most revenue were considered as 'stars'. Similarly, sales employees who brought in the least revenue were considered as 'laggards'. Such quantitative metric is simple, easy to implement but ad-hoc rather than systematic and tend to reward salespeople's past behavior while ignoring future profit potential. Such measure of sales performance was neither an accurate gauge of a sales employee's current worth nor a good indicator of his or her potential as past performance of sales employees doesn't always predict future profits.

As marketing focus is shifting from a product-centric to a customer-centric view, it is imperative that sales organizations adapt accordingly by viewing their salesforce from a customer profitability standpoint and be able to forecast salesforce profit potential. Hence, sales organizations need new metric to measure future value of a salesperson. To account for future potential within the performance metric, sales organizations need to adopt a model-based approach based on customer-level profitability for evaluating the salesperson. The performance of salespeople can be divided into four categories: learners, laggards, stars and stable performers (Madhani, 2013). Individuals in each category are motivated by different facets of rewards and compensation plans. Measuring and managing the salesforce performance according to future value metrics can deliver greater efficiency and profits and increase competitive advantage.

Salesperson's Performance Measurement: A Forward Looking Approach

This research contributes to salesforce performance evaluation by proposing a forward-looking, profit-oriented metric derived from customer relationship management

(CRM) concepts to measure and predicts the future value of a salesperson i.e. SFV. This metric provides a single quantitative measure of overall efficiency upon which salespeople can be compared, simultaneously taking into account multiple relevant inputs and outputs. The following input factors are used in the SFV metric: rewards and training expenses of the individual salesperson. The output factor used in this metric is not current sales but includes future sales in terms of customer lifetime value (CLV) of current and potential customers. Thus, this metric provides basis for internal benchmarking and helps sales organizations in measuring future value of salesperson. By looking not just at the end results sales employees have generated but at their future profitability, sales organization may find that top performers are even more valuable than originally thought—and low performers found even more costly. The methodology for calculating CLV is explained below:

CLV Calculation Methodology

CLV focuses on long-term profitability instead of immediate sales outcome. CLV depends on three main components of customer relationship – acquisition, retention, and cross-selling. This metric also manages to score over other metrics by adopting a customer-centric approach instead of a product-centric one, as the driver of profitability. CLV is a calculation of projected net cash flows that a firm expects to receive from the customer, adjusted to the probability of occurrence and are then discounted. Hence, it measures the present value of all future profit streams of a customer across the entire customer life cycle. The lifetime value of a customer for an organisation is the net revenues obtained from that customer over the life time of transactions with that customer minus the cost of attracting, selling, and servicing the customer taking into account the time value of money (Jain and Singh, 2002).

Although organizations are interested in knowing the CLV of their customers, they are also keen on identifying the factors that are in their control that could increase the CLV. The CLV of a customer represents the amount the customer will contribute to the bottom line of the firm over the span of the business relationship with them (Kumar and Shah, 2009). Hence, it cannot be seen in an isolated way but rather in the long-term relationship context occurring throughout the customer lifetime.

CLV is influenced by retention rate, lifetime revenue of customer as well as profit margin. CLV provides the present

value of a customer relationship over the lifetime with an organization, and is calculated based on a number of sales transactions with customers (Kumar and Rajan, 2009). CLV focus on the net present value (NPV) of a customer gained over the lifetime of that customer as explained by equation given below:

CLV of New Customer = Present contribution + Future contribution

$$CLV = \sum_{t=1}^N (Present\ Contribution\ margin - Present\ cost) + \frac{(Future\ Contribution\ margin - Future\ cost)}{(1 + d)^t}$$

As CLV is the sum of cumulated cash flows-discounted using the weighted average cost of capital (WACC) of a customer over his or her entire lifetime with the organization, its mathematical expression is given below:

$$CLV = \sum_{t=0}^n \frac{(p_t - c_t) * r_t}{(1 + d)^t} - AC$$

$$CLV = \sum_{t=0}^n \frac{m_t * r_t}{(1 + d)^t} - AC$$

Where,

n: Total number of anticipated periods,
d: Discount rate,

m_t : Gross margin in period t ,
 p_t : Price paid by a consumer at time t ,

c_t : Direct cost of servicing the customer at time t ,

r_t : Retention rate in period t ,

AC: Acquisition cost, and

t: Time horizon for estimating CLV

If gross margins ($m = p - c$) and retention rates are constant over time and an infinite time horizon by assuming an infinite economic life ($n \rightarrow \infty$) then CLV formulas given above in simplifies to the following expressions (Gupta and Lehmann, 2005).

$$CLV = \sum_{t=0}^{\infty} \frac{(p_t - c_t) * r_t}{(1 + d)^t} - AC$$

SFV Calculation Methodology

Salesperson Future Value (SFV) is defined as the net present value of future cash flow i.e. revenue from a salesperson's customers (i.e., the CLV of the sales employees' existing and prospective customers) after accounting for the costs of rewarding, motivating, and retaining the salesperson. To calculate an SFV, organizations need to estimate the CLV of the salesperson's existing and prospective customers as explained above and then subtract the present value of the sales employee's rewards (and training cost, if any), to yield a measure of the sales employee's expected future profits.

The SFV metric as given by Kumar *et al.*, (2014) can be computed as follows:

$$SFV_s = (NPV \text{ of Future } CM_s) - (NPV \text{ of Relevant Costs}_s)$$

In above metric the future contribution margin (CM) associated with a salesperson 's' is measured in terms of the total CLV from his or her existing customers as well as expected value from new customers. The use of CLV to measure the future cash flows for each salesperson ensures that the SFV metric is customer-centric as well as forward looking. The second term in the SFV metric accounts for the cost that the sales organization incurs from training as well as rewarding and motivating the salesperson. As a performance metric, SFV enables sales organizations to concentrate their resource allocation in retaining sales employees that create more value for the organizations or in transforming existing low performance sales employees to increase their future value through proper design of rewards and training.

The type of reward practices used by organization plays an important role in motivating sales employees to perform. If rewards are used effectively, it can motivate sale people to perform at higher levels. Optimizing a sales person's reward according to the analytical model such as SFV will result in an improvement in sales. For example, sales managers may change the bonus and commission structure slightly for the non-financial rewards driven sales employees in order to motivate them to meet high quotas. However, for this segment, managers may emphasize non-financial rewards, as it will further enhance their motivation. Sales employees may have great potential that can be reached only if they get

the right motivational tools. Similarly, financial rewards driven sales employee's performance may fall off if her manager overemphasizes non-financial rewards and neglects financial rewards.

Types of training each sales employee receive are: *task-related*, and *growth-related*. Most sales training is task related, focused on improving knowledge and skills directly involved in selling. Growth-related training, which focuses on adaptive and problem-solving skills, can increase a sales employee's future value in part by enhancing his or her ability to apply information and tactics developed in task-related training. It's important for sales organizations to consider this synergy when designing training schedules. Sales organizations incorporate specific training interventions to increase the salesperson's task-related and growth-related knowledge, skills, and abilities. Each unit of task and growth-related training produces a positive but diminishing effect on salesperson performance. There exists an optimal level of training that can be provided to each salesperson to maximize its effect on his or her performance (Krishnamoorthy *et al.*, 2005) and hence maximize SFV.

Salesforce segmentation and future value calculations allow sales managers not only to identify their best salespeople but also to understand why the profit potential of one is climbing while another's is plateauing or falling. Evaluating the performance of individual sales employee in the organization is a complex yet necessary task for sales organizations. The sales performance curve of sales employees would be prepared through IT-based econometric tools, techniques and analysis; however, an approximation can simply be achieved by calculating each salesperson's actual performance against sales targets. Sales organizations use this data to determine which salespeople will respond best to different types of rewards (financial as well as non-financial) and different types of training (task related as well as growth related) and accordingly adjust the reward structure and training design as needed.

Salesperson's Profitability Index (SPI): A Forward Looking Measurement Approach

The performance of sales people can be divided into four categories: laggards, learners, stable and stars. In any sales organizations, no salesforce consists entirely of stars; sales employees are usually made up mainly of stable or core performers (60%), with smaller but roughly equal proportion of learners/laggards and stars/rainmakers (20% each) (Madhani, 2013). In most sales organizations, an outstanding

few 'star' performers outperform their peers. It is because, they are highly motivated, know products and customer well, communicate effectively with customers, know how to forge a long term relationship with the prospect or customer, sell more efficiently and effectively and spend their resources on prospects or customers with high potential or the most productive sales activities where they can create the most value. Star sales employees thus gain an edge over other sales people by keeping focused on winning new as well as repeat and referral sales. They also have high customer retention rate. Typically, sales organizations focus on identifying 'star' performers and replicate their success for other sales people by enhancing their skills with properly designed training plan and motivating them with right incentives plan. Optimizing sales employee's training and incentives according to such predictive analytics result in to an improvement in sales.

Salesperson's Profitability Index (SPI) metric provides basis for internal benchmarking and helps sales organizations in measuring future value of salesperson. The goal of SPI measurement isn't to restrain rainmakers but to narrow the gap between the top 15% or 20% and the rest of the salesforce. Narrowing the gap between the top 15% or 20% and the rest of the salesforce can lead to productivity jumps of over 200% (Ledingham *et al.*, 2006). SPI provides a forward-looking, profit-oriented metric to measure and predicts the profitability index of a salesperson. SPI is ratio of salesperson's future value (SFV) and cost of salesforce investment i.e. costs of rewarding, training, motivating, and retaining the salesperson. As SFV is based on the aggregated customer lifetime value (CLV) of the salesperson's customers, sales organization that use salesforce automation (SFA), knowledge management (KM) and advanced CRM software that calculate CLV already have the required starting data. SFV is defined as the net present value (NPV) of future cash flow i.e. revenue from a salesperson's customers (i.e., the CLV of the sales employees' existing and prospective customers also called customer equity) after accounting for the costs of salesforce investment. Methods for calculating CLV and SFV are explained in earlier sections of the paper.

Evaluating the performance of individual sales employees is a complex yet necessary task for sales organizations. In comparison to backward-looking metrics, SPI approach helps sales organizations to predict future profitability of sales people and determine which sales people will respond best to different types of training (task oriented versus

growth oriented, Madhani, 2017a) and incentives (financial versus non-financial Madhani, 2017b) and adjust them as needed. Sales organizations need to identify their 'star' performers as well as those who are not meeting expectations i.e. laggards. Both groups necessitate special policies. The 'star' should be managed as a valued asset while 'laggard' warrant special attention and a chance to improve. When a salesperson identified as having a high SPI doesn't live up to expectations; such performance problems may reflect misapplication of training and incentives. Following section provides detail methodology for calculating SFV and SPI.

Measuring Sales Performance with SPI: An Illustration

By looking not just at the end results sales employees have generated but at their future profitability, sales organization may find that top performers are even more valuable than originally thought - and low performers found even more costly.

Let us take a hypothetical illustration of a sales organization that divides sales people into deciles, (i.e. grouped into ten equal parts) according to profit generated over a three-year period. To understand the relationship between present value and future value of salesperson, sales organization typically use segmentation analysis to identify the factors that influence a salesperson's future performance and then group sales people according to them. After determining the SPI of various groups of sales people, data on each segment's prior training and incentives are correlated with their SPI to develop a holistic picture of how such factors influence performance of sales employees. In this exercise, tenure, market competitiveness, and sales territory are used as control variables.

Next, SPV (salesperson's present value), SFV (salesperson's future value) and SPI (salesperson's profitability index) for the sales employees in each decile is calculated. The detailed calculation method of SPV, SFV and SPI for decile '1' and decile '10' is given in Table 2. Similarly, SPV, SFV and SPI for decile '2' through decile '9' is calculated. These results for all segments of sales people (i.e. decile '1' through decile '10') are tabulated (Table 1). Table 1 shows SPV, SFV and SPI values for all segments of sales people. The relationship between SPV and SFV for various decile is shown in Figure 1. Table 1 also shows sales performance (i.e. both SPV and SFV) as a percentage of median (Median SPV and SFV are calculated and found as 39.5 k and 9 k respectively). This relationship is shown in Figure 2.

Table 1: Sales Employee Performance: SPV, SFV and SPI

Sr. No.	Decile	Sales Employee Performance		Performance As Percentage of Median		Salesperson Profitability Index (SPI)
		SPV	SFV	SPV	SFV	SPI
(1)	1	50 k	100 k	127 %	1111 %	1
(2)	2	48 k	52 k	122 %	578 %	0.50
(3)	3	45 k	40 k	114 %	444 %	0.40
(4)	4	43 k	18 k	109 %	200 %	0.20
(5)	5	40 k	12 k	101 %	133 %	0.13
(6)	6	39 k	6 k	99 %	67 %	0.06
(7)	7	38 k	4 k	96 %	44 %	0.04
(8)	8	37 k	1 k	94 %	11 %	0.01
(9)	9	36 k	-10 k	91 %	-111 %	-0.12
(10)	10	32 k	-20 k	81 %	-222 %	-0.25
Chart		Figure -1		Figure -2		Figure -3

The SPI across various decile of sales people is plotted in Figure 3. SPI should be positive and its higher value is preferred as it reflects more profit potential. For sales people in decile ‘1’, SPI is high i.e. 1 while, it’s negative i.e. -0.25 for decile ‘10’.

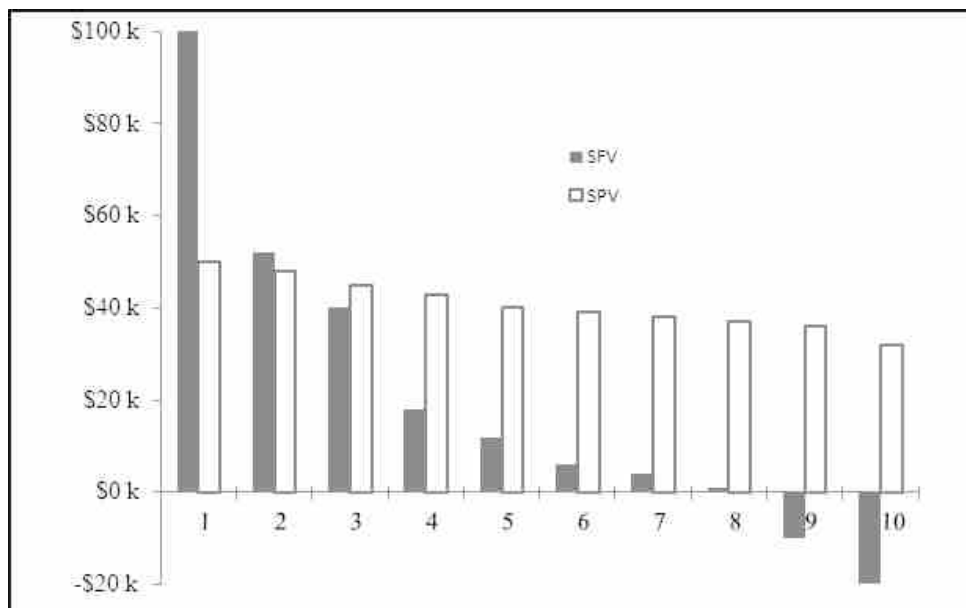


Figure 1: The Relationship between SPV and SFV

As Figure 1, Figure 2 and Figure 3 show that the sales organization had been dramatically *undervaluing* sales people in the highest decile (i.e. decile ‘1’); those sales

employees future value was found to be nearly double their value as measured by current performance alone (Figure 1) and their SPI was the highest among all deciles (Figure 3).

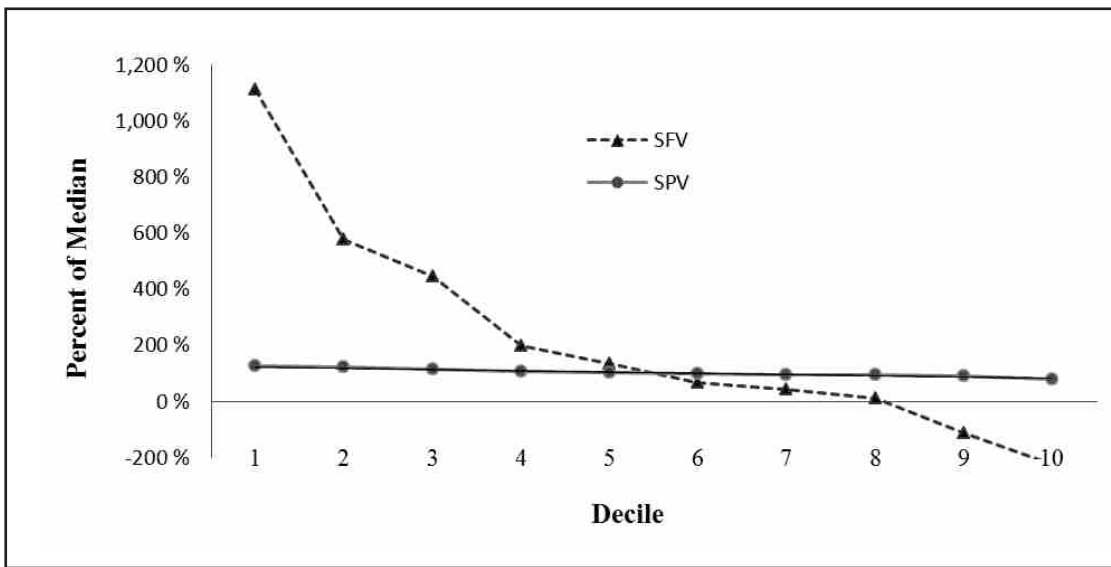


Figure 2: Sales Performance as a Percentage of Median: SPV versus SFV

Meanwhile, sales employees in the bottom decile (i.e. decile ‘10’), who appeared to bring in lower but still substantial profit, were badly *overvalued* -as in future such sales people

are destined to cost more than they generated. They have SFV and SPI of -20k (Figure 1) and -0.25 (Figure 3) respectively.

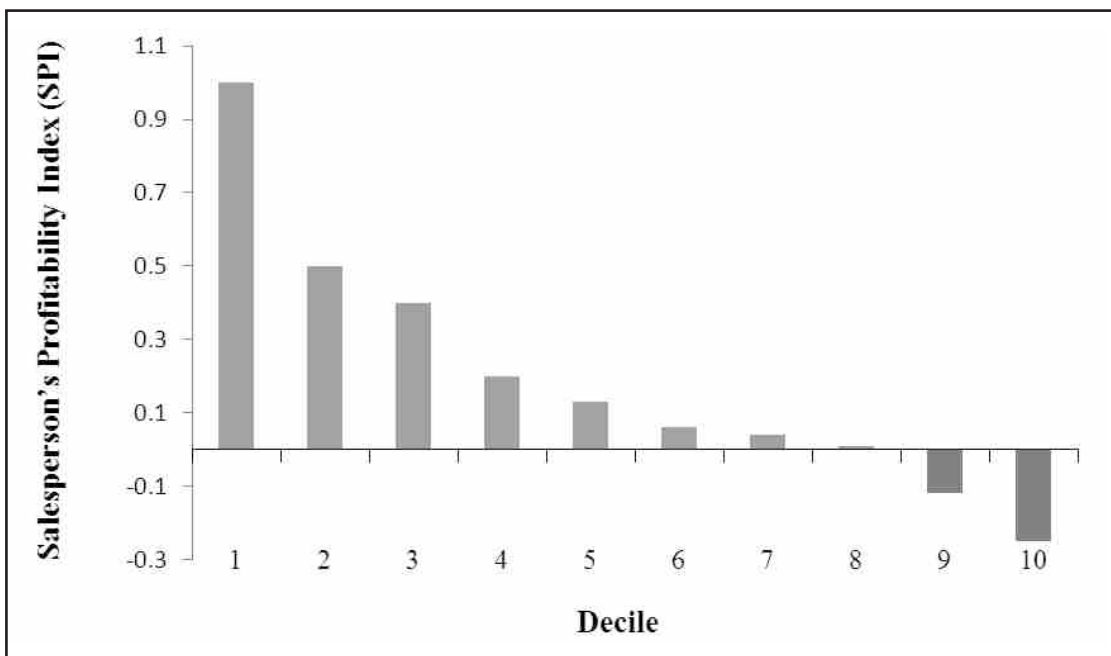


Figure 3: SPI across Various Salesforce Segments

Table 2: SPV, SFV and SPI Calculation for Decile '1' (D₁) and Decile '10' (D₁₀)

Sr. No.	Calculation Steps	SPV, SFV and SPI Calculation								
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
(1)	Year (n)	0	1	2	3	4	5	6	7	
(2)	Cost of promotion (\$):	D ₁	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
		D ₁₀	11	11	11	11	11	11	11	11
(3)	Average order size (\$):	D ₁	47.9	47.9	47.9	47.9	47.9	47.9	47.9	47.9
		D ₁₀	45.11	45.11	45.11	45.11	45.11	45.11	45.11	45.11
(4)	No. of purchase/year/customer	2	2	2	2	2	2	2	2	
(5)	Gross margin (%):	D ₁	25.16	25.16	25.16	25.16	25.16	25.16	25.16	25.16
		D ₁₀	24.63	24.63	24.63	24.63	24.63	24.63	24.63	24.63
(6)	Margin on each purchase: [(3) x (5)] (\$)	D ₁	12.05	12.05	12.05	12.05	12.05	12.05	12.05	12.05
		D ₁₀	11.11	11.11	11.11	11.11	11.11	11.11	11.11	11.11
(7)	Discount rate (%) (for NPV calculation)	10	10	10	10	10	10	10	10	
(8)	Customer acquisition cost (\$):	D ₁	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
		D ₁₀	11	11	11	11	11	11	11	11
(9)	Retention rate (r) (%):	D ₁	53.5							
		D ₁₀	37.4							
(10)	Retention rate across years: [(r) ⁿ] (%)	D ₁	100	53.5	28.6	15.3	8.2	4.4	2.3	1.3
		D ₁₀	100	37.4	14	5.2	2.0	0.7	0.3	0.1
(11)	Expected profit/customer : [(4) x (6) - (2)] x (10) (\$)	D ₁	15	8.03	4.29	2.30	1.23	0.66	0.35	0.20
		D ₁₀	11.22	4.20	1.57	0.59	0.22	0.08	0.03	0.01
(12)	NPV of profit/ customer: [(11)/((1+(7)) ⁿ)] (\$)	D ₁	15	7.30	3.55	1.73	0.84	0.41	0.20	0.10
		D ₁₀	11.22	3.81	1.30	0.44	0.15	0.05	0.02	0.01
(13)	CLV: Cumulative profit / customer (net of acquisition cost) (\$)	D ₁	5.90	13.20	16.75	18.48	19.31	19.72	19.92	20.02
		D ₁₀	0.22	4.03	5.33	5.77	5.92	5.97	5.99	6.0
(14)	CLV of a customer (\$):	D ₁	20							
		D ₁₀	6							
(15)	Number of customers:	10,000								
(16)	Incentives of sales employee (\$):	D ₁	89,000							
		D ₁₀	72,000							
(17)	Training cost of sales employee (\$):	D ₁	11,000							
		D ₁₀	8,100							
(18)	Costs of salesforce investment: (16) + (17) (\$):	D ₁	100,000							
		D ₁₀	80,100							
(19)	SPV: ((12A)x(15) - (18)) (\$)	D ₁	50,000							
		D ₁₀	32,100							
(20)	SFV: ((14)x(15) - (18)) (\$)	D ₁	100,000							
		D ₁₀	-20,100							
(21)	SPI : (20)/(18)	D ₁	1							
		D ₁₀	-0.25							
(22)	Training and incentives mix:	D ₁	Optimal							
		D ₁₀	Sub-optimal							
(23)	Sales performance :	D ₁	Outstanding							
		D ₁₀	Poor							
(24)	Recommendation:	D ₁	Maintain training and incentives design							
		D ₁₀	Modify training and incentives design							

(Source: Calculated by author)

Calculation shows that SPV and SFV for decile '1' is \$50,000 and \$100,000 respectively while its \$32,100 and \$-20,100 respectively for decile '10' (Table 2). Similarly, SPI for decile '1' and decile '10' is 1 and -0.25 respectively (Table 2). Sales organizations with appropriate training interventions and reward mix adjustments may increase performance of sales people in lower decile (particularly with negative SFV and SPI).

As SPI across various segments are correlated with types of training and incentives practices of sales people, sales organization can identify specific training and reward needs to enhance performance of sales people. With optimization of training and reward practices, sales organizations can dramatically boost sales revenue and profit with increase in future performance of sales employees. Training and reward optimization not only reduces sales employee turnover but also enhances performance of retained employees as it takes into consideration the needs of the sales employees, the characteristics of their sales territory, and the requirements of the organization.

Managerial Implications

Managers can use SPI metrics to segment the salesforce and identify groups that are more or less sensitive to training, incentives, or other factors. Comparing SPI for different time horizons allows managers to optimize training and incentives to achieve short- and longer-term goals. With this approach, management can then make strategic decisions about investments in training and incentives, career development, and even hiring and firing. As a performance metric, SPI enables sales organizations to concentrate their resource allocation in retaining high performance sales employees that create more value for the organizations or in transforming existing low performance sales employees to increase their future value through proper design of training and incentives. SPI calculations allow managers not only to identify their best sales people but also to understand why the profit potential of one is climbing while another's is plateauing or falling.

As sales organizations typically measure only the past performance of their sales people, they know little about how a salesperson will perform going forward. As a result, many firms overvalue their poor performers (laggards or learners), undervalue their stars (rainmakers) and even neglect their core or stable performers by misdirecting their salesforce investments. Failing to forecast SPI can lead to costly misallocation of resources on training and incentives.

In worst scenario, undervalued (with low present value) but top sales people (with high future value) leave the organization - taking highly profitable customers with them. In the current era of extremely competitive market-place, it is critical for organizations to manage their salesforce proactively by measuring future value of sales people and focusing on organizational drivers of a salesperson's future performance (i.e. opt-in training and incentives).

Measuring Future Value of Sales People at Fortune 500 Firm: Major Benefits

A Fortune 500 B2B software, hardware, and services firm, used forward looking approach and calculated future value of its sales people. Based on seven years of data [including duration and type of training (task and growth oriented) and the mix and type of incentives (monetary and nonmonetary)] on 500 sales people and their customers, this approach allowed the firm to reallocate training and incentive investments across sales people, resulting in an 8% increase in salesperson's future value (SFV) across the salesforce and a 4% increase in firm revenue (Kumar *et al.*, 2015).

Conclusion

As sales is becoming a strategic driver for sales organizations performance measurement of sales people according to SPI will not only help top performers shine, but will also help drive sales force laggards to the middle of the curve. Such organizations are boosting their sales employees' productivity not by hiring the most-gifted individuals but by developing (with proper duration and type of training) and motivating (with proper mix and type of incentives) existing sales employees to enhance their performance. With such realignment of salesforce training and incentives, while even top performers do better, sales employees in the lower quartiles will also show dramatic improvement. Such increases enhance the performance of the sales team as a whole and also enable sales organizations to reduce the expense of hiring new rainmakers. SPI measurement allows sales organizations to profile top performers in a given segment and then recruit and optimally train and motivate others like them. By enhancing the performance of high-profit-potential sales people, shedding poor performers, and applying just the right amount and kind of training and incentives, managers can optimize their resources, reduce overall costs and improve organizational efficiency. Measuring and managing the salesforce performance according to SPI approach can deliver greater efficiency and profits and increase competitive advantages.

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SME IPOs in Indian Capital Market

A. R. Tripathi, Gautam Pratap Pradhan and Shri Narayan Pandey

A b s t r a c t

The present study attempts to examine the performance of IPOs which were issued through and listed on BSE SME and NSE EMERGE platforms. The study finds that with the passage of time, this platform is gaining momentum as number of issues listed on such platforms is increasing over the years and average issue size of the individual IPO stands around 8 crore which is encouraging. Further, it is validated that, on an average SME IPOs are underpriced to the extent of 10.60%. This outcome is consistent with universally accepted phenomena of initial underpricing. Authors find that though there is decreasing trend in the magnitude of underpricing during the period under study but the result of ANOVA depicts that the difference is not statistically significant. Finally, with the results of correlation analysis it is realised that there is significant relationship between magnitude of underpricing and subscription rate i.e. these two variables have a tendency to move in the same direction. This study has implication for investors, small business houses, investment bankers and regulatory bodies.

Key words : *Financing, IPO, SME Exchange, Underpricing.*

JEL Codes: G14, G21, G18, G24



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Since independence, MSME sector has played vital role in economic development story of India. If we consider factors of production, SME sector requires low capital but employs huge labour force. Its employment potentiality ways keeps it in the heart of policy formulation. It provides employment opportunity to nearly 8 crore people and contributes 8% towards GDP and 40% of country's export. Like large scale industry, MSME sector is also facing the challenge of financial scarcity and problem here is even more serious given the size of entities operating in this sector. Beck and Demirg find finance as a 'key growth constraint for MSMEs'

To improve the visibility of SMEs and thereby opening more financing avenues, the prime minister task force recommended establishing a platform where IPOs of SMEs

can be floated and traded; these are known as SME Exchange. SME Exchange means a trading platform of a recognised stock exchange having nationwide trading terminals permitted by the SEBI to list the specified securities issued in accordance with ICDR regulations, (2009), and includes a stock exchange granted recognition for this purpose but does not include the Main Board. This platform is beneficial not only for SMEs but also provides a juncture for informed investors to earn better return by taking enhanced risk of investing in emerging ventures. Tapping this opportunity, both the leading stock exchanges, BSE and NSE have established separate platforms for SMEs, called BSE MSE Platform and NSE EMERGE respectively. Earlier in 1990, OTCEI (over-the-counter exchange of India) was established with same purpose. With this platform, electronic exchange was introduced in India. This platform could not prove to be a success story and was discontinued in 2015.

By the end of the calendar year 2016, around 200 companies have been listed on these exchanges. The companies listed on SME platform can also migrate to main stock exchange by following the provisions of SEBI. But, the companies have to be mandatorily listed and traded on SME platform for a minimum period of two years. For the purpose of establishing high corporate governance standard, SEBI, along with BSE & NSE have formulated set of regulations to be complied by issuer with the help of merchant banker for the issue management.

Review of Literature

Chorruk and Worthington, (2013) examine the pricing and performance of initial public offerings (IPOs) for small and medium-sized enterprises (SMEs) on the Thai Market for Alternative Investments (MAI) from September 2001 to October 2008. Underpricing is calculated using headline underpricing, underpricing issuer loss, underpricing loss by market value and underpricing loss by issuer price. Aftermarket performance employs monthly cumulative abnormal returns, buy-and-hold returns and wealth relatives. The underpricing results show respective average underpricing of 12.69%, 5.01%, 4.74% and 11.40% for the measures used. This is significantly lower than the underpricing found for large firm IPOs listing on the Stock Exchange of Thailand (SET).

Bradley, Cooney, Dolvin, and Jordan (2006) investigate underpricing, long-run returns, lockup periods, and gross spreads for penny stock IPOs in USA over the 1990-1998 period and find that penny stock IPOs have higher initial returns than ordinary IPOs, but significantly worse long-run underperformance. Authors also find that penny stock IPOs have longer lockup periods and larger gross spreads. Further, authors find that there are shorter lockups lengths for penny stock IPOs with venture capital backing, which suggests a potential certification role for VC firms.

Hua, Wang, and Wang (2016) assess the impacts of venture capital (VC) on performance and innovation of China's small and medium-sized enterprises (SME). Using unbalanced panel data of 2699 VC-backed and non-VC backed firms in China's pilot over-the-counter equities market, namely the National Equity Exchange and Quotation (NEEQ) market, during 2005 – 2014. Authors find that venture capital financing not only spurs innovation in the Chinese market, but also exhibits significantly positive impact on financial performance. Empirical evidence reveals that syndication of venture capital investment as well as the reputation of venture capitalists helps to create value for VC-backed firms.

Jiming and Xing (2012) study whether the large shareholders of small and medium firms (SMEs) take advantage of the inside information and decrease their shares before their operation performance begins to decline after the Initial Public Offerings (IPOs). By using the data from annual reports of SMEs listed on Shenzhen Stock Exchange in China from 2004 to 2006, the study explores both the relationship and the interaction effects between the change of operation performance and the ownership concentration of SMEs around their IPOs. The analysis indicates that there is a significantly positive relationship between the ownership concentration and their operation performance after IPOs during the sample period. Moreover, the study suggests that the listed companies intend to package their book profits before IPOs for the sake of increasing their issuing prices and enlarge their financing.

Bru and Osteryoung (2001) extend the existing IPO literature to the case of micro-IPOs by analyzing a sample of Small Corporate Offering Registration (SCOR) documents from the U.S. state of Washington. Through theory, authors identified variables that should impact the probability of

success or failure in a SCOR offering and then empirically tested them. Empirical support was found for the relevance of marketing mechanisms and expenses; ownership and governance factors; business life cycle stages; and signaling factors consistent with our theoretical predictions.

Banerjee (2006) reinforces the significance of SMEs, the need to setup capital market access for SMEs and delves particularly into the case for equity market access. A solution is sought to reinvent the equity market access for SMEs. Author draws lessons from similar successful international experiments like AIM and NASDAQ and advocates in favour of an equity platform for SMEs which will result in wealth creation and employment for the nation.

Bhattacharya (2017) studies 106 SME IPOs listed BSE SME between 2012-15 and finds that IPOs that either are timed to market or have larger allocations to market makers tend to exhibit higher initial performance; that IPO allocation to market makers and IPO demand from retail individual investors increase liquidity in the IPO aftermarket; and that IPO timing and underwriter reputation significantly predict the long-term performance of SME IPOs. Author suggests closely watch and compare the risk and regulation of BSE MSE Exchange with those of established MSEs in other countries before incorporating any change in existing regulation. Investors interested in long term should shun SME IPOs that or timed to market or underwritten by poorly reputed firm. Further, easier listing and disclosure requirements and after market liquidity are two critical issues faced by BSE MSE, as the author opines.

Research Objectives

1. To study the development in SME IPO market in India,
2. To study listing day performance of SME IPOs floated during the period of study,
3. To study the relationship between under pricing and subscription rate of SME IPOs.

Hypotheses

1. On an average, SME IPOs are underpriced over the years under study.
2. There is no significant difference in the level of underpricing of SME IPOs during the period of study.

3. There is no significant relationship between underpricing and subscription rate of SME IPOs.

Research methodology

This study is descriptive in nature and is based on secondary data (cross- sectional). Secondary data have been collected from web portals of SEBI, BSE, NSE and Chittoregarh.com. The study covers a period of five years from 2012 to 2016. In 2012, first time SME IPO was introduced. During this period total 198 SME IPOs were floated, out of which data pertaining to four IPOs were not available. Thus, this study comprises 194 issues in all which were listed either on BSE SME platform or on NSE Emerge. There may be some inherent limitation of secondary data but authors have made every attempt to avoid wrong value from the series by cross checking the data set. We have applied one way ANOVA to test whether there is any significant difference in the level of underpricing during the period of study. Data have also been checked for their normality and homogeneity of variances. Correlation analysis has also been applied to test the relationship between underpricing and subscription rate. Underpricing has been calculated as percentage change in issue price and closing price on listing day.

Institutional and Regulatory Dynamics

I. Filing of offer document and due diligence certificate

The issuer shall not file the draft offer document with the Board but the issuer shall file a copy of the offer document with the Board through a merchant banker, simultaneously with the filing of the prospectus with the SME exchange and the Registrar of Companies, provided that the Board shall not issue any observation on the offer document. The merchant banker shall submit a due-diligence certificate in prescribed format along with the offer document to the Board. The offer document shall be displayed on the websites of the Board, the issuer, the merchant banker and the SME exchange where the specified securities offered through the offer document are proposed to be listed.

II. Underwriting by merchant bankers and underwriters

All such issues shall be hundred percent underwritten. The underwriting under this regulation shall be for the entire

hundred percent of the offer through offer document and shall not be restricted up to the minimum subscription level. The merchant banker/s shall underwrite at least fifteen per cent of the issue size on his/ their own account/s. The merchant banker shall file an undertaking to the Board that the issue has been hundred percent underwritten. All the underwriting and subscription arrangements made by the merchant banker shall be disclosed in the offer document. The underwriters other than the merchant banker and the nominated investors, who have entered into an agreement for subscribing to the issue in case of under-subscription, shall not subscribe to the issue in any manner except for fulfilling their obligations under their respective agreements with the merchant banker in this regard. If other underwriters fail to fulfill their underwriting obligations or other nominated investors fail to subscribe to unsubscribed portion, the merchant banker shall fulfill the underwriting obligations.

III. Minimum Application Value

The issuer shall stipulate in the offer document, the minimum application size in terms of number of specified securities which shall not be less than one lakh rupees per application.

IV. Minimum Number of Allottees

No allotment shall be made pursuant to any initial public offer made under this alternative, if the number of prospective allottees is less than fifty.

V. Listing of specified securities

Specified securities issued, as per this regulation, shall be listed on SME exchange. And, if the issuer is already listed on any recognized stock exchange, it shall migrate to the SME exchange.

VI. Migration to SME exchange

A listed issuer whose post-issue face value capital is less than twenty five crore rupees may migrate its specified securities to SME exchange if its shareholders approve such migration by passing a special resolution through postal ballot to this effect and if such issuer fulfils the eligibility criteria for listing laid down by the SME exchange.

VII. Migration to Main Board

An issuer, whose specified securities are listed on a SME Exchange and whose post issue face value capital is more than ten crore rupees and up to twenty five crore rupees, may migrate its specified securities to Main Board if its shareholders approve such migration by passing a special resolution through postal ballot to this effect and if such issuer fulfils the eligibility criteria for listing laid down by the Main Board. And, where the post issue face value capital of an issuer listed on SME exchange is likely to increase beyond twenty five crore rupees by virtue of any further issue of capital by the issuer by way of rights issue, preferential issue, bonus issue, etc. the issuer shall migrate its specified securities listed on SME exchange to Main Board and seek listing of specified securities proposed to be issued on the Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

VIII. Market Making

The merchant banker shall ensure compulsory market making through the stock brokers of SME exchange in the manner specified by SEBI for a minimum period of three years. The merchant banker may enter into agreement with nominated investors for receiving or delivering the specified securities in the market making subject to the prior approval by the SME exchange where the specified securities are proposed to be listed. The specified securities being bought or sold in the process of market making may be transferred to or from the nominated investor with whom the merchant banker has entered into an agreement for the market making. The issuer shall disclose the details of arrangement of market making in the offer document.

Underpricing of IPOs

Underpricing is defined as difference between issue price and listing price. Usually, closing price of listing day is taken as listing price. Scholars are unanimous across globe on the evidence of underpricing, though the magnitude of underpricing differs across the country and time period. (Rock, 1986; Ritter, 1980, 84 and Krishnamurti and Kumar 2002). The main rationale for liberalization of IPO pricing in India is to reduce the amount of under-pricing. Free pricing

of IPOs is expected to reduce but not completely eliminate under-pricing. Many theories have been put forth by these scholars as underlying factor of underpricing.

Winner's curse theory: Rock (1986) categorized investors into two types: informed and uninformed. Informed investors are knowledgeable about the future prospects of the shares being sold and will only attempt to buy when the issue is underpriced. Uninformed investors, on the other hand, do not know which issues are underpriced or overpriced, and therefore do not discriminate between issues when they apply for IPOs. They will be allocated only a small fraction (or none at all if the demand is too strong) of the most desirable new issues, while they are certain to get full allotment of the least attractive new issues. The uninformed investors face a winner's curse: if they get all of the shares that they demand, it is due to the fact that the informed investors do not want them. Due to this adverse selection problem, the uninformed investors will exit the market unless IPOs are sufficiently underpriced on average to recompense them for their informational handicap. An implication of the winner's curse theory is that riskier issues should be underpriced more. Indian IPOs are expected to be underpriced more than the IPOs from developed markets, due to the higher degree of participation by individual investors. Singla (2012) simplified the theory and opined that all Investors are not equally informed as information research is costly and time consuming. Some investors become informed and learn the true firm's value while others remain uninformed. Informed investors subscribe IPOs only when they know that these issues are underpriced and there is money to be made, while uninformed investors can subscribe to any IPO. But one thing which we should not omit here is that SEBI in an attempt to curtail the issue of winners curse, has reserved 35 percent to 50 percent of the issue for the retail investors exclusively.

Informational cascades: Welch (1992), in his model of informational cascades, holds that potential investors in addition to their own information also notice whether other investors are also buying shares in the issue. If an investor finds that no one else wants to buy shares, we may decide not to purchase even if we have beneficial information. To

preclude this occurrence, an issuer under-prices the issue in order to persuade the first few potential investors to purchase and spawns a cascade in which other investors follow suit despite their earlier lack of enthusiasm in subscribing to the issue. In India, it is common for firms to advertise the fact that institutional investors have agreed to subscribe to the issue. Firms also come up with the advertisements indicating that the issue has been fully subscribed before the closing date of the issue or the issue has been subscribed this much on very first day, thereby inducing other potential investors.

Ex-ante Uncertainty: Beatty and Ritter, (1986) talk about ex-ante uncertainty surrounding the value of an issue. They argue that the amount of underpricing an IPO suffers should be related with this ex-ante uncertainty. Ibbotson, (1975) and Ritter (1984), provide convincing evidence that IPOs are on average underpriced having a direct relation with ex ante uncertainty about firm's value. An investor submitting a purchase order cannot be certain about an offering value once it starts public trade. Thus the greater the Ex ante uncertainty, the greater is the expected underpricing as large numbers of investors are encouraged to invest in information before adhering to the offer.

Litigation Risk: The litigation risk leads to the issuer and the investment banker to under-price the IPO issue. In USA, an investor in an IPO can sue every person who has signed the registration statement, every director or partner in the issuing firm, every accountant, consultant, and every investment banker connected with the offering, as per The Securities Act of 1933. The litigation factor is not considered to be a major issue in the Indian IPO market, since legal action against issuers is not common. However, recent IPOs in Indian markets have also appeared to face the threat of litigation risk. The issuer does a tradeoff by providing the underpricing of IPO issue in case of a threat of potential litigation by investors (Hughes and Thakor, 1992).

Signaling Theory: Allen and Faulhaber, (1989) that underpriced new issues "leave a good taste in investors' mouths" facilitating better prices for future offerings by the same investment bankers. Welch (1992) presents empirical evidence, which shows that roughly one third of the firms going public return to the equity market with a seasoned

offering within the next few years. These seasoned offerings represent a proportion that is much higher than one would find among a random sample of New York Stock Exchange firms.

Information asymmetry between firms and investment bankers: Baron and Holmstrom (1980) postulate that investment bankers exploit their superior information regarding market conditions to under-price new issues, thereby allowing them to spend less effort on marketing the issue and gain the goodwill of potential clients. In India, also, investment bankers are subject to the same type of incentives.

Ownership structure: Objective of issuers and investment bankers on the ownership structure in the post market impacts on the underpricing phenomena. Investment bank overprices the issue in order to decrement the number of owners or to have the ownership in concentrated with few

investors. However, in order to have scattered ownership IPO offer needs higher participation by the various segments of investors. Underpricing forms the solution for increased participation i.e. higher underpricing results in the increment in the demand of investor participation in IPO process (Sherman and Titman, 2002) Titman, 2002).

Analysis and Interpretation

In India, SME platform was introduced to serve as a medium of equity financing for small and medium enterprises which are not able to list their issues on main board of stock exchanges because of the stringent eligibility criteria. Since its inception in 2012, it has been actively serving its rationale. During these five years, 1555.31 crore was raised on the two platforms. Figure 1 depicts that over the years, number of IPO issues are growing to broaden the base of this market. Average issue size stood around 8 crore which is more or less similar during all the five years.

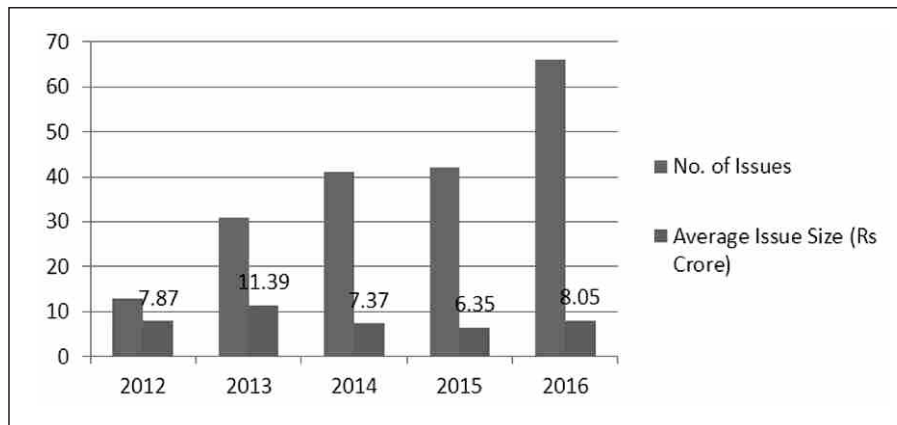


Figure 1: Frequency of SME IPOs and Average Issue Size

Figure 2 shows sector-wise distribution of number of SME IPO. Among the sectors which lead this growth story, prominent are Construction and Engineering, Distribution and Trading, Financial Services, Advisory Services and IT

and Technology. Figure 2A depicts the number of IPOs from different states. Maharashtra, Gujarat and New Delhi are leading states.

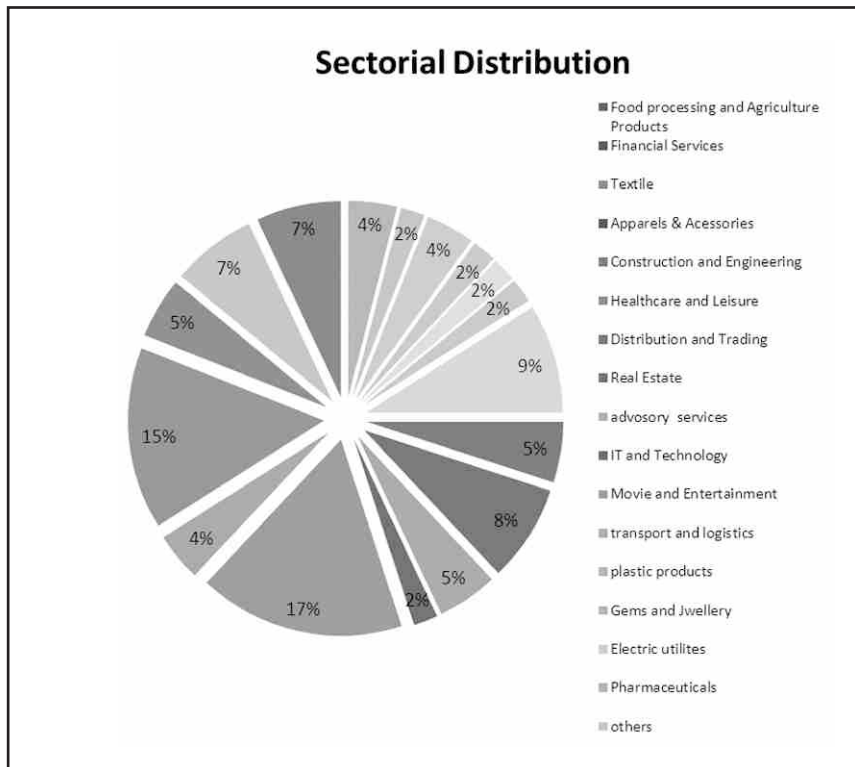


Figure 2: Sector-wise Distribution of SME IPOs

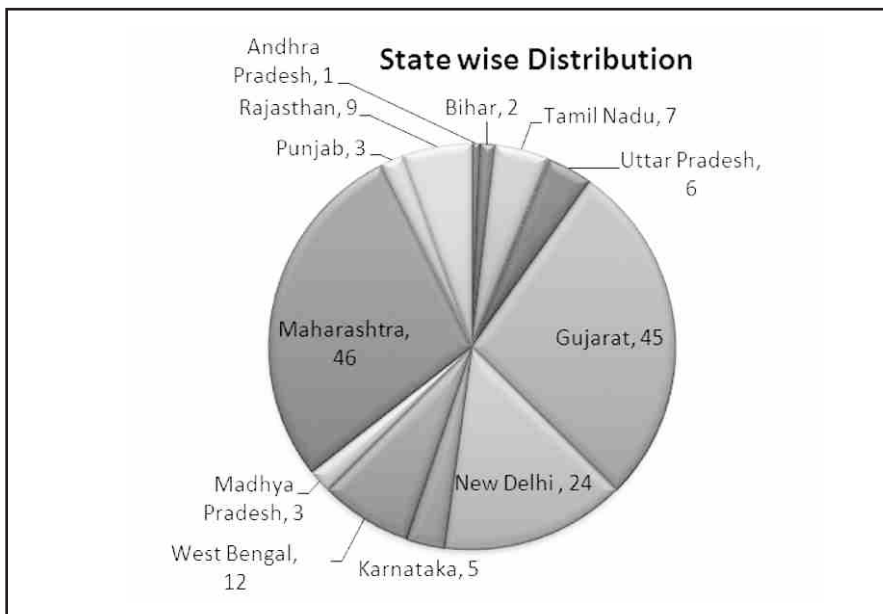


Figure 2A: State wise distribution of SME IPOs

It is established knowledge now that underpricing is a universal phenomena and this study finds that SME IPOs are no exception. For the period under study, average underpricing stood at 10.60%. This outcome could not reject our hypothesis that on an average SME IPOs are underpriced during the period of study. Figure 3 reveals on interesting fact that magnitude of underpricing is decreasing over the years since 2013. To validate this trend, authors have applied ANOVA test of hypothesis which found that different

in the level of underpricing over the years is not statistically significant even at 10% level of significance. This implies that the decreasing pattern of under-pricing as shown below (table 1) is random only and is not significant. Thus our second hypothesis that 'there is no significant difference in the level of underpricing during the period of study', could not be rejected. But the findings clearly indicate that in years to come, with greater efficiency in this market, underpricing may reduce further.

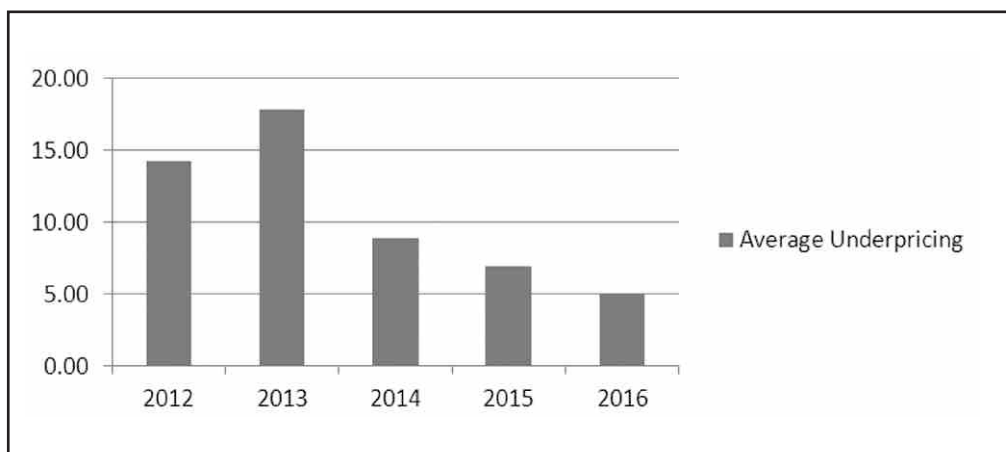


Figure 3: Underpricing of SME IPOs

Table 1: ANOVA - Decreasing patten of underpricing

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3977.012	4	994.253	1.689	.154
Within Groups	110638.311	188	588.502		
Total	114615.323	192			

Literature related with main stream IPOs suggests that there is a direct relationship between Subscription rate and level of underpricing. This implies that more underpriced IPOs are subscribed higher. With figure 4 it is obvious that the two variables have tendency to move in same direction. The result of the correlation analysis between the two variables

shows that there exists a weak and positive correlation i.e. 0.179 (table 2), though this relationship is weak but is statistically significant at 95% confidence level. But, this analysis does not establish any causal relation between underpricing and subscription rate of MSE IPOs. Further study can be undertaken in this regard.

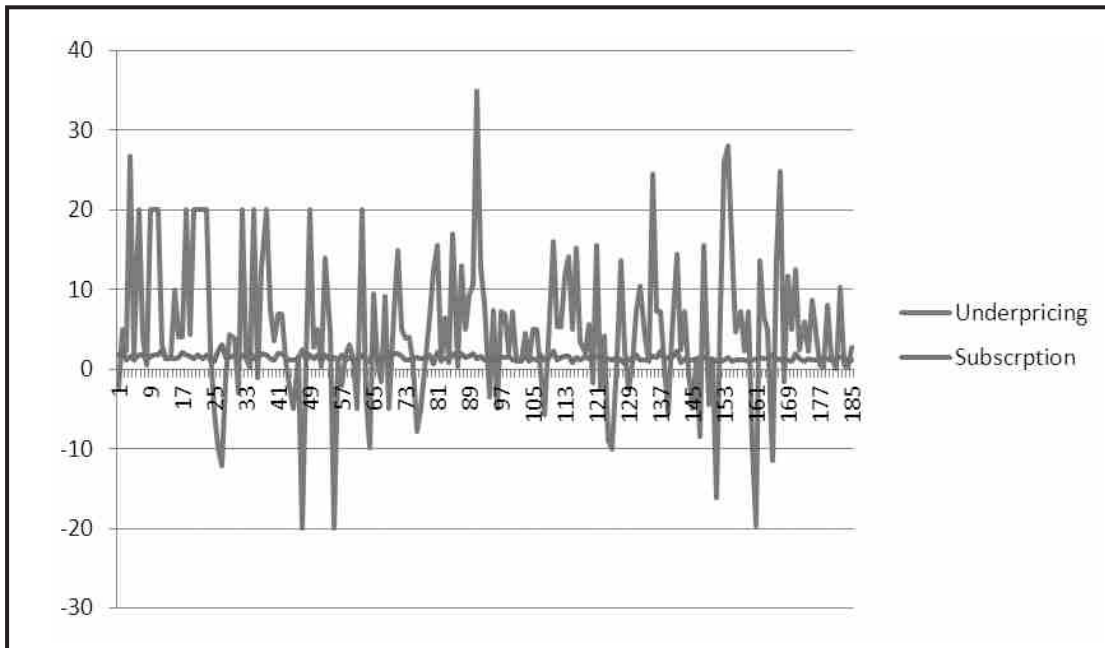


Figure 4: Underpricing and Subscription rate

Table 2: Correlations

		Underpricing	Subscription
Underpricing	Pearson Correlation	1	.179*
	Sig. (2-tailed)		.015
	N	185	185
Subscription	Pearson Correlation	.179*	1
	Sig. (2-tailed)	.015	
	N	185	185

*. Correlation is significant at the 0.05 level (2-tailed).

Conclusion

MSME Sector is considered as backbone of any economy because of its ability to create more jobs with less capital thereby elevating the standard of living of masses. The contribution of this sector becomes even more crucial in developing countries like India where one of the major concerns in development process is cited as 'financial constraints'. Many countries like USA, UK, Japan, Hongkong and China have established a separate stock exchange where such small companies can raise finance and

list their shares. India, after a long deliberation, paved the way for establishment of such a junior stock exchange. This study attempts to study the performance of IPOs which were issued though and listed on BSE SME and NSE EMERGE.

The study finds that with the passage of time, this platform is gaining momentum as number of issues listed on such platforms is increasing over the years and average issue size of the individual IPO stands around 8 crore which is encouraging. Further, it is validated that, on an average SME IPOs are underpriced to the extent of 10.60%. This outcome

is consistent with universally accepted phenomena of initial underpricing. Authors find that though there is decreasing trend in the magnitude of underpricing during the period under study but the result of ANOVA depicts that the difference is not statistically significant. Finally, with the results of correlation analysis it is realised there is significant relationship between magnitude of underpricing and subscription rate i.e. these two variables have a tendency to move in the same direction. This study has implications for investors, small business houses, investment bankers and regulatory bodies.

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Determinants of Dividend Policy of Listed Information Technology Companies in India

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Dividend is an enigma in corporate finance. There is no uniformity in findings, in the researches done on the topic. In this research endeavour top 30 companies in terms of market capitalization from India's burgeoning Information Technology sector is taken into account. Earnings per Share, Price to Earnings Ratio, Current Ratio, Life Cycle, and Promoter Holding are found to be statistically significant factors which affect the Dividend Payout Ratio. This is an important addition to the existing literature on Dividend Payment.

Key words : Information Technology, Dividend Payout Ratio, Earnings per Share, Price to Earnings Ratio, Current Ratio, Life Cycle, Promoter Holding

JEL Classification: G35



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Distribution of profit to shareholders is termed as dividend (Pandey, 2004). Profit earned by companies can be retained by them for future usage, or can be returned to shareholders as dividends. Each business organization has their own unique circumstances to take a very strategic decision with regards to the money generated through profit, i.e. whether to keep or retain it or to return it to the shareholders. Dividend Pay-out decisions are one of the most critical decisions an enterprise takes, and a number of conflicting theories have developed with respect to this (Alkuwari, 2009).

Firms transfer cash directly to investors in the form of Dividend. A higher dividend amount signals positive sign as far as the valuation of equity is concerned. Apart from direct cash dividends, existing literature is also of the opinion that dividends in the form of bonus share as well as in the form of stock split announcements impact stock prices positively (Grinblatt, et al., 1984).

The pertinent in this respect is to note that “The harder we look at the dividend picture the more it seems like a puzzle, with pieces that just do not fit together” (Black, 1976). There are different theories on dividend payment, and they deal with whether dividend payment increases or decreases the valuation of the company. It is not difficult to identify the variables which affect the dividend payment decisions, however, what is difficult to determine is how these factors interact among themselves (Ross, 2009).

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

Models developed in the western world, may or may not be applicable to emerging markets, due to their unique social as well as corporate culture, regulations and nature of investors (Musiega et al. 2013). Decisions to pay dividend and its impact on valuation of shares, is also widely debated in the literature of corporate finance, one set of arguments put forth say that, dividend payment and increase in its amount, increases the valuation of the firm, whereas another line of argument says that, it decreases the valuation of the firm, still there are other researchers who think, dividend payment decisions have no impact on the valuation of the shares (Anupam, 2012). Modigliani and Miller (1961) proposed that dividend payment decisions are irrelevant from the equity valuation perspective. However vast body of literature have contrarian view on this. These studies found that, dividend payment decisions are found to act as a signal and influence asset valuation (Asquith and Mullins, 1983; Brickley, 1983; Grinblatt, et al. 1984; Ross, 1977).

There is plethora of literature available in the domain of behavioural finance that suggests investors often misevaluate asset pricing due to issues like dividend desire, dividend initiation etc. (Asquith and Mullins, 1983; Baker and Wurgler, 2007; Subrahmanyam, 2007). This leads to the critical question of the motives behind a company’s dividend payment decisions (Daniel et al. 2002; Denis and Osobov, 2008).

The mode chosen to finance ventures – i.e. debt or equity – acts as a determinant of value of the companies. Fama and French (1999) were of the view that U.S. corporations predominantly use long-term debt capital for expansion.

They rely on equity capital in the time of merger and acquisition activities only.

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

The motive behind payment of dividend is a question of intense interest in the academia as well as in the corporate (Daniel et al., 2002; Denis and Osobov, 2008).

Information Technology Sector in India:

Information Technology sector in India is almost US \$ 150 billion industry (NASSCOM, 2016). Out of this around US \$ 100 billion is export revenue. It employs around 3.7 million employees, making it the largest sector in non government employment generation in the country. These figures underscore the importance of the sector to India’s economy.

Literature Review:

A number of studies in the developed as well as in emerging equity markets have listed a number of determinants as far as corporate valuation is concerned. Existing literature supports the idea that, better quality investments (i.e. investments with positive net present value) should have positive effect on the valuation of the companies (Morgado & Pindado, 2003). Myers (1977) was of the opinion that investment through debt is not positive for the firms.

Krishman (1963) propagated a bird in the hand theory, regarding dividend distribution. It states that investors are risk averse by their very nature. Linter (1962), Gordon and Shapiro (1956) got support for this theory, through their research. The underlying logic for this behavior was that returns from the equity market is uncertain, also there is considerable information asymmetry in the system, as a

result, investors will like dividend payment, as it transfers money from the company to the investors.

Baker and Wrugler (2003, 2004) propagated catering theory of dividend payment. According to this theory, companies pay dividend, only when they perceive that there is a demand for it, in the market. Thus the amount of dividend payment is directly proportional to the quantum of premium commanded by the firm's equity in the market.

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

Al-Twajjry (2007) studied the determinants of dividend payment decisions in the context of Malaysian capital market. This research found that present dividend payments are affected by the past and the future dividend payment decisions. The study also found that dividends payment decisions are affected by profitability of the firms.

The existing literature has explored the complex relationship that exists between size of a firm and behaviour of dividend payment exhibited by it. The one line of thinking in existing research says that total asset size of the firm influences dividend payment behaviour positively, as they can access capital market for required fund for capital expenditure, in an easier fashion compared to smaller firms in terms of asset size. As a result they are less dependent on internally generated funds, and these funds can be distributed as dividend. There is plethora of literature in support of this theory (Ahmed and Javid, 2009; Kuwari, 2009; Osobov, 2008; Hosami, 2007; Olantundun, 2000).

However, there is a contrarian view to this also, for example Ahmed and Javed (2009) as well as Ramli (2010) found that firm size has a negative relationship with the dividend payment decisions. The logic behind this is that the bigger firms tend to have higher reinvestment rate, and thus they pay less dividend.

Profitability of the firms and their ability to pay dividend is also widely discussed in the financial literature. However there is no one view on how profitability affects dividend payment decisions. For example, Amidu and Abor (2006) was of the view that Profitability is inversely related to Dividend Pay-out Ratio, signifying that firms rather invest in

their assets than paying dividend, out of money generated through profit. Kania and Bacon (2005) had found results on similar lines. Their research showed that, the Return on Equity (ROE) of firms has positive correlation with Retained Earnings. This signifies that, higher the ROE higher will be Retained Earnings and lower will be the Dividend Pay-out Ratio. On the other hand certain studies found that, Profitability of companies has positive correlation with the Dividend Pay-out Ratio, as companies with higher ROE, will have higher Free Cash Flow, and hence can pay higher Dividend. This line of thinking found support in the research work of Aivazian et. al. (2003) as well as Li and Lie (2006). Miller and Rock (1985) was of the view that, earnings acts as one of the determinant of the firm value, however information disseminated by this is asymmetric in nature. Cambell and Shiller (1988) found a positive relationship between the amount of earnings of a firm and the present value of all future dividends. This relationship was further proved by McCann and Oslon (1994). Benartzi et al. (1997) found that dividends have informational value regarding past and present earnings of an organization, based on minimal time lag concept. Lamont (1998) used minimal time lag concept to show that prior quarterly earnings successfully predict returns in the near term. Fama and French (2001) were of the view that, profitability is one of the determinants of dividend payment decisions. They also found that huge loss results in stoppage of dividend payment even for long-standing dividend paying companies. Koch and Sun (2004) was of the opinion that there exists time lag between market reaction and the change in quantum of dividend, this study also established a relationship between earnings and dividend payment decision of a company. Bali et al. (2008) found strong correlation between earnings and quantity of dividend payment by the companies.

According to Amidu and Abor (2006) there exist a negative relationship between Dividend Pay-out Ratio and Risk profile of the business. The existing literature has defined Risk, in terms of Price to Earnings (PE) Ratio. The PE Ratio signifies whether investors are expecting a higher or a lower earnings growth (Fama and French, 1988; Puckett, 1964). Higher PE Ratio signifies higher growth expectation, whereas lower PE Ratio signifies, lower growth expectations on the part of the investors.

The Debt to Equity (DE) Ratio or Financial Leverage also plays its role as one of the determinants of dividend.

According to the existing literature, firms with higher Financial Leverage tend to have lower Dividend Pay-out Ratio. This view found support among research work carried out by Rozeff (1982) and Al-Malkawi (2007). One plausible reason for this is that restrictions imposed by debt covenants, ties the hand of firm management, as a result they cannot extend the Financial Leverage Ratio beyond a point. A contrarian view was propagated by Kania and Bacon (2005) that the higher Leverage leads to higher Dividend Pay-out Ratio, owing to extra fund being generated due to debt capital.

Liquidity is also discussed as one of the determinants of dividend payment, in the existing literature, firms with higher liquidity are found to pay higher dividend. This view was supported by research done by Kanwal and Kapoor (2008), Ahmed and Javid (2009) etc.

Agency Problem in Business:

In modern business enterprises, two sets of agency problems exist. The first set of agency problem refers to the possible presence of conflict of interest between the managers and the shareholders of a company. Another set of agency problem refers to the conflict between the majority shareholders (i.e. controlling shareholders) and minority shareholders. In this context, corporate governance of firms is important. Miller (1994) was of the view that, good corporate governance practices balances the interests of various stakeholders of the firms. According to Haniffa & Hudaib (2006), Board Independence and Board Size both influences market value of the firms. Presence of well-qualified persons as independent directors, in the board, is one of the defining aspects of better corporate governance. The independent directors should be able to bring with them, the relevant expertise and the experience to guide the incumbent management on the future direction to be taken by the firm. Since the independent directors are expected to be devoid of any conflict of interest their advice should strengthen the management and benefit all sets of shareholders, especially the non-promoter, as well as the minority shareholders (Weisbach, 1988; Lee et al., 1990; Warner et al., 1988). Existing literature is also of the opinion that accounting quality of a firm is positively correlated to the independent director's representation in its board (Petra, 2007).

The relationship between the presence of independent directors and Dividend Payment is also explored in few studies. For example, La Porta et al. (2000) were of the view that, a company with higher proportion of independent directors pays lesser Dividends. An explanation of this phenomenon can be found in the studies of Bathala & Rho (1995) as well as Borokhovich et al. (2005), where the study states that firms with not so good Corporate Governance standards tend to pay higher Dividend to get favourable view of the investors. However there are contrarian findings to this in the existing literature. For example Schellenger et al. (1989) and Belden et al. (2005) was of the view that Dividend payment decision by firms, and the representation of Independent Directors in the board are directly correlated.

Variables Used in the Research:

In this research endeavour, the objective is to check what determines the Dividend Payment decisions of the listed companies in NSE 100 index (which represents the biggest listed companies in India). Financial firms are excluded from the analysis.

Dependent Variable:

The dependent variable here is Dividend Pay-out Ratio (DPR). DPR is defined as proportion of Net Profit, which is paid as Dividend.

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

Independent Variables:

Independent variables of the research are discussed hereby one by one:

Investment Opportunity: Market value of equity with respect to its book value indicates performance measure of the firm. This ratio indicates the premium (or discount) that the market gives to the firm on its equity capital and, as a result, reflects the market's view of the firm on whether it is being managed efficiently. High premiums suggest that every additional rupee invested in the firm would yield attractive returns for the investors; conversely, low premiums indicate that the returns on additional investments are unlikely to be attractive. So this ratio is a reflection of the incentives for additional capital investments to grow the firm

(Goranova et al., 2010).

Companies can do two things with the money generated through profit. Either they can keep it or they can disburse it to their shareholders. Companies which have option to invest profitably to increase their expected return, retain greater proportion of their profit for future investment purposes and pay proportionately lesser dividends to their shareholders (Myers and Majluf, 1984). Therefore, it can be expected that an inverse relationship exist between, opportunities to invest profitably and DPR. We have taken Price to Book (P/B) Ratio of Equity as proxy for Investment Opportunity. This is in accordance to Labhane and Mahakud (2016).

Risk: According to Friend and Puckett (1964), higher Price to Earnings (P/E) Ratio of a company shows investor's expectation of higher growth compared to a company with lower P/E Ratio. Fama and French (1998) supported this viewpoint. As a result P/E Ratio can be considered as a proxy for Risk (Mehta, 2012). According to Amidu and Abor (2006), an inverse relationship exists between Risk and DPR.

Firm Size: Accordance to Labhane and Mahakud (2016), larger firms generally has greater proportion of shareholding by institutional investors. As they have easy access to capital, they need to have higher DPR, to mitigate agency problem. Also easy access to fund, reduce big firm's dependence on internal fund (Mehta, 2012). This point of view has widespread support in the literature. For example Osobov (2008), Hosami (2007), Eriotis (2005), Aivazian (2003), all found support of this argument in their literature. As a result, it is hypothesized that Firm Size will have positive relationship with DPR. The natural log of Market Capitalization of the firm is considered as proxy for Firm Size. This method is in accordance with Kapoor et al. (2010).

Free Cash Flow per Share: Type 1 of the agency problem, deals with the conflict of interest of the shareholders and the managers. The Free Cash Flow amount is one of the determinants of this conflict of interest. A higher proportion of DPR reduced proportion retained of the Free Cash Flow, as well as this conflict of interest. This view point found support in the works of Easterbrook (1984), Rozeff (1982) as well as Jensen and Meckling (1976). Cash Flow per

Share (CFPSH) = (Net Profit after Tax + Depreciation + Net Working Capital) / Weighted Average Outstanding Common Shares. This method is in accordance with Liu et al. (2007).

Profitability: Profitability of a firm and its relationship with DPR is a complex one. There is no uniformity in the existing literature, in this regard. Pecking order theory propagated that a firm's reliance on internal fund will be more than the external fund. As a result, highly profitable firms will have lower DPR, as they will deploy money gainfully in their expansion (Amidu and Abor, 2006). This point of view found support in the works of Kania and Bacon (2005), Fama & French (2001), Lintner (1956). However, there is contrarian view to it. Prominent among them, are the works of Aivazian et al (2003), Li and Lie (2006) etc. Their view point is that the large profit making firms with steady profitability can pay higher dividend, as they generate the necessary cash-flow to do so. Three variables are considered as proxy for profitability in this study. They are:

Return on Equity (ROE) = Net Profit after Preference Share Dividend/Number of Outstanding Equity Shares

Return on Assets (ROA) = Net Profit/Total Assets

Earnings per Share (EPS) = Net Profit/ Number of Outstanding Equity Shares

This is in accordance with Mehta (2012).

The fourth variable is

Return on Net Worth (RONW) = Net Profit/ Networth

This is in accordance with Kapoor et al. (2010).

Liquidity: Liquidity of a firm may play a big role in its dividend payment decision. In spite of making enough profit, a firm may not have liquid cash to pay dividend. Less liquidity will result in less generous DPR for the shareholders (Kanwal and Kapur, 2008). Current Ratio is considered as the proxy for Liquidity in this study, this in accordance to Kania and Bacon (2005). Here

Current Ratio = (Current Assets/ Current Liabilities) Life

Cycle: Firms can either retain the profit generated by it or distribute it as dividend. As a result older firms will have more retained earnings than younger firms. The firm life cycle theory of dividends was propagated by Mueller (1972).

It is based on the notion that as a firm matures, its ability to generate cash overtakes its ability to find profitable investment opportunities. Eventually, the optimal choice is for the firm to distribute its free cash flow to shareholders in the form of dividends. According to this theory, firms go through different stages in their lifecycle. Mature firms generally do not have profitable new ventures to invest, so in this stage, firms have higher DPR. Life Cycle is computed as the ratio of retained earnings to total equity. This is in accordance to Labhane and Mahakud (2016).

Corporate Governance: Corporate Governance is the cornerstone, which ensures efficient functioning of the companies. Board structure is considered as one of the salient features of Corporate Governance. Here proportion of independent directors is taken as a proxy of Corporate Governance. The size effect of the firm is controlled this way. This is in accordance with Al-Najjar and Belghitar (2014).

Promoter Holding: Promoter Holding often plays a decisive role in Dividend payment decisions, as receivers of Dividend are in an advantageous position regarding taxation (Sharma et al., 2010). Gugler (2003) was also of the view that the percentage of Promoter Share Holding does play a role in proportion of profit being paid as Dividend.

Hypotheses of the Research:

The null hypotheses of the research are depicted below:

H01- Investment Opportunity of the firm has no effect on the DPR.

H02- Risk of the firm has no effect on the DPR.

H03- Size of the firm has no effect on the DPR.

H04- Free Cash Flow of the firm has no effect on the DPR.

H05- Profitability in terms ROA of the firm has no effect on the DPR.

H06- Profitability in terms ROE of the firm has no effect on the DPR.

H07- Profitability in terms RONW of the firm has no effect on the DPR

H08- Profitability in terms EPS of the firm has no effect on the DPR.

H09- Liquidity of the firm has no effect on the DPR.

H10- Life Cycle of the firm has no effect on the DPR.

H11- Corporate Governance of the firm has no effect on the DPR.

H12- Promoter Holding of the firm has no effect on the DPR.

Data Used:

The source of the data for this research has been Ace Analyser and Securities Exchange Board of India (SEBI) databases. Top 30 Information Technology companies listed in India, based on their Market Capitalization as on 31st.Dec, 2016 are considered for this study. The list of the companies is given in the Annexure. The period of the study, which is taken into account is five completed financial years period starting from 31st March, 2012 to 31st March, 2016.

Fixed and Random Effect Model:

Our primary objective is identification of factors, which influences the Dividend Payment Ratio, over a period of time for the companies in Information Technology sector in India. The nature of the data is panel data. Analyzing the data in the panel form, instead of cross sectional form has their own advantage. According to Hsiao (1986) analysis of data in the panel form enables the model to incorporate factors which are specific to time and firm.

We assumed dividend pay-out policy of a firm and the factors affecting it have a linear relationship between them.

We used both Fixed Effect and Random Effect Model, and tried to find out which Model to use through Hausman Test. The result of Hausman Test indicates that, Random Effect Model is an appropriate tool in this case.

Table 1: Output of Random Effect Model

Random effects	u _i ~ Gaussian		Wald chi2(11) =			29.87
corr(u _i , X)	= 0 (assumed)		Prob > chi2 =			0.0017
DPR	Coef.	Std. Err.	z	P>z [95%	Conf.	Interval
ROA	-.7155893	.7885374	-0.93	0.321	-2.575791	.887212
EPS	-.3101319	.1248677	-2.48	0.013	-.5548681	-.0653957
PE_RATIO	-.0535807	.017134	-4.31	0.001	-.0534429	-.0187185
DE_RATIO	-1.803133	1.830301	-0.99	0.325	-5.390456	1.78419
ROE	-.0024156	.076005	-0.03	0.975	-.1513826	.1465514
RONW	-2.703243	2.534321	-1.09	0.415	-5.670456	1.78419
Current_Ratio	-.4286213	.1620528	-2.64	0.008	-.7462389	-.1110037
PB_Ratio	-.0756164	.4449382	-0.17	0.881	-.9476792	.7964463
Proportion_Independent_Director	-9.579559	14.817	-0.65	0.518	-38.62035	19.46123
Ln_Market_Cap	.8735371	.853401	1.02	0.306	-.7990981	2.546172
Life_Cycle	-13.625	8.219381	-1.66	0.097	-29.73469	2.484687
CFPSH	.0809803	.1484338	0.55	0.585	-.2099446	.3719052
Promoter_Holding	-11.675	6.315681	-1.45	0.076	-27.23569	2.144283
_cons	37.35998	12.4024	3.01	0.003	13.05173	61.66824
sigma_u	4.2044835					
sigma_e	15.593478					
rho	.06777362 (fraction of variance due to u _i)					

Empirical output of the Random Effect Model clearly shows that, five factors namely Profitability in terms of EPS, Risk in terms of PE Ratio, Liquidity in terms of Current Ratio, Promoter Holding and Life Cycle of the firm, are statistically significant factors. Life Cycle and Promoter Holding is significant at 10% level. All other factors are significant at 5% level. All these five factors have negative influence on DPR.

Conclusions:

Firms with higher PE Ratio are high growth firms, so it is natural that these firms have lower DPR, as more proportion of profit can be deployed in business expansion, this finding is in line with the expected outcome and existing literature. Similarly higher EPS results in higher portion of the profit is left in the hand of company management, to invest, even after paying higher Dividend in absolute terms; also this finding is in accordance with Pecking Order Theory. Higher Current Ratio stands for higher Liquidity, DPR for these companies are lower, as the money flow within the organization for operation is higher. Similarly higher value

for Life Cycle as well as Promoter Holding results in lower value for DPR. Both these findings are in contrary to the expectations. This study should be an important addition to the existing literature on Dividend Payment decisions, especially in the context of the Information Technology companies listed in the Indian capital market.

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Annexure

List of Companies considered for the study:

1. Tata Consultancy Services Ltd.
2. Infosys Ltd.
3. Wipro Ltd.
4. HCL Technologies Ltd.
5. Tech Mahindra Ltd.
6. Oracle Financial Services Software Ltd.
7. Mindtree Ltd.
8. Mphasis Ltd.
9. Hexaware Technologies Ltd.
10. Persistent Systems Ltd.
11. Tata Elxsi Ltd.
12. Cyient Ltd.
13. Zensar Technologies Ltd.
14. NIIT Technologies Ltd.
15. KPIT Technologies Ltd.
16. Intellect Design Arena Ltd.
17. 8K Miles Software Services Ltd.
18. Ramco Systems Ltd.
19. Polaris Consulting & Services Ltd.
20. Take Solutions Ltd.
21. Accelya Kale Solutions Ltd.
22. Luminaire Technologies Ltd.
23. Sonata Software Ltd.
24. Quick Heal Technologies Ltd.
25. Lycos Internet Ltd.
26. Geometric Ltd.
27. Onmobile Global Ltd.
28. Rolta India Ltd.
29. Cigniti Technologies Ltd.
30. Kellton Tech Solutions Ltd.

Supplementing Internship Programs and Summer Projects for Students' Career Initiation: An Action Researched Pathway

Justin Joy and T. Nambirajan

A b s t r a c t

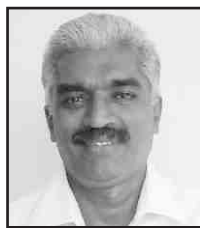
This article attempts to propose a pathway for higher educational institutions that would facilitate students' career initiation or enhance the existing career initiation and guidance program there. The proposed pathway was informed by the insights gained from a series of Internship and summer projects intended to meet the automation needs and requirements of a few client organisations. The authors along with the students of the educational institution they were associated, had actively endeavoured to be change drivers and agents in those client organizations where these projects were done. The conduct of these projects formed the several iterations of a participatory action research methodology adopted in this research. The offerings and deliverables of the projects undertaken had met the stated automation needs and requirements, but had failed to address the need for sustenance of the solutions provided. The article assimilates and recognizes the merits of an implementation model published earlier to address this sustenance gap. Progressively, the article provides a pathway and broadly outlines guidelines for educational institutions for effectively facilitating career initiation of interested students by stipulating supplements to the existing infrastructure of these institutions.

Key words : *Action Research, Automation, Career Initiation, Implementation Model, Implementation Stages, Incubation Centre, Innovation Centre, Internship, Summer Projects*



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The overall objective of this article is to propose a pathway that could be adopted by higher educational institutions in India to facilitate career initiation of interested students. The pathway, though initially intended for the educational institution, where the primary author is a faculty, was found to be suitable for other higher educational institutions too.

The overall objective is achieved in five phases progressively.

The first phase expounds on the several open source products and offerings identified by the authors perceived to have the potential to meet certain needs in the market.

The second phase explores these needs in the market informally at the outset and then proceeds to validate these

with a formal survey.

The third phase is intended to locate a market focus and fit from the findings of the survey for the offerings of the first phase which also involved a filtering process of prospective clients based on a few criteria.

In the fourth phase, the clients finalised after the filtering process were offered summer projects where students of the educational institution the primary author is part of, were engaged. The summer projects involved the various facets of implementing systems that dealt with the automation requirements of these organizations.

The final phase involved addressing the predominant gap revealed by these summer projects outcomes. The gap highlighted was that the implemented systems lacked a structure that ensured their long term sustainability. For this, the authors have delved into the literature to seek a model that fits the context and ensures successful and sustainable implementations.

The pathway proposed as the outcome of this research not only provides educational institutions with guidelines that offer solutions addressing the sustainability gap but ventures still further by stipulating supplements for educational institutions that facilitate career initiation of interested students.

Phase1: Identified Offerings

The research work involved in this article commenced in the year 2013 when a series of open source products and practical offerings were identified and mastered by the authors. These products and offerings included open source products, freemium offerings and skillsets that could be focused to meet organizational requirements. The student summer and internship projects were noted to be an effectual channel through which these offerings could reach and benefit a large number of clients.

The Open Source offerings identified and grasped by the authors were:

- Open Source Learning and Content Management System – MOODLE(MoodleHQ, 2017)
- Open Source Time Table Management System - FET Free Timetabling Softwar (Lalescu and Dirr,2017)
- Open Source Library Management System – Koha (LibLime, 2017)

- Open Source Interior Design Application – Sweet Home 3D(eTekS, 2017)
- Open Source ERP Solution – Odoo (Formerly called Open ERP)(odoo, 2017)

The Freemium offering include barcode generator software called Free Barcode Generator(EasierSoft Ltd, 2016)

Apart from these, the skill in designing and developing databases in Microsoft Access was also included in the offerings.

Having taken an inventory of the offerings, a natural progression of thought was to explore the needs in the market to find a fit for the offerings.

Phase 2: Market Exploration

A preliminary idea of the market needs was noted during the informal conversations the authors had with a few faculty of a couple of educational institutions and a senior staff of a tiny sector manufacturing firm. These discussions highlighted that preparation of the time table schedule for students and faculty before the start of every academic year was enormously time consuming and educational institutions would benefit immensely if a simple system would automate this process. A second need highlighted was with regard to a simple, systematic and economical way to store all the transactions that happen within the library of an educational institution. The faculty of this institution expressed interest to learn the possibility of such a system to reduce the time consuming manual process of documenting these transactions, provided it won't be financially taxing. Thirdly the need of the school where the children of the primary author studies was conveyed during a parent teachers association meet. This was for a learning management system which would facilitate learning content to be shared by the class teachers with their respective class students online. The senior staff of a tiny sector manufacturing firm conveyed the simple need for automating the salary report generation of his staff. From his perspective, it was too simple to seek a professional solution, but too difficult considering the resources he had at his disposal in his firm.

To validate these needs and to focus the market where the open source products and offerings identified could find a fit, over a 100 educational institutions and manufacturing firms were formally surveyed in late 2014.

Survey Findings

The survey undertaken in late 2014 in over a 100 educational institutions and manufacturing firms in and around Kochi, Kerala, India revealed that many educational institutions haven't gone in for a learning management system or an automated time table management system due to various restraining factors such as the high cost of the software, high cost of implementation, lack of technical ongoing support, lack of proper training and a perceived inadequacy of benefits. The small and tiny manufacturing sectors with their lower potential to tap into the benefits of economies of scale found themselves constrained to reap the benefits of automation for similar reasons. The lack of technical on-

going support and proper training contributed by both their exorbitance and inaccessibility adds to the impedance. The survey revealed that many manufacturing firms especially the small and tiny sectors were restrained by similar factors. A graphical representation of the organisations – both educational and manufacturing that conveyed needs in the area of the offerings is shown in figure

1. *Processes of Collective Mindfulness. Research in Organizational Behavior.* New York: JAI Press.

Wheatley M.J. and M. Kellner-Rogers (1996) Self-organization: The irresistible future of organizing. *Strategy & Leadership* 24: 18-24.

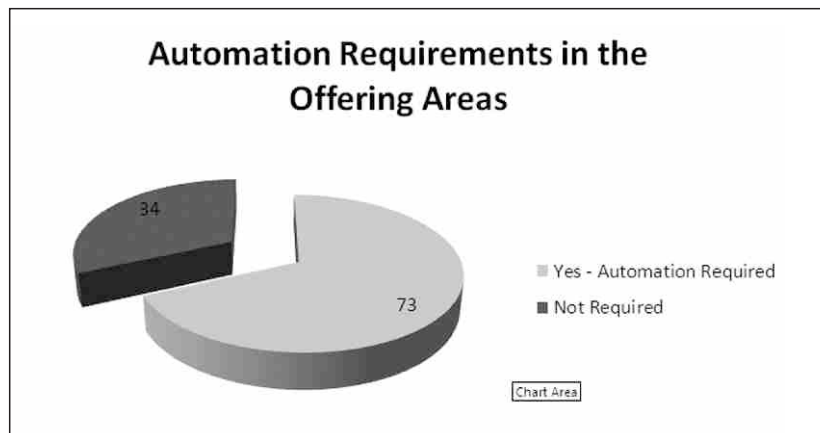


Figure 1: Automation Requirements Conveyed

However, not all organisations that conveyed and admitted to these needs were willing to associate through the student internship and summer projects to have these needs met. The concerns cited were primarily confidentiality reasons and

also the uncertainty attached with regard to the long term sustenance of the solution. A profile of the willingness of these organisations to associate with student projects and internships is displayed graphically in the figure 2 below

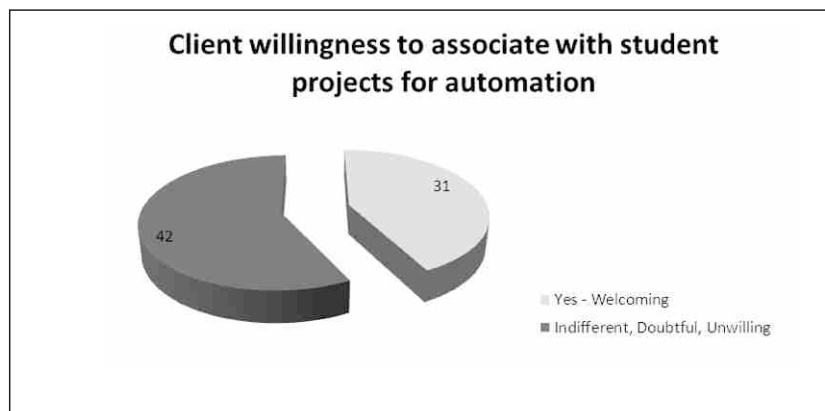


Figure 2: Client willingness to associate with student projects

Phase 3: Initiating step by step addressal

From the findings of the survey mentioned, it was evident that the identified needs and requirements of the many educational institutions and manufacturing organisations showed ample opportunities and potential for implementing solutions. The initial steps in venturing further were to filter the institutions and organisations based on their fitness to certain amenable criteria. This was followed by analysing the needs and implementing solutions for the filtered clients that would meet their automation needs overcoming their current impeding factors. The solutions will consist of automating some of the manual processes by implementing appropriate systems and instituting processes that would sustain these implementations.

Criteria used for filtering.

Having identified the need, it was necessary to locate a market fit where these offerings with the limitations student summer project offerings hold, can benefit the stakeholders involved – the students, faculty, the educational institutions, and the clients. For this purpose, even when the need in the market seemed large, a filtering process was undertaken based on a few criteria with a vision to take the implementation to as higher a stage as possible listed in Table 1. Clients who were either Educational Institutions or manufacturing firms that were identified in the survey as needing such solutions, were filtered based on their inclination and openness to

- Permitting necessary access
- Encouraging learning, and
- Putting up with our limited expertise.

The institutions or firms that had unique problems which required an in-depth study, but also those, the authors perceived, they could get their arms around were preferred. The offer in return for these was that these clients had all the brains of the authors and students involved working towards their solutions.

Such a filtering was informed from the particulars revealed in the more detailed discussions and interviews that followed the survey. These discussions were primarily regarding requirements identification of prospective clients

and examining whether they fit the summer project offerings. The filtering process culminated in the selection of 5 educational institutions and 2 tiny manufacturing firms in the vicinity of Kochi, Kerala for undertaking summer projects.

Since the implementation of project solutions would need a thorough study and their sustenance demand an analysis and addressal of the concerns noted so far, a review of the literature on key areas was undertaken to draw solutions and insights from previous contributions.

Review of Literature

Summer projects and internship programs help college students gain certain skills for their real world jobs that may not be effectively taught in classroom settings. These need to be learned to prepare them for their careers. Employers believe that students lack the important practical skills such as real-world preparation, experience, negotiation skills, and others (Kelley & Gaedeke, 1990) (Kelly & Bridges, 2005).

Internship experience and summer projects provides numerous benefits to students and employers. Internship programs allow students to develop important public administration skills, apply technical skills learned in classroom to real world business problems, and to understand the difference between theories they learned in classrooms and real world practices (Eyong, et al., 2012). Students who complete the internship program successfully will have several benefits in early days of their career, such as; improved perceptions of job fit, higher job satisfaction, greater objective success, and greater job stability in the early career (Gault, et al., 2000) (Richards, 1984).

In addition, previous research suggested the major benefits of internship programs are real world job experience, better chance of employability, and acquisition of job-related skills (Coco, 2000) (Garavan & Murphy, 2001).

There are many possible reasons that students with internship experience have a better chance of obtaining a full-time job. One reason may be that students with internship experience have better skills and ability that readily apply to the real world of business. The skills that make students more marketable are critical thinking, written and oral communication, and practical experience that many

employers seek from new graduates (Maskooki, et al., 1998) (Raymond, et al., 1993). Employers consider the problem-solving skill as one of the most important learning experience students can get from internships to enhance employability (Molseed, et al., 2003) (Raymond, et al., 1993).

Since so many of such benefits are provided through summer projects and internship programs, it makes ample sense to take these opportunities more seriously and purposefully and channel these not only for the benefit of students and the supervising faculty, but also for the clients they serve.

Authors have also studied the resource requirements for a quality internship program for students. In order to maintain a quality internship program, it requires adequate resource commitment, the coordinator's genuine interest in the students' learning experience, customized work that fits students' needs, and a good evaluation system (Cutting and Hall, 2008) It is true that managing an internship course requires an intensive effort of an instructor faculty including building relationships with community business, matching a student's needs with appropriate work, contacting the employer to verify the intern's progress, evaluating progress reports regularly and commenting on them, and determining the course grade. Due to the workload, internship instructors, often faculty, consider it is a time consuming job to manage an internship course effectively (Coco, 2000). Ellis (2000) has also noted that internship instructors are required to collaborate closely with the employers to maximize workplace learning.

Even though interns are working in the real world business environment, they are students who need guidance and advice. In other words, mentoring is one important aspect of internship program. Callanan and Benzing (2004) found that interns need to be mentored at work to get more valuable internship experience. Interns ideally need a mentor at the workplace to adjust to the demands and requirements of the

internship work (Tovey, 2001). Mentors can provide coaching, careful monitoring, and sufficient thought regarding professional development to maximize students' learning outcomes (Ellis, 2000). Even though mentoring is an important aspect of internship program, it may be true that mentoring interns is considered as time consuming job for both company supervisors and academic supervisors. Company supervisors often want interns who can finish their work with minimal supervision (Watson, 1992). In the absence of a mentor at the workplace, supervising faculty would have to take that role.

The summer projects or internship programs that require implementation of systems can attain varying degrees of success. The authors have attempted to define implementation from the literature with a view to understand these varying perceptions.

In the process to define implementation, it was found from literature review that there were various meanings attributed to the term 'implementation'. According to (Nutt, 1986), implementation is a procedure directed by a manager to install planned change in an organization. According to (Klein and Sorra, 1996), implementation is the process of gaining targeted organizational members' appropriate and committed use of an innovation. Some authors find implementation to be completed when change is occurring, while others find it continues until intended benefits have been realized.

Table 1 lists the various meanings of the term "implementation" as compiled from the literature by Gottschalk (1999). Certain meanings attributed to this term are realisable sooner than others in the actual process of implementation. This indicates that different authors have different opinions about when implementation is considered complete.

A review of the various stages listed in table 1 would convey that those listed in the upper part are practically realisable sooner than those listed in the lower part.

Table 1: Stages of implementation completion

Stage	Implementation Completed When	Reference
1	System is installed	(Lucas, 1981)
2	System is put to use	(Brancheau, et al., 1989)
3	Programmes are adopted	(Baier, et al., 1986)
4	Organization acts on new priorities	(Floyd & Wooldridge, 1992)
5	Changes are installed	(Nutt, 1986)
6	Not abandoned or expensively overhauled	(Markus, 1983)
7	Adoption has occurred	(Lucas, et al., 1988)
8	Innovation is adopted and used	(Leonard-Barton & Deschamps, 1988)
9	Systems are installed and used	(Srinivasan & Davis, 1987)
10	Change is accepted	(Baronas & Louis, 1988)
11	Systems are accepted	(Ginzberg, 1980)
12	Innovation is accepted and used	(Alavi & Henderson, 1981)
13	Systems are accepted and used	(Bradley & Hauser, 1995)
14	Control rests with users	(Alter & Ginzberg, 1978)
15	Change process completed	(Joshi, 1991)
16	Committed use occurs	(Klein & Sorra, 1996)
17	Post-application phase is consolidated	(Rhodes & Wield, 1985)
18	Satisfaction with system is achieved	(Griffith & Northcraft, 1996)
19	Intended benefits are realised	(Alavi & Joachimsthaier, 1992)

The different stages ascribed to the different definitions of implementation will therefore require different time durations- the upper earlier stages taking less and the lower latter stages taking more.

For many organizations the implementation success expected relates more to the latter stages. But realizing these incur costs that many of these institutions may not find it affordable. These costs would mainly involve the cost of software or systems, the cost of implementation, the cost of training and on-going training and the cost of maintenance and sustenance. In attempting to elucidate a remedy that partly resolves these impeding factors, it is imperative that

the many elements necessary for a viable implementation solution are to simultaneously work together to ensure the realization of its full benefits.

In seeking such a solution, the article assimilates and recognizes the merits of an implementation model proposed in an educational setting for implementing an open source learning management system. The model stipulating the prerequisites and post implementation requirements for a successful open source learning management system implementation as proposed by (Joy and Nambirajan, 2016a) is shown in Figure 3 below.

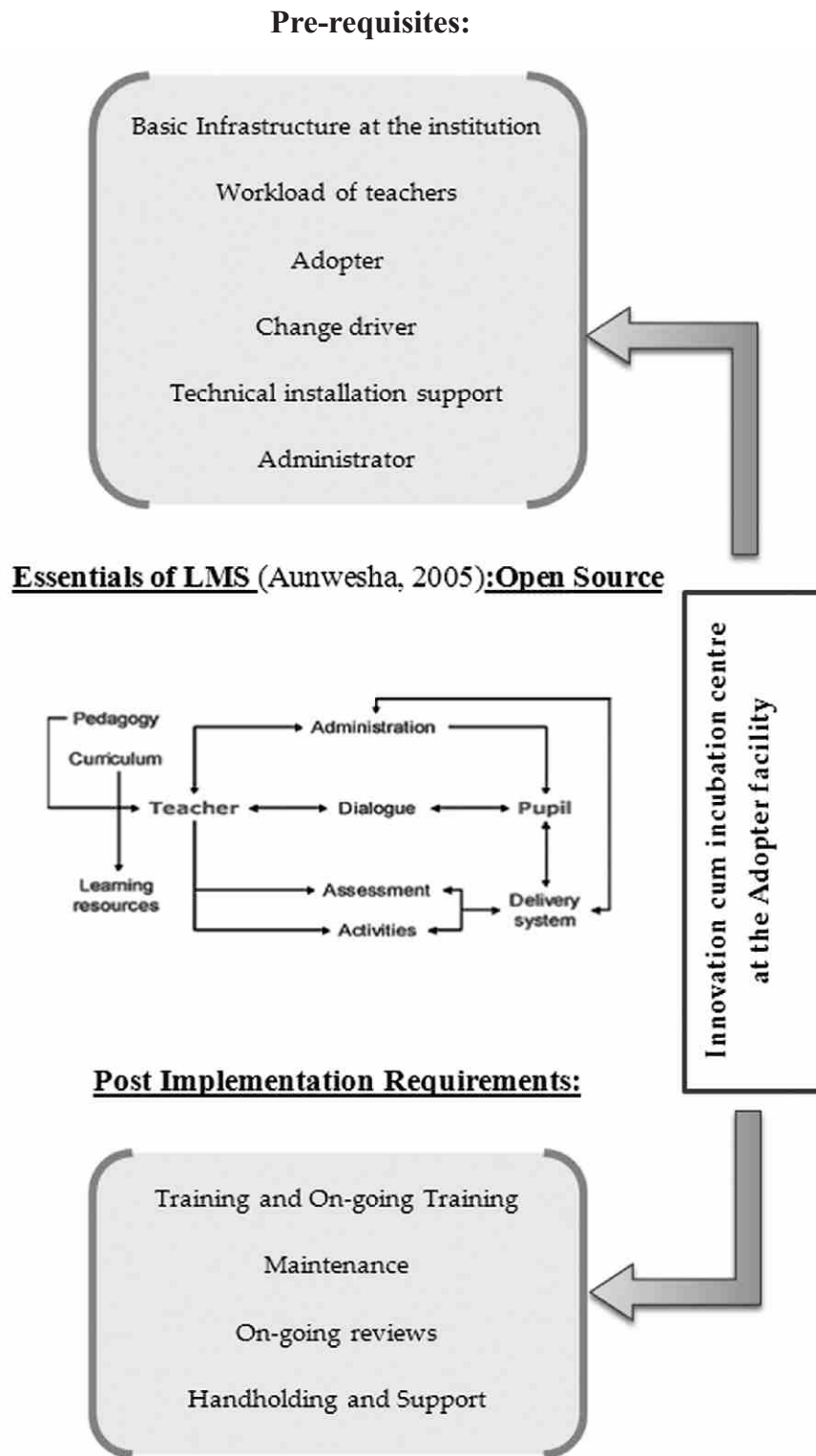


Figure 3: Implementation model for LMS in Educational Institutions (Joy & Nambirajan, 2016a)

The implementation model above in Figure 3 was proposed to address the factors such as the high cost of software, high cost of implementation, lack of technical on-going support and lack of proper training that deters many educational institutions in India from going in for a learning and content management system. The central part of the model explains the features required in a learning and content management system in educational institutions. However the prerequisites and post implementation requirements are the elements that ensure the long term sustenance of such initiatives.

The model highlights the importance of the role of higher educational technical institutions in this. All accredited higher education technical institutions in India are encouraged to venture into endeavours that impact the community nearby (NBA, 2017, pp. 40,41). One of the means that such higher educational institutions could impact the community nearby is by transferring the expertise they gain by offering them on a continuous on-going basis through a supportive system like an innovation cum incubation centre in its premises. Higher education technical institutions who offer this supportive system are referred to in the model as the adopter. The innovation cum incubation centre can be manned by students who gain valuable work experience in the process of being part of the supportive system. The impeding factor of the high cost of software and systems is addressed by opting for open source systems; the innovation centre at the adopter facility has gained expertise in. Using these implementation opportunities for learning for both the students and the guiding faculty of the educational institution circumvents the high costs incurred in the implementation process.

The high cost of installation and implementation is where the role of the staffed incubation centres comes to play. It is obvious that not all are IT experts, and not all of them will learn how to install open source systems or manage the complexities of upgrades and maintenance. However the adopter who gains expertise in this field can offer the same to the clients. The time and effort for the social side of such implementation was seen as a heavy restraining factor. Training and handholding for a period of up to a year would be necessary for a successful implementation. Again the adopter who commits to the impact they wish to make would find the same not very burdening. Once the clients have established themselves in the activities, the system will sustain itself. Routine reviews and corrective action will be called for by the adopter and if the supportive system is a routine affair, the impact would be effective, thriving and productive.

Besides these post implementation requirements, certain pre-requisites were also necessary, in that implementations were effective in institutions where there was basic technology infrastructure in place, and where the workload of the teachers allowed them time to reflect and plan work that pushes the learning management system to be used.

A similar model slightly adapted for the manufacturing scenario is also referred (Joy and Nambirajan, 2016b) in the figure 4 below. Here the only difference being the learning management system in the previous model is replaced by an automation system.

A review of literature was also undertaken for justifying the research methodology adopted in the current work.

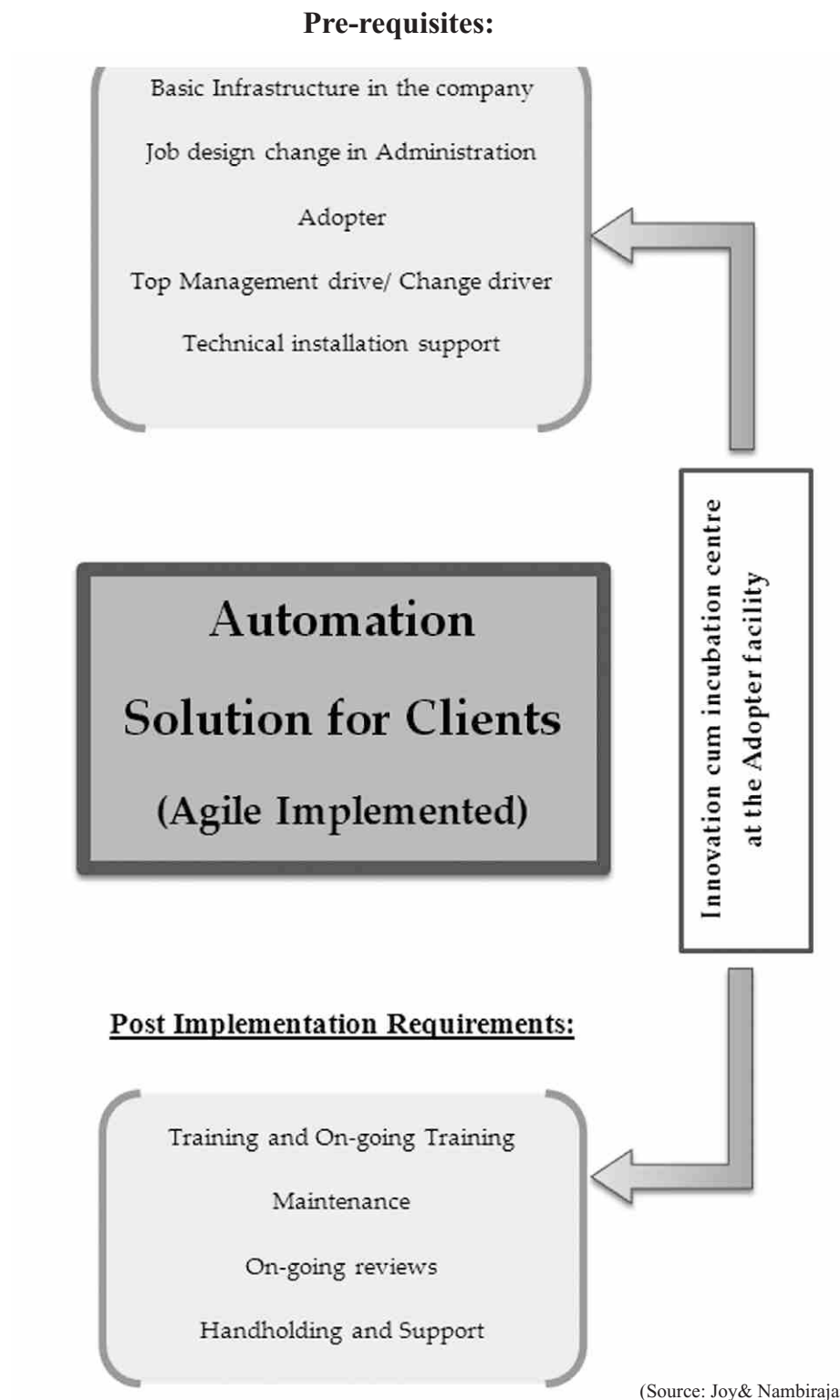


Figure 4: Modified Implementation model for Automation Solutions

Research Methodology

For research involving the development of automation solutions, a particular methodology has to be adopted which would act as a framework to structure, plan and control the process of designing and developing an automation system. The progress that this research article has attained so far can be partly credited to the methodology applied. The methodology adopted is a participatory action research methodology. However, the methodology followed in terms of systems implementation can be categorised under agile model of systems implementation.

Action research is categorised under Case Study Research. Case studies do not generalise from a sample to a broader population, but they rather generalise a particular set of results to a broader theory (Runeson, et al., 2012).

The term action research has a long history (Lewin, 1948); and has continued to gain credence in management research (Coghlan and Brannick, 2010). Lewin (1948) described Action Research as an iterative process in which practitioners plan for action, act and then perform reconnaissance. Action oriented research involves the generation of situation specific knowledge, not mere application of some pre existing knowledge (Waring, et al., 2013). Achieved change, not just knowledge acquisition, as well as a rigorous process of data generation and analysis characterises action research (Clarke, et al., 2006). O’Leary (2005, p. 190) describes action researchers as working on ‘real world problems’ for the production knowledge.

The action research methodology for the current article has adopted seven iterations the details of which along with their step by step outworking are presented below.

Phase 4: Summer Projects Implementations for Finalised Clients

From the models reviewed from literature and keeping in mind the modalities of participatory action research methodology, summer projects were thus undertaken in five educational institutions in Kochi, Kerala, India. These thus form the several iterations called for in a participatory action research methodology.

1. St. John The Baptist C.S.I. English Medium School, Aluva

The Project undertaken here was “Implementation of open source software for school automation with special focus on Timetable Management System.” The software used was Open Source software FET Free Timetabling Software.

2. Cochin Refineries School, Ambalamugal

Here the focus was on Learning Management Systems. The software used was Open Source Software called MOODLE.

3. St. Peter’s Senior Secondary School, Kolenchery

Here the automation of time table generation and learning content management was undertaken. The open source softwares used were FET Free Timetabling Software and MOODLE.

4. St. Mary’s College of Commerce, Perumbavoor

The open source softwares used in the project here were FET Free Timetabling Software and Moodle.

5. SCMS Cochin School of Business, Kalamassery

Time table generation and management along with the implementation of MOODLE at higher dimensions were undertaken here.

Two of the total seven iterations were projects undertaken in two tiny sector manufacturing firms in Kochi, Kerala.

1. Manju Garments, Perumbavoor

The Project undertaken here was “Implementation of a Resource Tracking and Planning System Project” which involved offering the skills in Database Design & Development for meeting the office automation needs of the firm.

2. Manju Fashions, Perumbavoor

The Project undertaken here was “Automation using a Barcoding system following an adapted Implementation Model.” Here the freemium offering of a barcode generator called Free Barcode Generator was used.

Students’ Background & Engagement in Projects

Students of the educational institution where the first author is a faculty were engaged in the execution of these projects. These students were post graduate management students

who needed, as part of their management course requirement, to undergo a term pursuing a summer project or doing an internship. The above seven projects were notified to all management students to invite interests to pursue these as part of their term requirement for summer projects.

All seven projects identified thus far - being systems implementation projects, the background of these students were browsed to check for a flair for technology application and a basic understanding of systems development or implementation concepts. More than the basic understanding called for in these projects, the greater emphasis was to identify those with a keen interest to learn and execute the project to completion. For this purpose, authors had personally interviewed interested students and evaluated a systems related assignment that was sought from them. Those finally picked out were actively engaged and guided by the authors in the execution of these projects.

Findings: Issues inhibiting Sustainable Implementation

The seven summer projects were carried out as part of the internship or project requirements of the students and implemented in the respective institutions and manufacturing firms. It was noted that current set up was sufficient to address the two major restraining factors for these organisations which were the high cost of software and the high cost of implementation. However certain gaps could not be addressed in the current set up. The institutions and the firms did not have their need of on-going technical support and maintenance and proper and on-going training being met. There were also doubts cropping up continually regarding the benefits these systems offer, which called for continual guidance and instruction. The perceived inadequacy of benefits these systems offered need to be addressed by providing a handholding arrangement.

Moreover the students undertaking these projects, guided by the authors and those employees representing the clients, have a deadline in which the summer project has to be closed and submitted to the educational institution. Hence, once the project document is submitted as an academic requirement, the further support required by the clients as and when they arise, fails to get the commitment and focus of the students involved. This thwarts prospects of long term continuity.

Phase 5: Embarking on Sustenance – A Pathway

The provision suggested in the models presented in the literature review of a staffed innovation cum incubation centre in the adopter facility was embarked on to meet the issues that inhibit sustenance of implemented solutions. The adopter facility venue in this case is the institution where the first author is a faculty.

The pathway suggested informed by the participatory action research study involving seven iterations was intended to handhold and sustain the implemented automation solutions. The pathway primarily proposes the initiation of an innovation cum incubation centre. The initiation and implementation of the same is suggested in a phased manner involving three stages.

Stage 1

The first stage envisages an innovation centre at the educational institution that Identify areas where implementations can improve productivity without incurring too much cost. In the case of the innovation centre initiated at the institution where the first author works, the focus was on the area of open source implementations and in the domains of education and tiny sector manufacturing. The activities in this first stage would be to take up projects of available software implementations conducting feasibility studies and detailed requirement analysis of prospective clients. It can also take up configuring and customising of systems during the implementation phase, offer training of users and handhold clients for an appropriate period.

This required a setting in a separate room with computers networked where the latest software applications and tools could be tried and tested so as to acquire the necessary learning. This setting is insisted to be separate so as not to impact the entire IT infrastructure of the educational institute during the learning and research process. The benefits of these learning can also reach the entire institution apart from the clients once these products are tested and approved. The existing manpower – interested faculty and staff who are passionate in these learning can be expected to volunteer to coordinate the necessary activities mentioned above with assistance from interested students. In the current scenario of this research the faculty of the Systems and Operations department of the educational institution had volunteered to coordinate the above before moving on to the second stage.

Stage 2

The second stage of the plan involves an innovation centre with a full time staff to man the services. With the learning gained from the activities and applications of these learning, it is expected that the amount of work demanded for the smooth running of the innovation centre would justify the appointment of a full time staff to man the services.

In the case of this current research, as the first stage kicked off with the seven projects already undertaken, the authors could see potential for these extending further and more and more organizations lining up to be served on top of the maintenance of software systems for existing customers and hence a need to recruit a full time staff to provide continuity of services was mandated.

The manpower planning is to be taken up depending on the number of customers. The revenue model modalities can be informed from inputs based on the revenue generated for the continued paid support or can be borne by the institution in the social interests of impacting the local community and industries nearby.

Stage 3

The stage three involves an innovation cum incubation Centre which can be a natural extension of stage two. In a scenario where projects from various sources and customers come about, the following possibilities can be thought of:-

The centre can act as a hub where students interested in acquiring work experience in the relevant field can work in the Centre for short periods. They can prune and refine their skills further and use it as a launchpad for initiating and/or advancing their careers further. Moreover students who would want to set up their own businesses can use this as an Incubation Centre to gain valuable learning before launching out on their own.

In the current research of this article, students currently involved in the support and maintenance of the implemented systems are gaining valuable work experience and the centre has reached a stage where domains other than education and tiny sector in manufacturing can also be considered. Stage one here did not involve substantial costs in terms of infrastructure and manpower except for the upgrading a few systems and hence the current set up was sufficient to sustain the initiated innovation centre.

However in general, the financial details like set up cost, recurring expenses and revenue model for stages 2 and 3 need to be worked out in detail once this stage one has reached maturity. The modalities for managing the latter stages of the Innovation cum Incubation Centre can be varied depending on the success of the first stage.

The pathway proposed in terms of the various stages of the innovation cum incubation centre can inform educational institutions that wish to embark on such initiatives on the supplements that would be necessary to facilitate career initiation of interested students.

To summarise the objectives of the innovation cum incubation centre initiated at the institution in the current research context can be laid out and can act as guidelines for those institutions wishing to emulate such endeavours. The objectives of the Centre laid out are as follows:

- to enable faculty and student teams to learn and understand the latest IT offerings specially from the Open Source community,
- to use the above to implement required systems in the identified domains, which are socially relevant (education and tiny sector in manufacturing to start with) for improvements in their operations,
- to provide students with hands-on experience to practical systems implementations and to make them aware of the challenges involved and strategies to overcome them,
- to establish and maintain long-term, sustainable, mutually-transformative partnerships between the educational institution and the local community,
- to provide incubation facilities for career initiation to interested students and budding entrepreneurs.

Conclusion

The research involved in the making of this article has succeeded in its attempt to propose a pathway for higher educational institutions that facilitates students' career initiation.

The insights gained from a series of Internship and summer projects that formed the several iterations of a participatory action research methodology have greatly informed the proposed pathway. The authors had actively endeavoured to be change drivers and agents in those organizations where

these projects were done and also in the educational institutions they work, with the major thrust being offering solutions bridging the sustainability gap.

Conclusively, the proposed pathway provides guidelines for educational institutions that stipulate supplements to the existing infrastructure of these institutions in order to effectively facilitate career initiation of interested students.

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Television Advertisement: Children's Purchase Preferences of Confectionary Products

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The objective of the study is to find out the impact of television advertisements on buying behaviour of children with reference to confectionery products such as chocolate, candies, chewing gum and cakes /pastries and the attributes advertisements inducing children and the health issues that occur in children. Sampling method used for the study is probability sampling because here each sample has equal chance of being selected and again followed with multi-stage sampling. Data was collected from the questionnaire filled by 150 children of age group 6 to 14. The methods used for the analysis include percentage analysis, chi-square test, and correlation using SPSS 20.

Key words : Confectionery Products, Marketers, Children, Advertisements, Purchase Preference, Attributes of Advertisement



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The word "Advertisement" has been derived from the Latin word 'advert ere' which means 'to turn the mind toward' (Belch and Belch, 2001). Advertising has played a huge role and has become a major industry in the 20th century. The main motive of advertising is to inform the public about the product and services. But today it is being misused or rather it is being abused by most of the business houses. A large number of ads are aimed at children as they are the most impressionable group in any society. One of the strategies used by marketers is targeting the young as well as inexperienced customers; nevertheless, it's always based on the perception of the best buyers. As we all know in today's world young kids have a far greater influence on the parent buying decision than a few decades before. The entrants are trying to influence children and students by adopting a variety of tactics. They try to influence the children directly through various promos and contests that provide with lot of adventure. Exposure to advertisements of confectionery

products influences children's preferences, choices and request for these products. It also affects the kid's behaviour, attitude and spending pattern. Advertisements are heavily promoted during children's viewing time and keep updating the kids of the new products arriving in the market.

Coming to the topic, 'Television advertisement of selected confectionery products and children's preferences' we need to understand what confectioneries refer to? Confectioneries basically include sweet food items that have high calories but are however low on nutritional content. In the era of 1990s with the globalisation of Indian economy the growth of confectionery industry rose to a new level and accelerated the growth of Indian economy. Confectionery items are generally used for taste and small hunger. But it is noted that people or children consume these items in optimum quantity. This kind of excessive use can harm the body like any other sweet and hence it should be consumed in small quantities.

2. Need for the Study

Nowadays kids are spending time in watching TV and they are constantly being bombarded with a large variety of advertisements. Many of these advertisements are aimed at children as they play an important role in their parents purchase decision. The advertisement of confectionery products increases the consumption of these products and leads to many health problems in children. Thus the need for the study is to find out the influencing effect of advertisements on children's preferences for products like chocolate, candies, chewing gum and cake/pastries, and its associated problems.

3. Objectives of the Study

The main objectives of the study are as follows:

- I. To study the impact of television advertisements on children's buying behaviour / preferences in their selection of confectionery products such as chocolate, candies, chewing gum and cakes/pastries,
- II. To determine the various attributes of television advertisements such as cartoon/ animation, music/ jingles, celebrities/ film stars and sales promotion activities used to tempt children,
- III. To identify the health issues such as tooth decay, obesity, diabetes, lack of energy and poor concentration, associated with these products, and to restrict the use of these products, and

- V. To study the relationship between consumption level and health related issues such as tooth decay, obesity, diabetes, lack of energy and poor concentration.

4. Review of Literature

Gbadeyan, R. A. (2009) conducted a study on children's perception of television commercial. The research concluded that young children do not understand the selling intent behind advertising and where they do; they remain very vulnerable to peer pressure, upon which advertising feeds. Amin Asadollahi, and Neda Tanha (2011) studied the role of television advertising and its effects on children. It is found that children are more vulnerable to advertising and the study suggested some measures to limit excessive advertising to children. Mansoor Nisar, Muhammad Zia-ur-Rehman, Muhammad Haroon and Tahir Masood Qureshi (2011) studied the impact of food advertisements on children's food purchasing behaviour. Research shows that television food advertisements are playing a greater role in children's purchasing behaviour. In addition to this, when the behaviour of the children is examined, it is observed that children consume food which are rich in fat and sugar while watching television and persuade their parents to buy the products seen in the advertisements. Zain-Ul-Abideen, Salman and Saleem (2011) studied the impact of advertisements on consumer's buying behaviour. The results of the research clearly indicate that there exists a weak association between environmental responses and the consumer's buying behaviour including its attitudinal as well as behavioural aspects. Emotional response on the other hand, established a strong association with the consumer's buying behaviour. Raju M. Rathod, and Bhavana J. Parmar (2012) conducted a study of the impact of television advertisements on children. It was an empirical study with reference to chocolate brands. The study concluded that, advertising has a stronger effect on younger children. Pughazhendi.A.et al. (2012) studied the effect of celebrity endorsed confectionery products on children. It was found that as far as confectionery products are concerned, children sometimes compel their parents to purchase those products and also children are influenced more by television advertisements with celebrities than by the other medium of advertising. Murty. T.N., Ratnaji Rao V.V., and Srinivasa Rao R. (2013) studied the impact of advertisement on children with special reference to eating habits. It was found that the majority of children are influenced by TV

advertisements and also majority of the parents opined that there is a definite impact of ads on eating habits of children. Narasimhamu-rthy N. (2014) conducted a study based on television advertisement and its impact on attitudes and behaviour of children. The study concluded that advertising has a strong effect on attitude and behaviour on children. Oluwole Iyiola and Joy Dirisu (2014) conducted a study based on children's advertisements and their effects on the family's purchasing behaviour. The study showed that children's advertisements have great impact on children, because they are easily influenced by advertisements which in essence consciously or unconsciously affect the family's purchase behaviour.

5. Research Methodology

Research design selected for the study is descriptive, and the research has been done at South West Delhi. Descriptive research design has been used for this study involving a structured design and predetermined objectives and hypotheses.

Census of India defines anyone below 14 as a child. The age group selected for the study is 6 to 14. Children below 6 years of age are not selected for the study because most of them will not join school by this age and also it is difficult for

them to understand and interpret the questionnaire. Questionnaire consisting of questions related to demographic profile, advertisement, impact of advertisements, confectionery products, purchase preferences and health related issues.

Sampling method used for the study is probability sampling because here each sample has equal chance of being selected and again it is multi-stage sampling. South West Delhi is divided into three subdivisions, Dwarka, Najafgarh and Kapashera. Various schools from these three subdivisions are selected, and then the children from 6 to 14 years of age groups from these schools are randomly selected for the study.

Primary data in the study is collected by filling up structured, questionnaires from children. Well-structured questionnaire has been randomly administered to 150 children (6 to 14 Years of Age) of different schools of South West Delhi and the secondary data is collected from research articles, journals, reports, newspapers and website.

6. Data Analysis and Interpretation

6.1 Descriptive Statistics

In descriptive statistics, percentage analysis has been carried

Table 1-Percentage analysis on buying behaviour of customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	TV advertisements	59	39	39	39
	Attractive display at stores	42	28	28	67
	Real needs	22	15	15	82
	Social/Peer group	23	15	15	97
	Any other	4	3	3	100
	Total	150	100	100	

Table 1 above, it is seen about 39% said that their purchase request was motivated by TV advertisements. Further, 28% and 15% have indicated their decisions are based on

attractive display at stores and social/peer group pressure respectively. 15% out of the remaining 18% are need based.

Table 2 –Percentage analysis of responses to TV advertisements

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	84	56	56	56
	No	66	44	44	100
	Total	150	100	100	

It is seen from table 2 above that 56% of children insist their parents to buy the product, after watching the TV advertisements and the remaining do not insist their parents to buy the product even after watching the TV advertisements.

Table 3 –Percentage analysis of agreement on advertisement and purchase decision

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	24	16	16	16
	Agree	58	39	39	55
	Undecided	29	19	19	74
	Disagree	35	23	23	97
	Strongly disagree	4	3	3	100
	Total	150	100	100	

From table 3 above, it is seen that 55% agree that advertisements have an impact on purchase decisions, 26% disagree and the remaining undecided.

Table 4 –Percentage analysis on selection of confectionery

		Frequency	Percent	Valid Pe	Cumulative Percent
Valid	Chocolate	76	51	51	51
	Chewing gum	27	18	18	69
	Candies	32	21	21	90
	Cake/Pastries	15	10	10	100
	Total	150	100	100	

From table 4 above, it is seen that 51% of children prefer to buy chocolate, 18% chewing gum, 21% candies and the remaining cakes/pastries after watching the TV advertisements.

Table 5 –Percentage analysis of restrictions on viewing advertisements and purchase preference

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	64	43	43	43
	No	86	57	57	100
	Total	150	100	100	

It is seen from table 5 above that 43% of parents restrict their children watching TV advertisements and the remaining 57% do not restrict their children from watching TV advertisements.

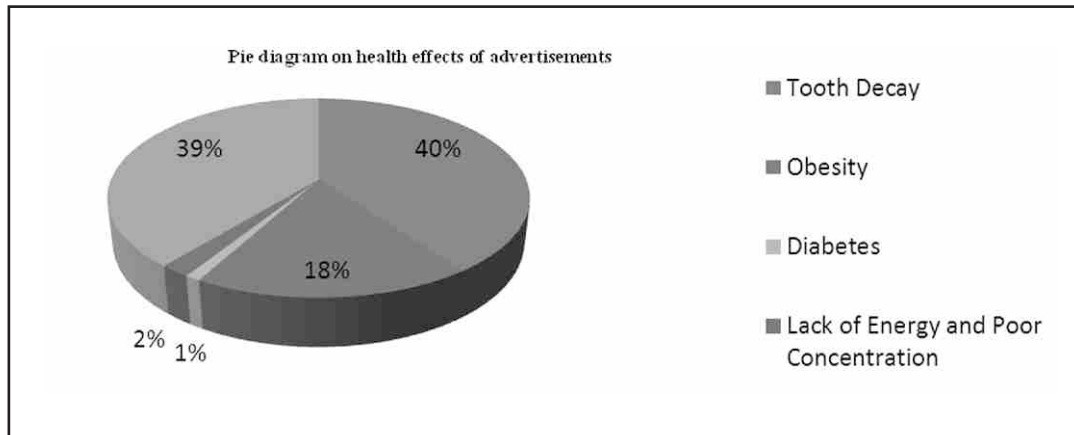


Figure 1 –Percentage analysis on health effects of advertisements

Figure 1 above shows that 40% of children are affected by tooth decay, 18% by obesity, 2% by lack of energy and poor concentration and 1% by diabetes. The remaining 39% said that they have not experienced any side effects.

6.2 Inferential Statistics

The following inferential statistics tests were carried out for further analysis.

6.2.1 Chi-Square Test

This test was conducted to study the association between

- a) Children’s age and their product preference and
- b) Children’s age and attributes of advertisements

In both cases, hypothesis were formulated and tested at 5% significance level.

6.2.2 Spearman’s Rank Correlation Test

Spearman’s rank correlation test was carried out to test the correlation between consumption of confectionery products and health issues.

a) Children’s age and product preference

The following hypotheses were formulated to test the association between children’s age and products preference

H0: There is no significant relation between children’s age and confectionery products preference

H1: There is a significant relation between children’s age and confectionery products preference

Table 6- Chi square test for testing of association between children’s age and products preference

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age of the child *confectionery products preference	150	100.0%	0	0.0%	150	100.0%

Table 7 –Cross tabulation of age of the child * confectionery product preference

			Confectionery Product Preference		Total
			Yes	No	
Age of the Child	6-8	Count	37	13	50
		Expected Count	32.3	17.7	50.0
	9-11	Count	36	14	50
		Expected Count	32.3	17.7	50.0
	12-14	Count	24	26	50
		Expected Count	32.3	17.7	50.0
Total		Count	97	53	150
		Expected Count	97.0	53.0	150.0

From the table 7 above, it is seen that there exists a significant relationship between children's age and confectionery product preference, since the expected count and observed count are different for each category of age group.

Table 8 –Chi square test for testing of association between children's age and confectionery product preference

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.162 ^a	2	.010
Likelihood Ratio	9.010	2	.011
Linear-by-Linear Association	7.347	1	.007
No of Valid Cases	150		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 17.67.

From table 8, it is found that Pearson chi-square statistics is 9.1 and p=.010. Since the p value is less than α i.e.5%, the null hypothesis is rejected, which means that there exist a significant relation between children's age and confectionery products preference.

b) Children's age and Attributes of advertisement

The following hypotheses were formulated to test the association between children's age and attributes of advertisement

H0: There is no significant relation between children's age and attractiveness of the advertisements.

H1: There is a significant relation between children's age and attractiveness of the advertisements.

Table 9- Chi square test for testing of association between Children's age and attributes of advertisements

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age of the Child * Attractive features of TV advertisement	150	100.0%	0	0.0%	150	100.0%

Table 10 Cross tabulation of Age of the child * attributes of confectionary advertisement

Age of the Child * Attractive features in advertising - Cross tabulation								
			Attractive feature in advertising					Total
			cartoon/ animation	music/ jingles	celebrity/ film stars	sales promotion activities like free gifts, coupon, discounts	All the above	
Age of the Child	6-8	Count	23	14	5	7	1	50
		Expected Count	13.3	11.0	11.7	9.3	4.7	50.0
	9- 11	Count	14	12	13	9	2	50
		Expected Count	13.3	11.0	11.7	9.3	4.7	50.0
	12- 14	Count	3	7	17	12	11	50
		Expected Count	13.3	11.0	11.7	9.3	4.7	50.0
Total	Count	40	33	35	28	14	150	
	Expected Count	40.0	33.0	35.0	28.0	14.0	150.0	

From table 10 , it is found that expected count and observed count are different for each category of age group and hence null hypothesis is rejected. It means that there exist a significant relationship between children’s age and attractive features of TV advertisement s.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	38.171 ^a	8	.000
Likelihood Ratio	40.894	8	.000
Linear-by-Linear Association	30.250	1	.000
N of Valid Cases	150		

a. a. 3 cells (20.0%) have expected count less than 5. The minimum expected count is 4.67.

From the above table Pearson chi-square statistics is 38.171 and $p = .000$. Since the p value is less than α ie; 5%, the null hypothesis is rejected, which means that there exist a significant relationship between children's age and attractive features of TV advertisements.

6.2.2 Spearman's Rank Correlation Test

Spearman's rank correlation test was carried out to test the correlation between consumption of confectionery products

and health issues in children. Accordingly, the hypothesis was formulated and tested.

Hypothesis

H0: There is no correlation between consumption of confectionery products and health issues in children

H1: There is a correlation between consumption of confectionery products and health issues in children

Table 11-Spearman's rank correlation test for testing of correlation between confectionery products and health issues in children

Correlations				
			Do you feel any after effects of consuming too much of these types of confectionery products?	How many times do you eat confectionery products on an average per day?
Spearman's rho	Do you feel any after effects of consuming too much of these types of confectionery products?	Correlation Coefficient	1.000	-.264 [*]
		Sig. (2-tailed)	.	.001
		N	150	150
	How many times do you eat confectionery products on an average per day?	Correlation Coefficient	-.264 [*]	1.000
		Sig. (2-tailed)	.001	.
		N	150	150

From table 11 above, it is found that there exists a negative correlation between consumption of confectionery products and health issues in children in normal course, which is statistically significant (correlation coefficient $r_s = -.264$, $p = .001$)

7. Results and Discussion

7.1 Descriptive Statistics

In descriptive statistics, it is found that the buying behaviour in children is strongly influenced by TV advertisement (39%), followed by others. It is also found that responses to TV advertisement are 56%, which means that TV advertisement's effect with respect to confectionery products is high. Agreement on advertisement and purchase decision are high (55%). Further, it is found that in the selection of confectionery products, the proportion of chocolates comes to 51%, of candies to 21% and the balance is shared by others. It is also seen that restriction on viewing of TV advertisements is reported as, from 43% of the parents. The associated health issues reported in some form or the other exists in 61% of the children.

7.2 Inferential Statistics

Based on inferential statistics the following results were observed.

There is a significant relation between children's age and attractive features of advertisements (where Pearson chi-square statistic is 38.171 and $p = .000$). There also exists a significant relation between children's age and confectionery product preference (where Pearson chi-square statistic is 9.1 and $p = .010$) and there exists a negative correlation between consumption of confectionery products and health issues in children in normal course (where correlation coefficient $r_s = -.264$ and $p = .001$).

8. Conclusion

From the study it is clear that advertisements have a huge impact on children's product preference and the purchase decision of their parents. Children insist that their parents purchase particular products after watching their TV advertisements. In other words, their purchase requests are mainly motivated by TV advertisements. Advertisements thus take advantage of children's natural preference for chocolates and various other confectionery products as well as their lack of awareness about the disadvantages of consuming these types of products. So parents must educate the children about the disadvantages of consuming such products. So this study is conducted to regulate the impact of advertisement of confectionery products on children's product preference and to create a healthy environment for them.

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Digital Life Certificate: Facilitating Pension Disbursement in India

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The process of obtaining the life certificate in physical form and its submission to the pension disbursement agency for continuous pension benefits every year has been a big hurdle for pensioners. This required an intervention in the form of digital certification, which has now become possible with the allotment of *Aadhaar*, a digital number to a large population of the country. The initiative of the Government of India to introduce Aadhaar based Digital Life Certificate has been a great step in this direction. This paper is an attempt to analyze the newly introduced Digital Life Certificate with key focus on its advantages to the pensioners at large and the challenges being faced in its implementation.

Key words : *Aadhaar, Digital India, Digital Life Certificate, Jeevan Pramaan, Pension, Social security*



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Pension, as any other regular source of income, plays an important role in financial status of the beneficiaries by supporting them in their post-retirement age. The objective of any pension scheme is to minimize the adverse impact of vulnerability caused by old age and life cycle changes (death of the earning member). The pension benefits in India are governed by a number of schemes and programs operating under various laws and regulations. The central and state governments in India disburse pension funds to their retired employees through various schemes. The Employees' Provident Fund Organisation, a social security organization under the Ministry of Labor and Employment, Government of India ensures superannuation pension to the employees in the private sector after their superannuation and family pension in case of death of the employee during service. Various state governments have also introduced their own pension schemes apart from those for their retired employees.

As per the Public Evaluation of Entitlement Programmes (PEEP) survey in 2013 conducted by researchers at Indian Institute of Technology, Delhi, India on 900 rural respondents selected at random from the official pension lists in 10 states of India, the pension scheme has been reaching its intended beneficiaries. 97% of the total respondents were getting their pension. While the pension amount was small, it was crucial in supplementing the elderly's resources to allow them to afford medicines, food and other necessities.

In view of the number of beneficiaries involved and the importance of pension benefits to their financial needs, it is important that these recurring benefits are provided to them with ease and convenience. In India, the pension is disbursed to the pensioners on monthly basis. The pensioners, in the course of drawing their pension, have to furnish life certificates on annual basis, which act as a proof of pensioner being alive, thereby leading to continuity of their pension. The process of obtaining the life certificate in physical form and its submission to the pension disbursement agency for continuous pension benefits every year has been a big hurdle for pensioners. This, undoubtedly, needed an intervention in the form of digital certification process.

Theoretical Framework

Life Certificate – an essential requirement for pension disbursement

In the process of pension benefit disbursement on recurring basis, one of the main requisites for the pensioners is to furnish life certificates to the authorized pension disbursing agencies like the banks, following which their pension gets credited to their account. The life certificate has to be furnished by the pensioners on annual basis. The requirement of life certificate by the pension disbursement agencies is intended to ensure that the pensioner is alive, so that the pension disbursement is continued.

For obtaining a life certificate, a pensioner earlier needed to present himself/herself before the pension disbursing agency or had the life certificate issued by authority where they served and had it delivered to the disbursing agency. This very requirement of personally being present in front of disbursing agency or getting a life certificate often became a major hurdle in the process of seamless transfer of pension amount to the pensioner. It was noted that it caused a lot of hardship and unnecessary inconvenience particularly for the

aged and infirm pensioners who were not always be in a position to present them in front of the particular authority to secure their life certificate. In addition to this, a lot of government employees, after their retirement, choose to move to different location either to be with their family or for other reasons, hence causing a huge logistical issue when it comes to accessing their rightful pension amount. Hence, there was a genuine need to introduce a system, whereby the pensioners could furnish the life certificate without visiting physically any of the authorities, thus reducing their inconvenience.

To address this requirement, the Government of India has launched the *Jeevan Pramaan Patra*, a digital life certificate based on *Aadhaar* number. *Jeevan Pramaan Patra* is the Hindi term for Life Certificate – *Jeevan* is for 'Life' and *Pramaan Patra* is for 'Certificate'. *Aadhaar* is another Hindi term meaning 'Foundation'. *Aadhaar* number has been introduced by Unique Identification Authority of India (UIDAI), Government of India to identify the residents on the basis of their demographic and biometric credentials.

Aadhaar number – an identification tool

Aadhaar is a 12-digit unique identification number issued by the Unique Identification Authority of India (UIDAI), Government of India to every individual resident of India. The objective of *Aadhaar* was to create a single, unique identification document or number that will include all the demographic as well as biometric information of every Indian resident. It is convenient to use and can be verified online thereby lowering the risk of fake ID proofs. It is not going to replace the existing identification document like passport, permanent account number (PAN), driving license etc. Rather it can be used as the single identification document. The banks, financial institutions, telecom firms and other businesses that maintain customer profiles can use *Aadhaar* for Know Your Customer (KYC) verification mode. Through *Aadhaar* numbers database, the disadvantaged section of the society can be accessed and the services can be rendered to them which were not possible earlier due to lack of any identification number with them. As has been informed by Unique Identification Authority of India (UIDAI), 1.05 billion *Aadhaar* numbers have been issued since inception in 2010 to September, 2016.

Research Methodology

This is a qualitative research paper. Descriptive type of research design has been used for this study. It is based upon

the perceptions of a distinct group of respondents. For the purpose of the study, both primary and secondary source of data collection have been used. Primary data has been collected through personal interviews with the government officials of India to find out the issues in the Aadhaar based digital identification for the pension disbursement. Moreover, official orders, reports and various websites have also been referred to develop the theoretical framework. The service chosen for the purpose of the study is digital life certificate to facilitate the pension disbursement to the pensioners.

Objectives of the study

This study encompasses the following objectives:

- To study the concept of digital life certificate facility and its implementation in pension disbursement in India,
- To analyze the benefits derived by the pensioners out of this scheme, and
- To determine the issues and challenges in the implementation of this scheme in India.

Implementation of Digital Life Certificate in India – overcoming the hurdles in pension disbursement

The Government of India has launched Jeevan Pramaan (Digital Life Certificate), which seeks to ease the problems faced by the pensioners by digitizing the whole process of securing the life certificate. It aims to streamline the process of getting this certificate and making it hassle-free and much easier for the pensioners. With this initiative, the pensioner's requirement to physically present himself or herself in front of disbursing agency or the certification authority has become a thing of the past benefiting the pensioners in a huge way and cutting down on unnecessary logistical hurdles. It is a biometric enabled digital service for pensioners. Pensioners of Central Government, State Government or any other Government organizations in India can take benefit of this facility, which is Aadhaar based and works as a proof of pensioner's existence. It was launched by Prime Minister of India on 10th November, 2014 to benefit over ten million pensioners in India. Jeevan Pramaan has been intended do away with the requirement of a pensioner having to submit a physical Life Certificate in November each year, in order to ensure continuity of pension being credited into their account. Jeevan Pramaan has been developed by the Department of Electronics and Information Technology, Government of India.

Non- digital life certificate submission process

To understand and appreciate the newly introduced Jeevan Pramaan submission process, it is desirable to know the process of submission of non-digital life certificate by the pensioners in India. The submission of life certificate issued by approved authorities or appearing in person has been mandatory by every retired employee of various government organizations and public-sector units in order to receive pension money. The life certificate has to be submitted to pension disbursing agencies in the month of November every year which also requires verification and attestation by a Gazetted officer or bank official. For this purpose, the pensioner has to be present physically before the designated authority at the office or bank during office hours. Depending on the distance and the availability of the designated officer on the date of visit by the pensioner, many a times, the process has been found to be very time consuming and financially taxing for the pensioner.

How Jeevan Pramaan works:

Creating a Digital identity for a pensioner, Jeevan Pramaan is a breakthrough initiative for eliminating the requirement of physical presence of the beneficiaries before the authorities while a pensioner seeks the continuity of the benefit. With the provision of a digital life certificate, a pensioner acclaims the right to prove his digital existence to Pension Disbursing Agencies.

Jeevan Pramaan software can be downloaded from <https://jeevanpramaan.gov.in/> for both PC and Android Devices. Jeevan Pramaan certificate can be obtained from software by putting beneficiary fingerprint or iris authentication.

Software has been developed to record Aadhaar number, biometric details, date and time by the Department of Electronics and Information Technology (DeitY). This application can be downloaded on mobile phone/d esktop/ laptop. After downloading, user needs to plug the biometric reading device which will record the details of the pensioner. A successful authentication generates the Jeevan Pramaan, digital life certificate, which gets stored in the Life Certificate Repository in a centralized database and can be accessed online and downloaded by the pension disbursing agency to verify pensioner's details. An Short Message Service (SMS) acknowledgement is sent to the pensioner's

mobile number including his Jeevan Pramaan Certificate ID. This acts as a proof of pensioner being alive so that they can receive the pension amount.

For pensioners living in rural areas where the software application or internet connectivity is not possible, the facility can be accessed through Common Service Centres network under the CSC e-Governance Services India Limited, a special purpose vehicle under the Department of Electronics and Information Technology (DeitY), Government of India.

Aadhaar Authentication

Aadhaar Authentication is not only easy but secured as well. It can verify a pensioner's details without producing himself and his documents physically. The pensioner needs to provide his biometrics, either a finger print or Iris and authenticate himself. Jeevan Pramaan uses the Aadhaar Platform for online biometric authentication.

6. Benefits of Digital Life Certificate:

The very requirement of personally being present in front of disbursing agency or getting a life certificate often became a major hurdle in the process of seamless transfer of pension amount to the pensioner. It was noted that it caused a lot of hardship and unnecessary inconvenience particularly for the aged and infirm pensioners who were always not in a position to present themselves in front of the particular authority to secure their life certificate. In addition to this, a lot of government employees post their retirement choose to move to different location either to be with their family or other reasons, hence causing a huge logistical issue when it comes to accessing their rightful pension amount. Jeevan Pramaan digital submission process seeks to make the whole process trouble-free for the retired employees. The key benefits of the Jeevan Pramaan- Digital Life Certificate process have been convenience, less processing time, timely payment of pension benefits, reduction in corruption and minimal chances of fraud.

6.1 Convenience: EPFO pensioners can now submit digital life certificates via Jeevan Pramaan Patra programme, thereby easing the verification of pensioners so that they do not need to run from one office to another in order to get their pensions. This helps in further improving pensioner's convenience especially from remote locations. Currently

individuals living in remote places have to travel long distances to reach EPFO offices or banks for filing paper based life certificate. They can now approach nearby Common service centers (CSC), the service delivery points which are broadband enabled.

6.2 Less processing time and timely payment of pension:

The physical life certificate was to be submitted to pension disbursing agencies in the month of November every year which also requires verification and attestation by a gazetted officer or bank official. Due to this, the process was very time consuming for the pensioner. The new process requires only a visit to the nearby Common Service Centre and submit the Aadhaar details and the biometric credentials for the digital life generation process. This does away the presence of any authorized officer to certify the pensioner being alive. This certification is done through system authentication of biometric credentials from UIDAI server. Thus, it reduces the time to process life certificate and ensures timely payment to the pensioner

6.3 Reduction in corruption: The source of corruption can always be traced to the dependence of a person on other specific person to get the work done. Since the digital life certificate submission process has done away with the manual intervention and dependence on authorized officials for obtaining the life certificate, there is hardly any scope for corruption.

6.4 Minimal Chances of fraud: There is an evidence of many cases where old aged pensions were being drawn fraudulently by the non-eligible beneficiaries. This was possible due to the wrong date of birth information given by the beneficiaries to the concerned social welfare departments. When in a specific case, the department investigated such cases, there were 800 such cases found where the pension was stopped after investigation. According to The Tribune, 24% beneficiaries of the pension scheme in Chandigarh, India are suspected to be fake while at least 10 persons have been found to be claiming pension fraudulently. These facts were highlighted after the linking of Aadhaar numbers with pension scheme. As many as 4,038 pensioners of the 21,092 beneficiaries did not turn up after the Social Welfare Department made the Aadhaar card mandatory for pension. When these cases were investigated, 10 cases were found as fake beneficiaries

7. Challenges in the implementation of Digital Life Certificate

The digital certification process, though being beneficial, has its own set of issues and challenges in its implementation:

7.1 Reluctance of pensioners due to multiple pension benefits: Not many people are coming forward to register for Aadhaar based digital life certificate as the system tracks down the various pensioner benefits being availed by them from different sources. In many cases, the pension benefits are not permissible if the beneficiary is availing pension under some other scheme. For instance, Old-Age Samman Pension Yojna and Widow Pension Yojna by the Government of state of Haryana, India exclude the pensioners of various other pension schemes including provident fund. The pensioners, therefore, tend to avoid submission of digital life certificates to escape tracking by multiple pension disbursement agencies and persist with manual life certificates, thereby defeating the very purpose of introducing a more convenient and transparent mode of submission of life certificate.

7.2 Mismatch in beneficiary details: In the course of analysis of a number of cases, it has been noted that the beneficiary details are different in pension papers vis-à-vis Aadhaar. While this may be due to submission of wrong details i.e. name, date of birth etc. at the time of either commencement of pension benefit or Aadhaar enrolment, this raise a concern about the genuineness of the person submitting life certificate through digital mode. More importantly, this leads to suspicion that the pensioner benefits might have been obtained unduly by furnishing wrong information i.e. over-stating the age to avail the benefits earlier than at the eligible time.

7.3 Privacy issue: There are growing concerns on sharing of information with third person other than the authorized ones. As such data has huge financial implications in terms of sale of data to third parties, it may lead to breach of privacy of individuals. According to a report by the Data Security Council of India submitted to the UIDAI, several security threats have been highlighted in respect of centralised databases of biometric personal identifiable information. Further, it can be a significant target for hackers and other malicious entities to exploit. There are also significant risks associated with transmitting biometric data

over networks where they may be intercepted, copied, and actually tampered with, often without any detection.

In the government of Jharkhand, a state of India, the Directorate of Social Security, a wing of the Department of Women, Child Development and Social Security has put on its website elaborate information about thousands of people who received benefits of various social security schemes. Not only the beneficiaries' Aadhaar numbers, their bank account numbers, the bank branches where these accounts are held were published on the website of the government's social security department. This was further compounded by the fact that the social grouping – caste and tribal affiliation – of thousands of beneficiaries was also mentioned on this website.

7.4 Infrastructure issues: It has been observed during the capture of biometric credentials of the pensioners for the purpose of digital life certificates that in a significant number of cases, the authentication of beneficiary pensioner through their finger prints was not very successful as compared to iris based biometric readers. The availability of Iris based biometric readers, being costly, is an infrastructure challenge in the remote areas, which needs to be addressed for the effective implementation of digital life certificate process. Further, it has been noticed that sometimes, there are connectivity issues between the touch points, where the pensioners approach to submit the digital life certificates, and the UIDAI servers for authentication, thereby delaying the process of digital life certificate submission. This causes an inconvenience to the old pensioners. This infrastructure problem has to be addressed on top priority as the pensioner may start questioning the convenience of the digital process and may return to the physical mode of digital life certificate submission.

7.5 Low digital literacy level of the pensioners: The implementation of Digital Life Certificate for pension disbursement in rural areas is a great challenge for the government because of the low digital literacy level. Many pensioners still face a number of barriers in using this scheme. They lack technical literacy and confidence required to use Smartphone, network quality, coverage and internet connectivity. Although Indian government has instructed Common Service Centers (CSC) to facilitate Government Pensioners to register Digital Life Certificates using Aadhaar authentication but according to an Indian

newspaper 'The Hindu', pensioners are not even aware of the existence of CSCs. They should be spread across the city to enable pensioners to go to the nearest one.

Conclusion:

Undoubtedly, the initiative of the Government of India to introduce Aadhaar based Digital Life Certificate has been a great step in the direction of smooth and trouble-free disbursement of the pension funds. This initiative would definitely make the life of the pensioners easy by saving the time of travelling to the disbursing center every year, irrespective of where he/she lives or the health conditions. It is useful for sick and infirm pensioners and those who have relocated to different city. In spite of having the tangible benefits of the scheme, there are some challenges in the implementation of this scheme in India. The pensioners are not coming forward to register their life certificates through Aadhaar based digital platforms. While this may be due to initial natural reluctance to the new technology based interventions, this may not be the primary reason. The paltry pension benefits in some schemes in India is possibly one of the reasons that the pensioners are drawing pension from multiple sources, even if they are not eligible for such multiple pension benefits. These challenges are not to be viewed from a narrow perspective of fraudulent tendencies of people at large, but have to be addressed by understanding the socio-economic conditions of the old age people in the country, which is a subject matter of another full-fledged research.

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Impact of Demographic Factors: Technology Adoption in Agriculture

Pooja Jain and Rekha

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Agriculture is the primary occupation of majority of Indians living in rural areas which constitutes of about 70% of India's population. Major challenge is to create and improve the existing agriculture infrastructure which can improve the livelihood of rural masses. In the present times of technological development, agriculture sector is trying to reap its benefits. The purpose of the present study is to assess the role of demographic factors on the acceptance of mobile technology by farmers in their farm operations. The study adopted 3 constructs of Technology Acceptance Model to measure the adoption of mobile phones. The outcomes revealed that except marital status of the farmers other demographic variables (age, income, educational qualifications, and gender) have significant effect on the variables of mobile acceptance. The outcomes provide implications for policy planners to adopt appropriate strategies to encourage the adoption of mobile phones among farmers having different demographic characteristics.



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Majority of people in India resides in rural areas and depend on agriculture for livelihood. More than 56% of Indian working population is engaged in agriculture and its allied activities (census 2011). India stands second in terms of the population numbers in the world. There is a huge demand for food to meet the requirements of the population which is dependent on agriculture sector. So it is important to invest considerable resources for the development of this sector to serve the growing food requirement and this sector also needs attention as it creates important linkages with manufacturing sector for providing the desired raw material. Indian agriculture has seen a substantial decline in growth rate of total output and crop yields across states after liberalisation period which has led to severe agricultural distress. Annual rate of growth in agriculture was less than 2.5 per cent in 9th and 10th five year plan. In spite of several initiatives like building irrigation facilities, extension services, land reforms, credit and marketing support taken by the central and state governments to revive the agriculture sector, it only grew at 3.7 per cent during the 11th Five Year Plan. Still it is a

very important sector for the economic development of any country. It must provide food for domestic consumption as well as produce surplus for generation of additional earnings.

Farmers in India face natural challenges of drought, flood, deforestation and natural calamities due to vast geographical disparities along with infrastructural challenges. Farmers' bargaining power is not strong as they pay high prices for input and are not able to sell their produce in market at high prices which results in overall loss in net earnings of farmers. In the present times of technological development and innovation, Information and communication technologies has the power of changing the state of agriculture in India. The rural population is largely dependent on agriculture because of dearth of alternative employment prospects, which makes the current study of strategic importance

Literature Review

Literature on rural development is replete with opinions that back the path of technological growth to agricultural development which is the backbone of rural development and welfare. Since an important reason for the existence of agricultural distress is insufficiency or absence of technological infrastructure, growth of communication technology germinates abundant information and thus enables an automatic increase in agricultural efficiencies.

Technology and information dissemination are the strategic goals for effective agriculture extension (Aker, 2010). Different types of Information Communication Technology (ICT) like internet, mobile phone, television and radio are being used to spread agricultural information to farmers. Koppel (1978) emphasized on the role of technology in enhancement of agriculture productivity. Technology has been considered as an essential resource for agricultural production. There are substantial international differences in diffusion of information and communication technology (ICT) referred as "Global Digital Divide," which pose a serious concern to policymakers throughout the world. The extent and speed of diffusion of any technology depend on the domestic capacity of absorbing the advanced technologies and this absorption capacity differs both across the countries and within the countries (among different states). Earlier more traditional tools like Radio, Television and Telephones were used for dissemination of information.

Today these tools exist, but newer technologies like mobile and internet are increasingly being used to facilitate the transfer and exchange of information.

The diffusion of mobile phones has been remarkable compared to other ICT tools (e.g. PC, Internet etc.). The number of telephone subscribers in India stands at 1,151.78 million with Rural subscription of 468.64 million and Rural Teledensity of 53.27 at the end of Dec-16.(TRAI). Mobile phones have an inherent advantage over traditional Information and Communications Technology. They do not require similar physical infrastructure as compared to internet such as a wire line connection, regular electricity or moderately frequent servicing requirement. Major benefit of using mobile phones includes its ability to communicate content via voice, removing the barrier of illiteracy. According to Deloitte (2014) the reach and penetration of mobile phones in India can ensure the delivery of a large number of services in a cost effective, fast and seamless manner even without physical access.

Various studies conducted in different parts of the world have concluded that farmers received critical information about farming on their mobile phones which empowered them to make informed decisions (Nyamba and Mlozi, 2012; Tadesse and Bahigwa, 2015), helped them to fetch higher market price for their produce (Mwakaje, 2010), received updated weather information (Nyamba and Mlozi, 2012) and minimised transportation and time costs by removing geographical boundations via calling and text messaging feature (Deloitte, 2012; Nyamba and Mlozi, 2012).

The study uses the basic constructs of TAM i.e. perceived usefulness, ease of use and behavioral intention to use and attempts to identify demographic influences on the adoption behaviour of farmers in the districts of Haryana. TAM model is built on a strong theoretical base in the field of information technology and is a well-researched, empirically tested model with validated inventory of measurement scales across different contexts (Davis, 1989). The TAM model was adapted by Ajzen and Fishbein's theory of reasoned action (TRA) to elucidate the causal relationship between users' internal beliefs (usefulness and ease of use), attitude, intentions, and computer usage behaviour. It is considered a robust and parsimonious model in the case of Internet and mobile technologies in diverse contexts (Wang et al. 2009; Crabbe et al., 2009; Kuo and Yen, 2009; Schierz, Schilke and

Wirtz, 2010). It has been tested with different control factors (e.g., gender, age, type of organization etc) and on different subjects i.e. students, farmers and working professionals, making it a robust model. Technology Acceptance Model (TAM) initially had two constructs perceived usefulness and perceived ease of use forming attitude which were derived from Theory of Self Efficacy by Bandura (1982) and Rogers and Shoemaker (1971). This model was initially applied in IBM Canada office in context of adoption of email service and file editor which were new technologies launched during that time on a sample of 112 respondents.

Perceived usefulness in TAM refers to the beliefs of the users that using particular technology/system would improve the performance. Perceived ease of use deals with the belief of the users that using a particular technology/system would be free of efforts. Attitude deals with the predisposition of the users to behave in a particular way i.e. favourable or unfavourable; towards a new technology/system and was affected by perceived ease of use. Attitude in-turn affects the usage intentions which are also affected by perceived usefulness. Usage intentions are considered proxy for actual usage behaviour of users. TAM model was able to provide a proper description of user's intention to use technology (Hu et al. 1999). The model is simple to apply and predicts intentions to use technology very well (Mathieson, 1991).

Different researchers have tried to modify the TAM by adding new constructs to it. Agarwal and Prasad (1998a and b) included the construct of compatibility, experience, self efficacy, perceived risk and social influence to TAM and Mathieson et al. (2001) added Behavioural intention construct to the original TAM model. Venkatesh and Davis modified TAM in 2000 to include other constructs of usage intention, subjective norms, voluntariness, Job relevance, output quality, demonstrability and image in their extended model. TAM model has been a successful model revealing useful insights and predicting usage intentions in technology mediated environment across various product categories. Perceived usefulness and ease of use are among the most significant factors in adoption of mobile services (Kargin and Basoglu, 2007).

The benefit of communicating information through mobiles is that it comes directly to the user and by necessity, provides a “snapshot” of information. This eliminates the potentially

overwhelming activity of sitting down at a computer and searching for the necessary information. The mobile phone technology is considered to be the cheapest and accessible ICT technology for information dissemination and reducing the digital divide (Wade 2004). Thus, mobiles address the dual nature of connectivity and comfort with technology, which has historically hindered the growth of traditional Information and Communications Technology in India. By leapfrogging all the major issues of traditional ICT delivery in India, mobiles have the ability to be a life changing method of information delivery to the rural poor. By using modern ICT along with conventional information sources, these farmers may be benefiting by having better yields or reduced cost of production or better price realization (Jensen 2000; Abraham 2007; Mittal, Gandhi, and Tripathi 2010; Aker 2008). Karamagi, and Nalumansi (2009) discussed that by using mobile phones farmers were able to improve their efficiency and mobile phone provided farmers with relevant real time information in rural Uganda. In a study conducted by Ng'ethe (2010) it was found that farmers in Kenya were able to market and sell their produce efficiently and thereby helped to increase their incomes.

Demographic variables have a substantial impact on the adoption of modern technologies (Crabbe, et al., 2009). Demographic variables like age, education qualification, family income, family size, and beliefs have significant positive relation to adoption of new technologies (Cruz 1978). There exist variations in adoption behaviour of mobile use due to demographic features like gender, age and education Sohail and AlJabri, (2014). Mattila (2003) emphasized that demographic characteristics like age, gender, income, education level, marital status and occupation needs to be explored in order to find out the behaviour pertaining to adoption of mobile phone by users. These variables play a strategic role in understanding the technology adoption process of different segment of people. It is pertinent to understand how demographic characteristics of farmers influence their perception of mobile phone acceptance for improved understanding of their adoption decision.

Demographic variables, ICT (Mobile adoption) and Hypothesis development

Age has a significant effect on adoption of modern ICT technologies.

Age as a predictor of ICT acceptance has received less attention from researchers in this field. Few studies (Chung et al., 2010; Tarhini, et al., 2014c; Wang, et al., 2009) have tested the impact of age and technology usage behaviour. Prado, et al. (2011) found in their study that people with age of 25 would use ICTs to learn and improve their work which is similar to the present study where majority of respondents which belong to the age category of above 25 are using modern ICT like internet and mobile phones to gather agricultural information for increasing their efficiency in farm operations. Farmers of young age are more aware and ready to adopt new technologies for long term benefits (Polson and Spencer, 1991). Jain and Hundal(2007) conducted a study on rural people of Punjab in India and it was found that majority of the respondent (62 %) using mobiles belonged were young and belonged to the age category of 20 to 40 which is consistent with the findings of the present study.

Cheong (2002) analyzed the various characteristics of users of internet and non-users of internet, in which it was observed that majority of internet users, are youngsters, who are more educated with higher incomes. A regression and correlation analysis was done and it was found that there is relationship between age and usage of internet. Demographic variables like gender, income and education have a significant relationship with internet application.

Based on the above discussion, the author hypothesizes:

Hypothesis 1: There is a significant difference in mobile technology adoption behavior among farmers belonging to different age groups.

Family income has a significant effect on adoption of modern ICT (Mobile phone) technologies.

Many previous researches depicts that income of the farmers and use of modern ICT technologies are positively and significantly associated which meant that rich large farmers were able to get more information as compared to poor farmers. (Jensen, 2007; Abraham, 2007; Mittal et al. 2010). Rich farmers are comparatively resourceful, have greater market surplus, have increased awareness and are connected to ICT devices for gathering information (Mittal and Mehar, 2015). People with higher incomes have personal electronic devices like computer, internet connection, television and mobile phones which can be used to grab market information (Padachi et al. 2008). Zhang et al.,

(2010) depicted that there is a direct relationship between income and accepting the technology for getting agricultural information by farmers. Kalba (2008) emphasized that adoption of mobile technology (Post paid as well as prepaid) is dependent on income of the family over time. Chowdhury, and Wolt, (2003) found a significant positive correlation between family income of the farmers and mobile technology adoption. Thus author hypothesize that:

Hypothesis 2: There is a significant difference in mobile technology adoption behaviour among farmers belonging to various monthly family income groups.

Education Level has a significant effect on adoption of modern ICT (Mobile phone) technologies.

The results of many studies suggest that as education level increases farmers shift to modern ICT technologies for gathering agricultural information (Mittal and Mehar 2015). Educational background of user significantly affects the perceived ease of use and perceived usefulness of using ICT technologies (Chung and Paynter, 2002). The process of diffusion of new technologies like mobile and internet has been slow for farmers as they are not much educated (Fuglie and Kascak, 2001). Feder and Umali (1993) submitted that farmers need knowledge and information to use new interactive technologies for improving their agricultural performance and education level positively correlated with embracing of new technologies by farmers.

Hypothesis 3: There is a significant difference in mobile technology adoption behavior among farmers with different educational backgrounds.

Gender Level has a significant effect on adoption of modern ICT (Mobile phone) technologies.

Ownership of mobile phone among women is less than 21% as compared to ownership of males in spite of skyrocketing increase in the penetration levels of mobile diffusion across the world (GSMA Development Fund, 2010). Gender ratio of ownership of mobile phone adoption in a study conducted on farmers in Bangladesh found that majority of the farmers were males (Islam and Grönlund, 2011) Mobile usage is more popular among males, who are more educated with high-incomes in the context of M banking (Sulaiman, et al. 2006). Gender of the respondent moderates the effect of intention to adopt mobile in context of m-banking (Yuan , et al. 2014)

Hypothesis 4: There is a significant difference in mobile technology adoption behavior among farmers belonging to different gender groups.

Marital status has a significant effect on adoption of modern ICT (Mobile phone) technologies.

Majority of the respondents considered for the present study are married and are responsible for family welfare and need to earn substantially from agriculture to support their families. This concurs with findings of Wanyeki (2003) and Goetting and Schumacher(2011) who stated that male members of the family are farm owners and not female. Young males are not considered reliable and responsible for farming as compared to married men.

Hypothesis 5: There is a significant difference in mobile technology adoption behavior among farmers who are single and married.

Research Methodology

The target population considered for the present study is:

Sampling unit: Farmers who were users and non-users of ICT technologies

Extent: 10 villages each from two districts of Haryana; Karnal and Sonipat

Sampling design: A non-probability convenience sampling technique was adopted for the present study

Execution: The questionnaire tapped different measures like demographic information, and measures of ICT usage, based on the three constructs of TAM, that is, perceived usefulness, ease of use and behavioural intention to use ICT(Mobile phone) technology. The final questionnaire

administered to the respondents consisted of items and comprised of two sections. Part 1 deals with socio-demographic variables such as age, gender, marital status, education qualification and income. Part 2 measured farmers perception about the perceived usefulness(6 items), ease of use (6 items) and behavioural intention (4 items) to use ICT technologies in farm operations based on Davis (1989), Technology Acceptance Model (TAM).

Questionnaire was self-administered on 300 (150 per district) farmers to solicit factual responses in a timely manner. It comprised close ended questions in which participants responded using a five point Likert scale, ranging from strongly agree to strongly disagree. The questionnaire was subjected to review by experts for validity. Out of the total 300 questionnaires 12 were discarded due to incomplete information.

Data Analysis and Results

Reliability Analysis

The TAM instrument has good internal consistency estimates (Cronbach's alpha), across studies ranging from .80 to .98, and a well-defined factor structure. Its factor structure is clean and strong, its internal reliabilities are very strong. The Cronbach's alpha can range from 0 to 1, with higher values indicating higher internal consistency. Generally, it is accepted that values above 0.6(Malhotra, 2007) or 0.7 (DeVellis, 2003) indicate satisfactory internal consistency. Cronbach alpha of the 3 constructs of TAM was calculated which came as 0.830(PU), 0.797(EOU) and 0.761(BI) as shown in Table 1.1. Since a reliability of 0.7 and above is considered to be high, all constructs were deemed highly reliable.

Table 1.1: Reliability Results

Constructs	Cronbach's Alpha
Perceived Usefulness(PU)	0.830
Ease of Use(EOU)	0.797
Behavioral Intention(BI)	0.761

One way Anova factor wise was applied in order to measure the demographic differences in acceptance of mobile technologies among farmers in the field of agriculture. In order to perform Anova three assumptions were checked. Since the sample was

collected on random basis, all respondents(farmers) had equal chance of selection which means all groups are independent of each other which fulfils the assumption of independence The z score of skewness and kurtosis was calculated to test normality which was

2.83 and 2.42 which signifies deviation of normality but not a substantial one as according to Kline(2011) deviation from normality is not a serious issue as the value of skewness and Kurtosis was below 3 and 10 respectively. Levene's test was

performed to check equality of variance and it was observed that all the demographic variables except educational qualification had a significance(p value) of greater than 0.05 level shown in Table 1.2.

Table 1.2: Levene's Test Results

Demographic Indicators	Levene's Test	Sig value
Age	1.356	.260
Gender	1.235	.268
Education	6.543(welch Statistic 7.890)	.003 (welch sig .001)
Income (Monthly)	.487	.617
Marital status	.486	.486

Among the demographic variables considered in the study, age was found to have significant difference among the factors of mobile adoption (PU, EOU and BI<0.05). This signifies that farmers of different age groups perceive difference among these factors of mobile adoption. Young and middle age farmers perceive mobile phones as useful, find them easy to use and intend to use mobile phones in the future for getting agricultural information as compared to the old farmers belonging to age category 60 and above. These findings are consistent with the findings of Chi and Yamada(2002) in which it was found that young farmers less than 40 years old are ready to adopt new technologies.

Males and females both are using mobile technology for deriving agri information but males perceive mobile phones to be more useful in comparison to females. There was no significant difference found between the genders in behavioural intention of adopting mobile phones for farming purpose.(p>0.05).

Farmers who were graduates perceived mobile phones to be quite useful, felt ease of use and intend to use mobile phone in the future in comparison to farmers who were class XII pass. There was significant difference observed in factor

wise analysis between farmers of different educational qualifications (PU, EOU and BI, p<0.05). These findings are consistent with the findings of Chi and Yamada (2002) in which it was found that educated farmers are progressive and have belief on the role of science and technology in enhancing agricultural performance.

Farmers belonging to family monthly income group of 20,000- 30,000 were found to higher acceptance of mobile phones than the other three income groups based on the mean values. No significant difference was observed in mobile acceptance variables between the various income groups. (PU, EOU and BI, p > 0.05). No significant difference was also observed on marital status of the respondent on the adoption of mobile technology as shown in Table 1.3 there is positive association of mobile phone usage experience and mobile phone acceptance in agriculture. It depicts that people who have more experience in using mobile phone have more acceptance of this technology in agriculture. Respondents who have used mobile phones for shorter periods perceive mobile phones to be less useful as compared to respondents who have used it for more than 5 years as shown in Table 1.3.

Table 1.3 : Demographic profile of the respondents

Demographic variables	Perceived Usefulness			Ease of use			Behavioural Intention		
	Mean	F	sig	Mean	F	Sig	Mean	F	sig
Age									
20-40 years	3.92	27.98	.000	3.68	11.04	.000	3.98	8.01	.000
40-60 years	4.23			3.89			3.96		
60 & above years	2.67			2.89			3.32		
Gender									
Male	3.89	6.79	.010	3.58	8.43	.004	3.96	2.14	.145
Female	3.36			3.52			3.80		
Education									
XII	3.32	16.28	.000	3.49	4.05	.018	3.63	7.80	.001
Graduate	4.17			3.80			4.10		
Post graduate	4.03			3.79			3.96		
Family income									
10,000-20,000	3.69	1.6	.204	3.62	1.01	.366	3.86	2.01	.137
20,000-30,000	3.98			3.96			4.06		
30,000-40,000	3.80			3.94			3.80		
40,000 and above	3.80			3.93			3.82		
Marital Status									
Married	3.96	2.78	.097	3.83	2.84	.093	3.94	.28	.593
Single	3.73			3.63			3.88		
Mobile phone usage experience									
Less than 2 yrs	2.76	17.99	.000	3.15	8.34	.000	2.95	20.83	.000
2- 5 yrs	3.81			3.67			3.96		
5 yrs and above	4.10			3.96			4.07		

Implications for the study

Mobile phone intervention in the field of agriculture is still at a nascent stage in many parts of India and there are limited number of studies that have been conducted in this regard in Indian context. Dissemination of information through internet is a newly emerging concept in agriculture and

allied sector. Usage of communication technologies in Indian rural society has to be viewed as a process marked by promises, opportunities, ironies and complexities. Farmers in India represent a large segment of the Indian population and they cannot be ignored as a topic of study.

Mobile is an interactive technology and the user needs not only access to that infrastructure but also needs the ability to access the information and use it. Young people should be encouraged to take up formal agribusiness practises as they are the early and major adopters of technology including mobile phones. The overarching challenge is to scale up pilot studies of Mobile usage in agriculture and make majority of non-adopter farmers about the best practise farming methods. Mobile technology is merging with Internet as Internet could also be accessed through smart phones. Radio services can also be merged with mobile phones as it allows the accessibility of radio services. India has not been able to convert the impact of Mobile technology on agriculture to the expected extent, so it is important to provide critical analyses of the impacts of mobile phones on economic development in India.

Conclusion

In this study, six demographic variables have been measured i.e, age, gender, educational qualification, marital status, family income and mobile phone usage. The study used the three constructs of the TAM model, perceived usefulness, ease of use and behavioral intention to use mobile technology in farming.

Consequently, it can be stated that there is no doubt or debate that mobile technology adoption provides a basis for improvement in the agriculture performance and Demographic factors have strong influence on adoption of this technology by farmers. Six decades of planning and focus on agriculture sector by the government after independence have borne fruits but these are too few in relation to the ever growing need of the growing population. The numbers reeling under poverty in rural areas let alone chronic poverty are a major concern in case India is striving for inclusive growth. Improvement in agricultural productivity can create economic and social welfare for majority of the masses living in rural areas. This makes the issue of mobile technology adoption worthy of discussion and solution hunting, not only because of its intrinsic enormity but more so due to its functional significance.

Limitations and Scope of future Research

The sample was limited to farmers of only two districts of Haryana; Karnal and Sonipat, with limited sample size and it can be extended to other districts of Haryana and other

States of India where farming is the major occupation of the residents of the State. Respondents who completed the questionnaire were contacted personally yet the conditions under which the test was completed were not controlled, so it is not known if conditions were always optimal for test taking of this nature, that includes the time of day, sincerity, setting with limited distractions and free from source of bias and the test was completed in one sitting without interruptions. At times the researcher had to leave the questionnaire with the respondents to be filled later. It may have been preferable to have had respondents complete the questionnaire under best test conditions and supervision. Limited number of demographic indicators were considered in the present study whereas in future other demographic variables like household composition, Ethnic background, social class etc. can be considered for similar study.

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Internal Communication: Practices and Implications

Aniisu K. Verghese

A b s t r a c t

The purpose of this paper is to understand the importance of internal communication in organizations and the value, impact and influence that practitioners associate with this function. This study focuses on the implications of internal communication from a practitioner's perspective. Data was gathered through an online survey using a convenience sampling method and analyzed to identify themes and patterns. Since internal communication as a function is nascent the researcher approached corporate communication practitioners directly on social media and communication forums. The survey was semi-structured and designed to obtain the perspectives of internal communication practitioners at all levels in their organization. The results from this study indicate that internal communication is viewed as important to organizational success although there are barriers that currently prevent the function from flourishing. Overall, the sentiments are positive about how internal communication is perceived among practitioners. This study is limited to the Asia Pacific region with a bias towards India since a majority of the responses were from the country. Therefore, the results can't be generalized across the practice.

Keywords: *internal communication, internal communication practitioner, culture, internal branding*



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Internal communication is receiving focus and organizations are investing in the function. The role of internal communication is to improve business value by communicating effectively with employees, being 'an important asset to the firm' and instilling a sense of belonging. Effective internal communication can reduce uncertainty and rumors, serve as a catalyst of change and the internal audience is the most important for the communicator. It also contributes to enhancing internal relationships and inculcating awareness of environmental change. Communicating effectively with employees can build organizational commitment, achieve superior business outcomes, influence corporate reputation, share knowledge,

gain trust, instill a sense of belonging, create awareness and engage employees. There is increasing evidence that employees are considered an important stakeholder, can influence corporate reputation, and act as ambassadors of the brand. Internal communication is viewed as the management of strategic relationships and interactions, impacting organizational effectiveness and as a systematic process and distribution of information at all levels.

Communicating effectively with employees can build organizational commitment, achieve superior business outcomes, influence corporate reputation, share knowledge, gain trust, instill a sense of belonging, create awareness and engage employees. (Kalla, 2005; Yates, 2006; Dortok, 2006, Welch and Jackson, 2007 and White, Vanc and Stafford, 2010).

Employees can be connected emotionally to the products or services the organization sells to customers, be motivated to work harder and stay loyal. However, the role of employees in making the organization's brand come alive for customers is less understood and employees are often ignored as a stakeholder (Mitchell, 2002). There is increasing evidence that employees are considered an important stakeholder, can influence corporate reputation (Dortok, 2006) and act as ambassadors of the brand (Dolphin, 2005).

Effective internal communication leads to improved business outcomes and committed employees are more productive. A Watson Wyatt study (Yates, 2006) with 260 US and 75 Canadian companies and among 335 participants discovered that effective communication is a leading indicator of an organization's financial performance and higher communication effectiveness results in a 19.4% increase in market premium. Such organizations are also 4.5 times more likely to have highly engaged employees. On the other hand, poor internal communication can be detrimental to organizational effectiveness and internal relationships if employees don't receive information in formats that are useful or acceptable to them (Welch, 2012).

The function is understood to be strategic in nature, multidimensional, multilevel and interconnected with the external environment. (Kalla, 2005; Dolphin, 2005; Welch and Jackson, 2007, Chong, 2007) and there are calls to recognize internal communication as a field of its own (Verčič, Verčič, and Sriramesh, 2012).

Internal communication plays a role in educating employees about the brand and reinforcing the psychological contract

between the employee and the organization (Chong, 2007, Mangold and Miles 2007). Although practitioners view internal communication as a management function that handles intra-organization interactions and which integrates different functions such as human resources management, communication and marketing there is a gap on the boundaries that it has influence over (Verčič, Verčič, and Sriramesh, 2012).

Furthermore, ongoing changes at the workplace with respect to the evolving expectations of the employees, disengaged workforces who want more open communication with managers make internal communication more important. (Argenti, 1998). With increased adoption of technology and usage of social media by employees (Cornelissen, 2011) what constitutes a boundary for an organization in relation to internal communication is still in question (Verčič, Verčič, and Sriramesh, 2012).

Limited research has been conducted on how internal communication practitioners understand the value, impact and implications of their function in improving commitment, identification and engagement. This paper heeds the call for more study on the impact and value of internal communication (Dolphin, 2005, Verčič, Verčič, and Sriramesh, 2012). This paper attempts to advance the understanding of relationships, support and resources needed to enable the internal communication practitioner in being effective at delivering positive business outcomes for the organization. It also aims to bridge the gap between theory and practice among practitioners.

Literature Review

Internal communication is receiving focus and organizations are investing in the function. (Chalmers, 2008, Watson Helsby, 2009). The role of internal communication is to improve business value by communicating effectively with employees, 'an important asset to the firm' and instilling a sense of belonging. Effective internal communication can reduce uncertainty and rumors, serve as a catalyst of change and the internal audience is the most important for the communicator. It also contributes to enhancing internal relationships and inculcating awareness of environmental change (Argenti, 1998, Dolphin, 2005, Welch and Jackson, 2007).

Yates (2006) explains that effective communication organizations excel in 8 areas - educating employees about

the organizational culture and values, helping connect employees to business, aligning employees' actions with customer needs, providing financial information and objectives, clarifying and promoting new programs and policies, integrating new employees into the organization, sharing information on the value of total rewards program and demonstrating leadership during change.

Approaches such as sharing information, investing in communication can help gain value in terms of higher shareholder returns, increased market premiums, enhanced employee engagement and lower turnover. Effective internal communication is referred to as 'a secret weapon' to enhance financial and organizational progress. Companies that invest and are great with internal communication deliver better market share, more shareholder value, increased engagement and lower employee turnover (Yates, 2006).

Internal Communication – Strategic and Multi-Faceted

Internal communication is viewed as the management of strategic relationships and interactions (Welch and Jackson, 2007), impacting organizational effectiveness (Welch, 2011) and as a systematic process and distribution of information at all levels (Verčič, Verčič and Sriramesh, 2012). Although there is an impetus on the need and importance of internal communication academic literature indicates that the dimensions and role of the function are understudied.

Verčič, Verčič and Sriramesh (2012) highlight the need for more research on the subject considering the gap which currently exists. Internal communication as a term is used interchangeably as internal corporate communication (Welch and Jackson, 2007), internal marketing (Rafiq and Ahmed, 2000), internal marketing communication (de Bussy et al. 2003) and staff communication and employee communication (Verčič, Verčič and Sriramesh, 2012).

Scholars have attempted defining internal communication as an integrative approach (Kalla, 2005), as relationship based (Welch and Jackson, 2007), boundary spanning (Cornelissen, 2011), involving consistent distribution of information (Verčič, Verčič and Sriramesh, 2012) and related to planning, alignment and measurement (Dortok, 2006).

For example, Kalla (2005) described it "as integrated internal communication" which brings the practices of business, management, corporate and organizational communication together. In essence it is "all formal and informal communication taking place internally at all levels in the organization strategy appropriate for the future of the company, an internal communication plan aligning employees' expectations with the expectations of the company, as well as application, measurement and evaluation." The authorization". The view is that employees receive information from all quarters and therefore having an integrated view is more inclusive.

On the other hand, Welch and Jackson (2007) defines internal communication from a stakeholder perspective - "as the strategic management of interactions and relationships between stakeholders within organizations across a number of interrelated dimensions including, internal line manager communication, internal team peer communication, internal project peer communication and internal corporate communication." They place internal communication within the ambit of integrated corporate communication and discuss how relationships shape the function's outcome.

Adding to that, Cornelissen (2011) shared that internal communication 'as the communication which took place with employees within the organization' but argues that social media has changed the approach communicators need to take considering internal and external are no more clearly identified. This is corroborated by Verčič, Verčič, Sriramesh (2012) who explain that internal communication "is the aspiration (starting from the vision and proceeding to policy and mission statement and eventually to strategy) of achieving a systematic analysis and distribution of information at all strata simultaneously coordinated in the most efficient way possible." They state how the boundaries of internal communication need to be revisited since the definition isn't clear.

In a study internal communication and corporate reputation (Dortok, 2006) defines internal communication as "a cycle consisting of a communication strategy appropriate for the future of the company, and internal communication plan aligning employees' expectations with the expectations of the company, as well as application, measurement and evaluation". The author feels that internal communication has a strategic linkage with business results and corporate reputation has an impact on employee and vice versa.

To sum up, internal communication is considered to be two-way inclusive, and it involves all stakeholders, cyclic, future oriented, measurable and impacting corporate reputation.

Theoretical Background

Internal communication can be understood from the context of the institutional theory of organizational communication. The theory argues that individuals as members are associated due to prestige and status and have boundary spanning interests that influence how organizations are perceived. (Cornelissen, 2011; Lammers and Barbour, 2006). The theory offers a holistic approach to understand the role of employees within the realm of organizations. Institutions as defined as ‘constellations of established practices guided by formalized, rational beliefs that transcend particular organizations and situations’ are known to be fixed, enduring and established in nature.

Communication hinges institutions – through individuals who follow established practices. Communication aligns organizing with institutions – individuals who join institutions replicate the rules in communication through repeated practices. Individuals play a role in moving their organizations towards institutions and managers are capable of hinging their organization in boundary spanning inter-organizational communication. It also enhances decision making and influences change opportunities. Boundary spanning communication is dependent on institutions – individuals are directly responsible for communicating with stakeholders outside – be it individuals who belong to public relations, crisis communicators or negotiators. To be efficient in boundary spanning communication the institution needs to be organized well.

In a similar vein, organization identification is about a perception of bonding and togetherness with the organization where the individual is a member. External prestige of the organization influences identification.

When personal values blend with the organization’s values they are more committed. Internal communication has an impact on organizational identification. When downward communication is consistent and reliable employees are more aligned. Employees need to feel that they have control over their work life and decisions related to it - they identify even more. Internal communication works best to influence employee commitment and org

identification when there is a two-way flow (Cornelissen, 2011).

Internal Communication: Dimensions and Value

Internal communication can be classified into two broad themes basis the use of communication technologies - management communication and corporate information and communication systems (CICS). Management communication is about the communication between the manager and the employees mostly related to specific tasks that can influence morale and belongingness. It is mostly interpersonal communication. Management communication is about interpersonal relationships while the latter is about generic information sharing. They both work in union for downward and upward communication. Upward communication encourages employees to raise concerns while the CICS allows platforms to increase the reach and connection to senior leadership. (Cornelissen, 2011).

High performing companies communicate effectively and are known to excel in the following 8 areas.

- educates employees about org culture and values
- helps connect employees to business
- aligns employees’ actions with customer needs
- provides financial information and objectives
- explains and promotes new programs and policies
- integrates new employees into organization
- shares info on value of total rewards program
- demonstrates leadership during change (Yates, 2006).

The more information is shared the more motivated staff is expected to be (Argenti, 1998) and communicating with employees even when it doesn’t directly relate to their job performance is welcomed (White, Vanc and Stafford, 2010). As the employee progresses in an organization from being selfish and focused on the job to being more aware of those around the job it helps to be well informed (Argenti, 1998). Dolphin (2005) argues that trust and reliable information are crucial to developing relationships – increasingly important than merely cascading communication. Internal communication seemed to influence levels of employee’s communication satisfaction in terms of the impact of relationships and trust among between leaders and staff and linking the importance of helping employees know their role and that of their organization. Internal communication can

help employees relate to identification, commitment and loyalty by focusing on brand promise (Sharma and Kamalanabhan, 2012).

Face to face, video conferencing, e-mail and enterprise software are among key modes of effective communication and controlled by the communication department. There is a need to allow for upward and downward communication. Downward communication is about communicating what is important (mission) and what is valued (policies). Employees need to be able to communicate upwards - with their ideas, how they perceive their work environment or provide feedback on plans and ideas that managers have on improving the organization's profitability and performance (Cornelissen, 2011).

In a study on the influence of new media and communication on employees De Bussy et al. (2003) reviewed ethical work climate, mutual trust, attitude to innovation and goal alignment as the dimensions of internal marketing communication.

White et al. (2010) studied internal communication in relation to interpersonal influence and discussed information, direction, channel and culture as variables that can improve trust and relationships internally. Adequate information can support employees' understanding of organizational messages, quality of downward communication impacts relationships between management and employees, message efficacy optimizes employees' perceptions of communication channels and culture influences communication.

Role and Objectives of Internal Communication

The role of internal communication is understood as wide ranging and relevant for business success. Internal communication is believed to be a key intangible factor driving organisational performance. Considered a competitive advantage and that which differentiates high performing organizations from the rest effective internal communication is known to command a market premium, bring higher shareholder value, reduce employee turnover and increase employee engagement. Higher performing organizations in the public and private sector organizations were more likely to use certain collective and individual mechanisms of internal communications. (Yates, 2006, Work Foundation, 2007). Senior managers have a role to play. Without sufficient upward communication managers

may not get the complete picture of their problems thereby limiting their ability to find suitable solutions (Robson and Tourish 2005).

Although internal communication is growing practitioners are divided about its functioning and how it relates within a multidisciplinary perspective. It is known to be interdisciplinary and seen as a separate domain since it has different skills and knowledge areas. However, there isn't consensus on where it needs to be housed and managed - within HR or corporate communication or as a separate department (Verčič, Verčič, Sriramesh, 2012). Most organizations had one or two dedicated staff manning internal communication (The Work Foundation, 2007).

The role is seen as technical in nature - distributing information and overseeing the creation of internal media content and in aligning the goals of the employees to that of the organization they work for. The internal communicator is known as an 'information manager,' 'coach,' and 'mediator' and the objectives include motivating, aligning employees thereby creating value and building culture (Verčič, Verčič, Sriramesh, 2012). Internal communication is also challenging and complex (Chalmers, 2008) although viewing it as a strategic approach leads to improved results (The Work Foundation, 2007).

ROI for internal communication considers financial and non-financial measures. Organizations which measure effective usage of resources have a competitive advantage. There is no one best size fits all measure. A comprehensive internal set-up is needed to ensure all communication activities are interlinked and measured right. Need to monitor ROI at different times of the communication process and journey, timing matters while calculating ROI. Use alternate measures to address ROI when direct measures are tough to arrive at (Meng and Berger, 2012).

Employee communication is seen on par with external communication since it is known to be as sophisticated. The newsletter is seen as an opportunity to create an image of the firm, linked to communication strategy and aligned with both internal and external messages. Informal discussions are the best approach to have with employees. Respect and listening are two important factors. Allow employees to be the first to know. Managers are the most important factor in internal communication decision making, involvement key. (Argenti, 1998).

Most organizations have internal communication as part of the communication department (Dolphin, 2005). In a UK based study approximately half of the organizations had internal communication located within one centralized department, and half of the teams were split across departments although in large organizations with over 5000 employees it sat within corporate communications (The Work Foundation, 2007).

Internal Communication Resources

Most internal communication managed within the budgets available rather than objectives set. Budgets have seen an increase establishing the importance of this function (Work Foundation, 2007). Communication leaders in the UK were aware of the importance of internal communication and strategic value it brings. The role of the communicator is to create more opportunities for employees to be engaged, listen, speak up and be involved. Management needs to give equal importance to internal communication in relation to external communication. Change management initiatives are successful with clear and consistent internal communication.

Internal communications is related to a “corporate lifeboat.” Most organizations invest internal communication with the communications department instead of the personnel team. The more the internal and external messages aligned the better the chances of the organization speaking in a unified voice. Internal communication wasn’t adequately represented at the board level. The organizational size and the resources were factors that determine the approaches taken for internal communication. Robust relationships, greater trust and valued information are the outcomes of effective internal communication. The communication leaders can be ‘today’s strategic information manager.’ The state of internal communication is good in the UK and growing steadily. (Dolphin, 2005).

Internal Branding

Employees are understood to be ‘ambassadors of commitment’ and internal communication can improve their affinity to support the brand (Argenti, 1998). Need for establishing communication standards in a company and to have consistent communication programs. Visual representation of the brand along with logos and other

symbols helped to connect employees to the brand. Internal corporate communication messages need to focus more on providing strategic direction and position brand messages better. Face to face communication worked well with the opportunities to interact directly and express opinions.

Feedback and actions thereafter seems undervalued and neglected. Brand training can influence identification with the brand values and needs to be conducted regularly. Internal communication seemed to influence levels of employee’s communication satisfaction - a) the impact of relationships and trust among between leaders and staff and b) the importance of helping employees know their role and that of their organization. Internal communication can help employees relate to identification, commitment and loyalty by focusing on brand promise. Senior management participation for brand building needed more work. Recommendation that HR and ICC must be integrated to be most effective (Sharma and Kamalanabhan, 2012).

Organizational Culture

Evidence from a Delphi study conducted in Europe indicates that internal communication is cross-national and cross-cultural and there is a need to discuss this subject further. (Verčič, Verčič, Sriramesh, 2012).

Internal communication is seen as addressing a uni-audience since it takes place in a communication climate influenced by corporate culture it has an impact on it (Welch and Jackson, 2007). Poor internal communication can be detrimental to organizational effectiveness and internal relationships if employees don’t receive information in formats that are useful or acceptable to them (Welch, 2012) Although corporate culture and the nature of internal communication are known to improve corporate efficiency implementing internal communication is difficult since it can result in fissures, breaks and complexity in organizational culture, especially in bureaucratic organizations (Stern, Stern and Rooyen, 2001).

Yates (2006) in her study on communication effectiveness and internal communication discovered that educating employees about organizational culture and values has a positive impact on their commitment.

However, there are gaps even among high communication effectiveness companies. Less than a third of high effective

firms provide employees opportunity to give inputs on decisions and 25% seek inputs on how the business is run. To improve communication effectiveness organizations need to create documented communication strategies, conduct yearly plans, establish two way communication channels, provide managers with better tools and training, tap technologies, add formal measurement metrics and form global advisory group to identify specific focus, customize and get buy-in to create a climate that fosters trust and feedback.

Practitioners' Competencies and Internal Communication

There are calls to focus on research that understands the implications of culture and organizational boundaries in relation to internal communication (Verčič, Verčič, Sriramesh, 2012). The role of internal communication is varied, multifaceted and expects the professional to demonstrate larger number of competencies. A study by Chalmers (2008) reviewed job advertisements for internal communication and concluded that internal communication is known to have contributed to the success to the organizations in terms of tactics and strategies. The most frequently mentioned personal attributes were self-motivation and creativity. Also the ability to work with senior leadership, handle complexity and ambiguity, balancing multiple projects, working in an integrated manner and having a focus on business results.

With the advent of new technologies, messages to employees don't always remain inside the organization. Employees can distribute their own messages about an organization electronically to outside stakeholders often without much control or expectation from the employer (Cornelissen, 2011). Co-relation between corporate reputation and internal communication, those organizations which feature in the top must have a more evolved approach to internal communication thereby impacting corporate reputation. Companies with higher reputations give more importance to internal communication, had more robust internal communication plans, focused on measurement, impacted business objectives, invested in internal communication teams, used effective tools for sharing business objectives. Annual meetings and sharing information about the business plan, strategy and future were important, consensus on meeting both financial and non-financial outcomes/results (Dortok, 2006).

Research Objectives

The purpose of this study was to ascertain the role, value and impact of internal communication from the practitioners' viewpoint. The methodology considered appropriate for this study was a qualitative survey through online interviews served via e-mail, hosted on the author's blog and posted on specific forums on professional networking sites such as LinkedIn.

This paper critically and qualitatively reviews the landscape of internal communication as perceived by internal communication practitioners in the Asia Pacific region, India included.

The author tried to ascertain how:

- do internal communication professionals perceive internal communication and its role within the organization?
- Is internal communication supported and fits within the organizational framework through budgets and resources?
- Is internal communication related to internal branding and culture?
- Are internal communication practitioner's perceived skills, knowledge and attributes needed to be successful?
- Do internal communication professionals identify priorities and understand the focus on the future?

Due to the researcher's background as an internal communicator, panelist on communication award juries, communication workshop trainer and committee member of global and local communication bodies, access to people and information not in the public domain was easier to get.

Methodology

For this qualitative study the researcher approached practitioners directly and via online forums and received 15 responses. Data was gathered through an online survey using a convenience sampling method and analyzed to identify themes and patterns. Since internal communication as a function is nascent the researcher approached corporate communication practitioners directly on social media and communication forums. The survey was run in October 2014 with a focus on the state of internal communication in the Asia Pacific region including India. The survey link was

publically hosted on the author's blog and also posted on social media sites for wider coverage and awareness.

The survey was semi-structured and designed to obtain the perspectives of internal communication practitioners at all levels in their organization. Given the theoretical context of internal communications the author developed an interview questionnaire based on literature which included closed and

open ended questions. The latter provided opportunities to analyze free text content and draw inferences about the perception of the function from practitioners. The themes discussed included the team and mandate, the budget and spend, internal branding, organizational culture, knowledge, skills and attributes of internal communicators, priorities and opportunities as understood by the practitioner and views on the future of internal communication.

Table 1 covers the interviewee information.

Category	Description
Industry	Multiple sectors
Number of interviews	15
Educational qualification of interviewees	Graduate, post graduate
Management level	Mid to senior level
Geographical location of interviewees	India, Australia

The survey was in English and the author collected responses over a 3 week period. Data from the survey were collated and analyzed thereafter to identify themes and patterns following the technique used by qualitative researchers (Corbin and Strauss, 2008). A high level summary report was promised to all respondents and was shared directly via e-mail individually.

Individual names of participants and companies were kept anonymous and confidential and therefore the interviewees aren't identified by name in this paper. Information on respondents' name, educational qualification, background and role, organization name, approximate number of employees in the organization, industry, overall years of experience, years of internal communication experience and contact e-mail were sought.

Results and conclusions

The internal communication function is viewed as important in most organizations. A majority of the organizations had team size of 5 members and were mostly housed within Corporate Communications and Marketing functions. This is consistent with research which indicates that most internal communication teams sit within the communication department (Dolphin, 2005).

The internal communication team is called on to deliver on employee engagement and leadership communication. Managing channels and events came in next among the stated responsibilities. Only half the respondents believed their team met the needs of their respective organization and a significant number agreed that the organization in turn invested in building and growing the team.

A majority (over 80%) of communicators claimed they had a strategy in place for internal communication and a majority agreed that the function was viewed as important to the organization's success. On the areas within internal communication that needed attention most communicators felt the following were important: building a climate for communication, collaborating across teams, instilling a sense of pride, integrating the organization, reducing information overload, inspiring employees to contribute to communication and having a dialogue. This is in line with Dortok (2006) who discovered that internal communication has a strategic role in encouraging employees to value add to the organization's reputation - taking the company ahead. Employees can elevate the organization's reputation and the business outcomes, directly or indirectly. Investing in internal communication is beneficial for corporate reputation.

The biggest barriers to delivering effective internal communication were the inability to demonstrate value of the function, low budgets, limited line of sight, poor alignment of employees, lack of commitment from senior leaders, competing priorities and lack of time.

The focus on branding employees is considering an important responsibility of the function. What defines internal branding is hazy. A few respondents noted:

- It is a marathon and not a sprint,
- Conserving brand ideals and standing by it,
- The employee as the best brand ambassador and a key driver of organizational reputation,
- Building, sustaining and improving the brand, products, services and values of the company,,
- The way we play,
- A way to build company culture.

It is evident that without a common understanding of what internal branding is and can deliver most communicators will struggle to provide tangible value to stakeholders. Just over half the communicators felt they were directly responsible for internal branding although a sizable number mentioned that their organization has plans to invest in building brand ambassadors from within. The most attention for internal branding initiatives were received by leadership connections, social media engagements while a high number of respondents agreed that their organization had a unified approach to branding – internal and external.

To improve internal branding, the following suggestions emerged as key themes:

- a) surveying audiences
- b) addressing the 'what's in it for me' for employees
- c) being aware of language used to create pride among the workforce
- d) having a joined up approach with HR and Marketing
- e) need for consistency in messaging
- f) adopting digital channels
- g) Improving cross business learning and sharing of knowledge
- h) helping managers and employees to be advocates

Only about half the respondents felt that their organization had a unique culture although a majority (85%) felt that communication played a critical role in shaping culture. Most organizations surveyed their employees on culture annually while a large number of communicators claimed their employees viewed values as central to their work. Sharing stories and having leaders articulate values were among the top two approaches adopted to communicate culture although a low percentage completely agreed that employees knew the organization's culture. Just over half the respondents communicated the culture and values within their organizations. To influence organization culture a few recommendations for internal communication were:

- a) Tap the power of employees as brand ambassadors
- b) Use storytelling to communicate messages
- c) Walk the talk
- d) Seek feedback and integrate inputs in everyday communication
- e) Recognize ideas and rewarding 'heroes'
- f) Build a sense of shared purpose
- g) Consistently drive messages

In terms of skills influencing and stakeholder management were called out as key drivers for improving performance while knowing the organization, employees and strategy helped the internal communicator succeed. Passion for the job, patience and focus were key attributes for an internal communicator to make progress at work.

The barriers preventing internal communicators from making progress were limited business perspective, lack of leadership support, inability to demonstrate value and impact and low credibility of the function. The on-the-job training, mentoring and accreditation were called out as the best approaches to enhance learning while only a few mentioned they had a dedicated budget for training. The top priorities for the team were employee engagement, improving reach and impact and raising the potential of internal channels.

Respondents felt the function needs to focus more on engaging employees, increasing scope and reach, measurement, conducting shorter and more frequent surveys, evolving channels, creating assets for scale, training the team.

While most communicators exuded confidence about achieving their priorities only about half accepted they had achieved their goals from the previous year. Words used to describe the function included “committed, interested, involved” e-mail overloaders' 'passionate and go getters', 'responsiveness, fast and impactful.’

Practitioners have an optimistic view of the future. They felt opportunities ahead are in mobile engagement, CSR, measurement, social media, analytics and video. This is in line with the advances in technology and the need for internal communication practitioners to be skilled in this emerging domain (Chalmers, 2008). However, challenges include lack of cohesive initiatives, need for tailor made solutions, need to convince leadership. Employee engagement, technology changes “Hope to see internal communications involved with strategic decision making” and “need more following to convince senior leadership.”

To improve internal communication respondents suggest better planning, clearer division of work, curiosity to learn and stay ahead of industry changes, taking pride in the work, using storytelling as an approach, connecting with peers in the industry and taking on larger responsibilities at work. These recommendations corroborate views by Argenti (1998) who recommended that employees must be the first to know, and managers are crucial in internal communication decision making. Respect and listening are two important factors while considering employee communication.

Overall, the sentiments are positive about how internal communication is perceived among practitioners. There is increased understanding of the role of the function and the value it can add. There is however greater expectation on the support internal communicators need from leaders. Many factors were cited as barriers that reduce the impact of the domain.

Practical and social implications

There has been limited research on internal communication and this adds to the body of knowledge providing inputs for practitioners to blend theory with practice. The results indicate that there is limited understanding and appreciation of the role of internal communication on internal branding and culture.

From the results it is evident that there is a need to bring rigor to the practice by institutionalizing best practices and standards apart from creating a platform for learning and development. In that sense, the region is gaining maturity and provides opportunities for practitioners to establish their credentials formally.

This study attempts to fill a gap that exists in internal communication literature on the role, focus, support and future of the function in the region. However, it is limited to the Asia Pacific region with a bias towards India since a majority of the responses were from the country. Understanding how practitioners in other geographies, review the linkages between internal communication, culture, internal branding and competencies will add further depth to the body of knowledge. There is a need to conduct further empirical studies to gauge the value and impact of internal communication from a practitioner's viewpoint.

Note:

The survey report is published at:

<https://intraskope.wordpress.com/2015/04/05/announcing-the-2014-apac-and-india-internal-communications-survey-results/>

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