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Contents

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The Chairman speaks ...

In today's increasingly competitive and continuously changing business climate, survival and progress of an organization depends very much on the regular upgradation and acquisition of the required competencies by the employees at all levels through training and development.

A training programme to be effective, it must be well planned. Designing a training programme involves a sequence of steps starting with the training need assessment of the particular workforce. Need assessment is a systematic attempt to diagnose the changing work requirements. Developing appropriate training responses to the identified needs is the next step.

Even though accurate need assessment is widely accepted as a critical prerequisite for conducting a training programme, it is an often neglected step in practice.

The research paper on 'Training need assessment' brought to you as the lead article in this issue, therefore, assumes topical importance to our readers.

Radical changes had occurred in the market place during the last few years. Strong brand loyalty is fast becoming a thing of the past because equally acceptable other choices are available to the consumer. Therefore, any failure in ensuring the ready availability of the preferred brand at the retail shop is likely to persuade the consumer to shift his loyalty. Hence, our second lead article deals with mutual integration of supply chain management and marketing management.

We are sure you will enjoy reading these lead articles and a variety of other articles brought to you in this issue.

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Chairman, SCMS Group of Educational Institutions

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Editorial

Management: Ontology and Pedagogy

Nature has its own form. No rigid rules bind her Being: the gentle breeze, the movement of clouds, the lashing fury of storm, flower-laden trees, myriad of rain drops clinging-like crystal to the swaying blades of grass, and a spider's web, quivering like dewdrops in the morning sunlight. These beautiful moments in Nature can never be captured and channeled into rules. 'Management' exists there where Nature exists in its various manifestations.

Nature manages all things using different ways. Nature creates things and objects, sustains them, destroys them, and continues this process. Once we observe Nature, it gives us many things to learn. Nature is the greatest teacher, to poets. It is so with regard to us also when we search for the best pedagogy. The best management classes will be those sliced from experiences from Nature. Growth and development are all well understood from our observation of the growth and development of a plant or similar other organisms.

Over and above what we get from Nature as beauty and objects of beauty, we can create visual beauty with natural materials, following certain rules. Good design is universal and it demands a few basic principles. Many flower arrangers use mechanical rules to make their products pleasing and attractive, but, sans creativity and soul. A thorough understanding of the basic principles of combination of flowers: Focal Point, Build-up, Balance, Relationship of Parts and Simplicity, is necessary to provide unity and harmony.

One flower in a container does not please. It has no design. Sight of two flowers, of the same height, does not please either. It is uninteresting and dull. Three flowers at different heights with the largest in the centre make a design, with the centre flower as the focal point. The focal point is the mass, prominent through shape, size or colour. Build-up is achieved by repetition of culture, form, or texture, leading to or away from the focal point. Form and colour are important factors of balance and are closely related. Relationship of parts or proportion or scale is necessary to obtain the best visual effect. Simplicity means finding the essence of the design.

Mass is the material, the flowers, the foliage, and the twigs used in an arrangement. Texture is the feel of the mass, rough, smooth, or delicate, and finally colour, which plays an important role. A design is the product of the three above. Similarly from the simple to the complex, lessons from Nature are many. Every object around is a provider of a lesson in pedagogy. Nature can teach us how to solve a problem. All these can form the basis of management pedagogy.

Dr.D.Radhakrishnan Nair

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Case in Competency: Training need Assessment

Anitha Thomas and Anirudha Panchal

Abstract

Bridging Gap

Competency assessment is vital in identification of the desired skills sets for each role for meeting organizational goals and objectives. It helps in assessing the gap which later can be bridged through training and development or through employees' self-initiated efforts. This further helps in formulating more accurate terms and plan training activities, that leaves little mismatch between training needed and training provided. This paper reports a case study relating to competency based training need assessment for Head Planning and Production at Ink Manufacturing firm, through four stage process namely- Conceptualization, Instrument Construction, Diagnosis and Analysis and Unfreezing.

Unlike other resources, human being is the only asset that can appreciate with useful inputs. It is one such asset that adds value to itself with respect to time. And therefore it is considered as a resource that can be cultivated by the manure of training and development. But is this manure resulting in higher productivity? More value for money? The struggle for evaluating this continues. The training and development managers of today are toiling hard to convince the management that investment in training yield results that are not much different that the investment in various projects.

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The aspect of training evaluation is getting more and more relevant in the current times. Each and every activity of an organization is being looked at in terms of being value added or non value added. Various models have been proposed by learned scholars to evaluate training at various levels. The quest however is still on to identify various metrics so as to understand the results of training. It has been quite in fashion now to look at training not as a cost center but as a strategic investment. No wonder companies are talking of return on investment in training.

Business results offer direct metrics that show the effect of any such initiative, correlating with a particular training input though is still and challenge and is full of subjectivity. It is still an open game for the training and development manager to be played to earn the favour of the management and similar for the management to prove it otherwise.

In such a situation the question is what can best explain the result of a training input; the answer seems to lie in using the concept of competency. This concept offers an opportunity to the evaluator to observe the change in competency as manifested in the behaviour of the individual at workplace. Competency as widely understood is the sum total of knowledge, skills and attitudes that makes a person performs a task well. It means the behaviours necessary for the job to be performed well. It therefore focuses on the process more than the results. This further indicates that sound processes would lead to desired results. There are very few companies that feel it is important to understand the shared values of the organization and whether that would lead them to the achievement of ultimate goal of the organization. Quite a few of them have realized how important are the values to be able to align the total workforce to a common goal. This is nothing but a conscious effort to focus on the means towards the ends!!

Organizations have gone through really unpleasant experiences when the focus is only on the results. An employee is not all alone in the organization. His role is not merely to achieve his own objectives and targets but also needs to be a collaborative member of the system that is together trying to achieve. Every person with his or her actions within the organizational system determines how smooth and conducive the environment is for everyone to achieve. As a matter of fact every individual's collaborative behaviour acts as a lubricant in the machine thereby increasing the efficiency of the machine. For organizations to grow, they need to focus more on the collective effort than on the individual effort. Competency assessment and monitoring helps to identify the function and not so functional behaviours. This subject has received little attention in the business world. A conscious effort to transcend the individuals from not so functional to functional behaviour could be a worthwhile path to be taken by the training and development function. Evaluation of these subtle changes in behaviour that are the manifestations of the enhanced competencies is the subject matter of the topic Competency Based Training Evaluation.

The Background

Company A is an Indian multi-national manufacturer of a range of products in printing inks. The company has been in operation for over 20 years. Since its very beginning, Company A has remained strongly committed to the printing industry. This is reflected in high levels of investments they made not only to manufacture inks but also the key raw materials like pigments, resins, varnishes, additives etc. Today the company is amongst the few ink companies in the world having such high degree of backward integration.

Company A manufactures printing inks for publications, packaging and other general purpose applications. It was established in 1987 and listed on India's stock markets in 1991. By 1997, it was the number one player in domestic markets and by 2004 it become the world's top 15 ink companies with a presence in over 52 countries. In 2006, it entered into a joint venture with a German company, and the company is now among the world's top five ink companies. Today, Company A has a sales turnover of Rs. 12292 million (FY2006). The total manufacturing plant is organized into: Resin Plant, Varnish Plant, Alkali Blue Pigment Plant, Seamless Ink Plant, R&D Plant and 3 Ink Manufacturing Plant.

The Context

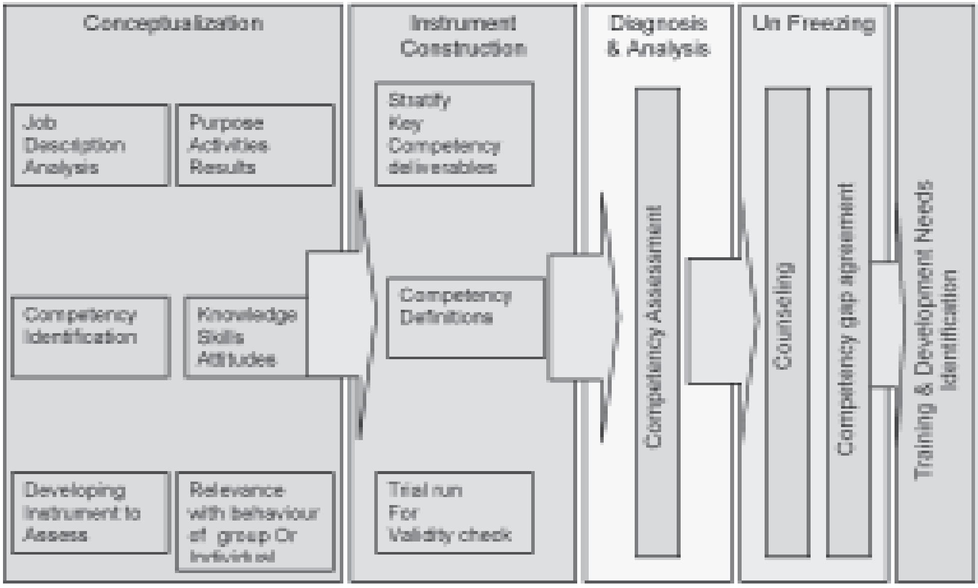
The 'boundary' of this study for Company A was identified as encompassing the CBTA intervention that occurred for the Head Planning and Production. Company A had brought about changes to its workforce in the early 2000's, as it sought to be globally competitive, and had undertaken a process of restructuring the role of its employees specially Planning and Production, and that's why Head P&P who directly makes an impact in restructuring was studied as case. As part of the role of Head P&P required having centralized control over all the plant functioning, and for the organization competitiveness his role and the job are very critical.

The Work

Competency Based Training Model focuses on four stage process:

1. Conceptualization
2. Instrument Construction
3. Diagnosis and Analysis
4. Unfreezing

Figure 1: The CBTA Model



A systematic and thorough investment in all the four Approaches leads to the ultimate objective of Training Need Identification. As per the survey findings for training need identification, personal interviews are most widely adopted option (83 percent), direct interfacing with the workplace (80 percent), and evaluation of performance/productivity measures (75 percent), questionnaire survey (66 per cent), and organization analysis (64 percent). As per the study findings, among different methods of training need assessment such as direct observation, interviews, surveys, group discussions, etc 'questionnaire based survey' is by far most commonly followed technique (Sah, 1991) and very recently Competency Based Training Need Assessment has proved to be the best option.

This model lays heavy emphasis on strong ground work in the following stages:

1. Job Description and analysis
2. Identification of competencies to perform this job well
3. Defining Competencies
4. Developing reliable and valid instruments to identify the level at which and individual is operating.

Job Description and Analysis

Job descriptions are lists of the general tasks, or functions, and responsibilities of a position. Job descriptions are usually developed by conducting a job analysis, which includes examining the tasks and sequences of tasks necessary to perform the job. The analysis looks at the areas of knowledge and skills needed by the job. Job description and analysis becomes necessary when competency based assessment *conceptualization* is to be drawn. The background helps in assessing what in the job is to be studied for, the purpose of the job, dimensions, major activities, and accountability.

Role of the Head Planning and Production

Purpose of the Job

The purpose of this job is to coordinate with various departments, plan and direct production activities, analyze data of operations in order to ensure costs within specified limits, internal customer satisfaction, safe working practices, statutory compliance, competent and enthusiastic workforce.

Dimensions

1.	Total No. of Subordinates	: 6
2.	Annual Operating Budget	: 35 crores
3.	Total number of employees	: 1000

Major Activities

1. Convert sales forecast into a production plan
2. Monitor plant level yield and cost parameters
3. Drive quality, cost and yield improvement initiatives
4. Ensure cross departmental harmony
5. Set targets for plant in charges
6. Carry out periodic performance reviews
7. Finalise production budgets
8. Suggest process improvement ideas
9. Identify and develop competence

Accountability

1. Cost and quality targets achieved.
2. Enhanced competence of the workforce
3. Sound systems in place
4. Performance Oriented production activities.
5. Compliance to Quality, Environment and OH&S management systems.
6. Efficient production processes

Identification of Competencies

To *Conceptualize* the competency identification, the job analysis result culminates in the knowledge, skills and attitude. It needed to be conceptualize around the people who are already successful in similar jobs and identify how they do what they do and what has made them successful in their fields has helped in defining the competencies required for head P & P. An exploration for Second Approach: *Instrument Construction* starts with the stratification of key competencies under the major categories of Functional Knowledge, Functional Skills and Functional Attitude requirements.

Each Competency is then defined in terms of the major elements of that particular competency. This lays the foundation to identify various descriptors graduating from a base to higher levels of behaviour as manifestations of that competency.

Table-1: Job Competencies and Descriptors

Job competencies/ Descriptions	FUNCTIONAL KNOWLEDGE REQUIREMENTS	FUNCTIONAL SKILL REQUIREMENTS	KEY ATTITUDES/TRAITS
	• Organization and Business Awareness • Ink manufacturing and trouble shooting • Printing Inks and its application • Knowledge of customer needs • Financial Performance Indicators	• Interpersonal • Systems thinking • Analytical Thinking • Planning and organizing • Team Leadership	• Emotional Stability • Assertiveness • Persistence • Customer orientation • Initiative

Functional Knowledge Requirements

1. **Organization and Business Awareness**

The job needs:

a. Understanding of the economic drivers in industry and how value is created at all levels in the organization.

b. Knowledge to pro-actively scan the market place for information on political, economic, and technological and other developments outside the normal boundaries of the business.

c. The understanding of how the organization is positioned for the future relative to its environment.

2. **Ink manufacturing and trouble shooting**

a. The job calls for proficiency in the ink manufacturing technologies and the awareness of the problems and ink performance issues.

b. It needs the knowledge of conditions required for optimal performance, and all parameters related to various printing machines.

3. **Printing Inks and its applications**

a. The job needs indepth knowledge of printing ink technology and applications of various categories of inks.

b. The incumbent should have the knowledge to be able to recommend a particular ink suiting the substrate and the operating conditions.

4. **Knowledge of customer needs**

a. The job needs the knowledge of critical business interests to be able to negotiate with significant internal and external stakeholders and builds partnerships with them.

b. The person should be fully familiar with customer research so that strategies meet customer needs.

c. He should have the knowledge of the manufacturing niche the company has viz a viz competitors.

5. **Financial Performance Indicators**

a. The job needs awareness on various financial metrics that project the performance of the production and planning.

b. It also needs thorough information on various cost elements and factors leading to those costs.

c. It needs the knowledge of available resources for optimal performance.

Functional Skill Requirements

1. **Interpersonal**

It is the ability to act in a manner consistent with the values of the organization and influence others to adopt them. It involves creating approachability at all times. It also involves the ability to build effective relationships with others and present ideas persuasively and confidently.

2. **Systems thinking**

It is the ability to analyze a systemic model in context of contrasting data, sense the trend and take appropriate actions. It is the ability to detect cause and effect relationships and the ability to detect unintended consequences of a decision in any part of the system.

3. **Analytical Thinking**

It is the ability to carryout indepth analysis of a problem or a situation highlighting out the obvious and apparent causes. It is the ability to effectively get to the root cause of a problem using various data in a logical and rational manner.

4. **Planning and organizing**

It is the ability to organize activities and allocate resources cost-effectively, and take into account the skills mix within the work group or team. It is the ability to plan effectively keeping the best balance of resources including human, financial and technological resources to meet organizational goals.

It is the ability to identify and anticipate future opportunities and potential problems and incorporate contingency ("what if") plans into the planning process.

5. **Team Leadership**

It is the ability to foresee the conflicts and the ability to minimize the same before it arises. It involves the disposition to give freedom to work within the framework.

It also includes the ability to spot talent, utilize them effectively and coach them for enhanced performance.

It also involves communicating business opportunities and creating a vision that excites and motivates others.

Key Attitudes/Traits

1. **Emotional Stability**

It is displayed by the ability to withstand emotional pressures and exercise composed approach in various situations without being upset or tensed.

2. **Assertiveness**

It is displayed by the ability to state clearly the expectations and take relevant actions in the interest of the company without having fear for loss of favour.

3. **Persistence**

It is displayed by the ability to take actions relentlessly improving the intensity of actions on every attempt to deal with all obstacles.

4. **Customer Orientation**

It is displayed by the ability to negotiate critical business interests with significant internal and external stakeholders and builds partnerships with them. It also can be ascertained based on the familiarity with customer research so that strategies meet customer needs.

5. **Initiative**

It is displayed when the people exceeds the bounds of ones formal authority and take actions in the interest of the organization

Developing Instrument

Having developed the scales, the next activity was to choose the tools among those identified to test each competency and develop a matrix giving details of what tools shall be used to test a particular activity. Each tool was *constructed* in detail so that it should gather evidence towards what level of behaviour is demonstrated or likely to be demonstrated by the person. These tools were constructed so that checking the group behaviour and individual behaviour could be possible thus, the third approach *Diagnosing* the KSA level and further *Analyzing* the gap could be initiated.

Table-2: Competencies- Tool Matrix

Sl. No.	Competencies/Tools	In Basket	Case Study	Role Play	Business Game	Presen-tation	Psycho metric test	BEI
1	Organisation and Business Awareness	✓	✓					
2	Ink manufacturing and trouble shooting		✓			✓		
3	Printing Inks and its applications					✓		
4	Knowledge of customer needs	✓				✓		
5	Financial Performance Indicators					✓		
6	Interpersonal			✓			✓	
7	Systems thinking	✓	✓					

8	Analytical thinking	✓						✓
9	Planning and organizing				✓			
10	Team leadership				✓			
11	Emotional stability			✓			✓	✓
12	Assertiveness			✓			✓	✓
13	Persistence			✓				✓
14	Customer orientation	✓			✓			
15.	Initiative		✓					✓

The holistic understanding reflects how the 15 competencies for the job of Head Planning and Production can be assessed, through seven intrusments via, in basket exercise, case study, role play, business game, presentation, psychometric test and behavioural event Interview

Competency Assessment: Diagnosis and Analysis

The Activities: 1 in Basket Exercise

The whole module is divided in *5 activities* where the role of Head Planning and Production is to be played, and this position is newly created. It is to be assumed that early this unit was managed by Director Operations and the role needs to report directly to Director Operations. The department includes four plants, headed each by a plant in charge. Each plant in charge reports to role.

The items are:

A) analyzing the performance of the plant in the last 15 years and later give recommendations,

B) handling customer complaints regarding the ink property not being up to the mark

C) other customer complaint regarding ink light fastness

D) detailing the customer complaints report which need to be pulled out from SAP

E) review of current system and put appropriate system in process development

Table - 3: Itemwise Evaluation Matrix (In Basket Exercise)

Competency	Item A	Item B	Item C	Item D	Item E
Organisation and Business Awareness	✓				
Analytical thinking	✓	✓	✓	✓	✓
Customer orientation		✓	✓		
Systems thinking	✓			✓	✓
Knowledge of customer's needs		✓	✓		

For each item the *role* need to indicate the decision and actions, any plan/proposal, the rationale for the actions or any other relevant information sought and the justification thereof. The role might mention assumptions if any unless specified in the content of the In-Basket and based on the exercise evaluation are marked.

The competencies assess through this exercise was judged among three levels namely:

Initial level - Indicating the person under observation shows signs of presence of this competency but not fully manifested in action.

Developing level - Indicating the person under observation has displayed this competency in a few areas through his recommendations and proposals.

Proficient- Indicating that the person under observation has widely displayed this competency in various recommendations and proposals.

The Activities: 2 Case Study

Case study was developed where a case company's data were provided. It was sought that the company has been ailing off late on various accounts. With a wide spectrum of products it was finding it difficult to cope with the pressing production requirements. Datas of 5-year were provided on growth in manufacturing capacities for various products, growth in actual production in various products, capacity utilization for various products and customer complaints data for printing inks. Looking into the data the trainee was asked to analyze the details and recommend appropriate measures and action plan to the management to revive the case company.

The competencies were then assessed on three levels the Initial level where recommendations indicate limited presence of competencies on the four competencies under observation. Developing level where recommendations indicate reasonable presence of competencies and last stage Proficient level where recommendations indicate high presence of competencies.

The Activities: 3 - Role Play

Case: Here the trainee had played the role of head of manufacturing at ABC Chemicals. Background of the study was that the management has taken serious steps to boost the performance management efforts. Ramesh who is the plant in charge of the inks plant has of late have gone down on performance. Ramesh is an extremely emotional person and finds difficult to take harsh comments and at times gets abusive when challenged. Trainee was asked to counsel him on his performance issue and develop a performance improvement plan. One of the volunteers will play Ramesh.

Assessment – Role Play was rated on 10 point scale, and analysis was done of the following parameters.

0 – Absence of the competency

5 – Competency displayed showed above average levels.

10 – Proficient display of the competency

Table-4(A): Role Play Assessment

Competency	Evidences that displayed the competency	Rating (0 to 10)
Interpersonal		
Assertiveness		
Persistence		
Emotional Stability		

The Activities: 4 – Business Game

Trainee was given 5 volunteers. The game was to understand how the trainee makes maximum resource utilization with due concern for the quality.

Case: Trainee heads a *Boat manufacturing company* and it has got 50 boats order from the customer. The customer has also sent a sample so that the end products match the sample. Trainee has to accomplish the task by estimating, organizing the team and delegating the team for making the boats in 60 minutes out of material given to him.

0 – Absence of the competency
5 – Competency displayed showed above average levels.
10 – Proficient display of the competency

Table-4 (B): Business Game Assessment

Competency	Evidences that displayed the competency	Rating (0 to 10)
Planning and Organizing		
Team Leadership		
Customer Orientation		

The Activities: 5 – Presentation

Case: Trainee was asked to create a presentation for group of customers, clarifying the following aspects:

1. Ink Manufacturing and trouble shooting
2. Printing Inks and its applications
3. Knowledge of customer needs
4. Financial performance indicators and their implication in the production functions

The competencies assessment through this activity was:
Initial level - Indicating the person under observation shows signs of presence of this competency but not fully manifested in action.

Developing level - Indicating the person under observation has displayed this competency in a few areas through his recommendations and proposals.

Proficient - Indicating that the person under observation has widely displayed this competency in various recommendations and proposals.

Presentation

The Activities: 6 – Psychometric Test 16 pf

16 PF is an abbreviation for the 16 Personality Factors multivariate-derived by psychologist Raymond Cattell. It is a test that draws a profile in reference to the following personality factors.

Warmth, Reasoning, Emotional Stability, Dominance / Assertive, Liveliness, Rule-Consciousness, Social Boldness, Sensitivity, Vigilance, Abstractedness, Private-ness, Apprehension, Openness to Change, Self-Reliance, Perfectionism and Tension

- Each factor is measured on a scale of 1-10.
- Each factor has a 'Right' meaning (8-10) and a 'Left' meaning (1-3).
- The factor name represents the 'Right' meaning.
- There is no 'Good' or 'Bad' orientation about any factor.
- The score is indicative of a certain level or type of behaviour.
- The appropriateness of the behaviour depends on the context.

The test gives a profile in terms of how much is each factor present in the person and gives an idea in terms of how much is the person likely to display that behaviour. No evaluation was done as it was self explanatory.

The Activities: 7 Behaviour Event Interview

Finally, a behavioural interview was structured to collect information about past behaviour.

Case: Sample questions:

- o Tell me about a time when you were on a team, and one of the members wasn't doing his or her share.
- o Tell me about a time when you felt a need to update your skills or knowledge in order to keep up with the changes in technology. How did you approach that?

- o Describe a time when a customer got angry with you. How did you react? How did you resolve the situation?
- o Please give me an example of a time when you took the initiative to improve a specific work process.
- o Tell me about a time when a customer requested special treatment that was out of the scope of normal procedures. What was the situation and how did you handle it?
- o Describe a time when you had to use logic and good judgement to solve a problem.
- o Tell me about a time when you had to cope with a stressful situation.
- o Give me an example of a time when you used your fact-finding skills to solve a problem.
- o Describe a time when you put your needs aside to help a co-worker understand a task. How did you assist them? What was the result?

The competencies Assessed were emotional stability, assertiveness, persistence, initiative and analytical thinking. It also had three levels, Initial level - Indicating the person under observation shows signs of presence of this competency but not fully manifested in action.

Developing level - Indicating the person under observation has displayed this competency in a few areas through his recommendations and proposals.

Proficient level - Indicating that the person under observation has widely displayed this competency in various recommendations and proposals.

Complete evaluation analysis had helped in identifying the gaps which lead to the fourth approach ie the unfreezing stage. *Unfreezing stage* is necessary because before any change can occur, people must believe the change is needed and the change in competencies level can happen when the gap agreement is there and to agree, *counseling* is a tool which unfreezes the learning mind. The counselee is explained why the responses he/she gave were superior or inferior with respect to the expected results of the job. An agreement is reached as to the gaps visible in the manifested behaviour. This forms the very important unfreezing aspect of any learning process. Generally training needs are identified through various sources but little effort is made in terms understanding the needs of the person or the issues faced by the person. It is very important that before the person is exposed to the training inputs, he/she owns the reality.

Once the person owns the reality, the gap is considered to be an appropriate training and development need and it can be further developed into:

- Designing the training input based on the gaps
- Sustaining the inputs over a period of time
- Reassessing the individual against the same competencies
- dentifying if the individual has demonstrated behaviour that is different from the ones pre training – Evaluation.

Conclusion

The purpose of the study was to build knowledge and theory in relation to the implementation of competency- based systems in the workplace by investigating Head Planning and Production role and job. The study sought to determine how through an effective a CBTA system; one can increase its enterprises' competitiveness and productivity.

This case study demonstrates the value of taking an enterprise focus in developing appropriate training arrangements. Considerable effort has gone into producing industry-wise standards in competency assessment. The challenge is to set standards to achieve consistency but also to ensure that they are adapted to the needs of organizational effectiveness. This case not only confirms the importance of the company's vision but also the value that comes from linking recognition and training arrangements into a wider emerging set of industry skills.

The case study demonstrates, how the approaches and stages if properly weaved can lead to considerable change in the competency level, which in turn affects the potential of the job-doer. The value addition by a competency-based approach depends on a number of factors: (i) extent to which the competency study is based on the strategic needs of the organization; (ii) clarity with which the role or job is defined in relation to the strategy; (iii) rigour of the process used in defining the competencies; and the accuracy in matching individuals vis-à-vis job needs.

The legacy of a company's assessment center has made many developments which has imitated change in workplace activities and has been successful in addressing the deficiency areas with a change.

Keywords: Competency Assessment, Training Need Analysis, Job Competencies

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SCM and Marketing Management: Mutual Integration

Pankaj M.Madhani

Abstract

Logistics

Without effective supply chain management, firms can not fulfill their promises and deliver on the promises made to customers. Poor supply chain management is the cause of the failure of many branding strategies. The paper highlights advantages of integration between supply chain and marketing mix strategy. It demonstrates how supply chain management can leverage the strengths of marketing mix strategy. It shows framework of marketing and supply chain management interdependence and its implications. The paper proposes SC-MM matrix for further research in this area.

Supply Chain Management (SCM) approach has grown significantly since the early 1990s, although the initial approach was introduced in early 1980 (Oliver and Webber, 1982). SCM can broadly be defined as "the management of upstream and downstream relationships with suppliers and customers in order to create enhanced value in the final market place at less cost to the supply chain as a whole" (Christopher, 1998). SCM systems coordinate and integrate the flow of materials, information, and finances from supplier to manufacturer to wholesaler to retailer to the end consumer. SCM has been conceptualized as the total flow of a distribution channel from the supplier to the ultimate user (Ellram and Cooper, 1990; Cooper and Ellram, 1993; Cooper *et al.*, 1997).

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SCM focuses on efficiency of supply (i.e. cost reduction) and also effectiveness of supply (i.e. customer service), while marketing mix strategy is more concerned on the demand side of the firm. Obviously, together, they determine the firm's profitability and long term competitive advantages. The synergies between SCM and marketing have been widely acknowledged (e.g. Martin and Grbac, 2003; Ellinger, 2000; Soonhong Min and John Mentzer, 2000; Svensson, 2002), leading Piercy (2002) to conclude that their better coordination could define competitive advantage in new ways. Within the supply chain as well as the marketing literature, the need to link both sides has already been emphasized. Influence of SCM in areas which were originally domain of marketing, is increasingly recognized. According to Flint (2004), effective marketing strategy implementation demands sound supply chain management, as it influences all components of a marketing mix strategy. The rational of this paper is to emphasize that customer value enhancement is done through the integration of supply chain with marketing mix strategy. Main purpose of this paper is to further explore convergence of SCM and marketing mix strategy and propose a matrix for further research in this area

Marketing and Marketing Mix Strategy

The marketing mix of Product, Price, Promotion, and Place, also known as four P's of marketing was introduced by E. Jerome McCarthy in 1960. Since then, there have been many advances in marketing thought and conceptualization, including the broadening of the marketing concept (1970s), an emphasis on the exchange transaction (1980s), the development of Relationship Marketing and Total Quality Management (1990s), and most recently (2007) an emphasis on society at large. The American Marketing Association (AMA) has unveiled a new definition of marketing in October, 2007 to reflect its broader role in the society. The new definition reads, "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."

In terms of the four P's, marketers sought to produce *products* that were desired by consumers at a *price* that would be attractive, using *promotion* to indicate the benefits they offered over the competitors, and making them available at a *place* of the customers' convenience. McCarthy's four P's provided a suitable, effective and powerful nomenclature for the study and analysis of marketing strategy. Over the years, a number of researchers have sought to enhance the four P's by adding other items that they believed were critical to marketing management. Additional variables suggested for inclusion into the marketing mix are *Packaging* (Patty, 1997) and *People* (Baker, 1997). It has also been suggested that the list be expanded to include *Personnel, Physical facilities, and Process* management (Magrath, 1986). Despite all the changes of the past 49 years, the basic structure of the four P's represents an essentially valid construct in current situation also.

Table 1: K-Mart Vs Wal-Mart

Year 2001		K-Mart	Wal-Mart
No. of retail outlets:		2199	2624
Sales:	3rd quarter	$8 Billion	$52.7 Billion
	% change	- 2.2 %	15.5 %
	Full year	$36 Billion	$139 Billion
Profit / (Loss):	First 3 quarters	($344 Million)	$4.4 Billion
Inventory Turnover Ratio		3.6	7.3
Relationship between Supply Chain and Marketing Mix Strategy:		Divergence	Convergence
Performance of retailer in 2001-02		Filed bankruptcy on January 22, 2002	Growth in margin and sales

K-Mart Vs Wal-Mart: Impact of SCM and Marketing Mix Strategy

To study impact of supply chain management and marketing mix strategy on retailers' performance, it's imperative to compare operations of K-Mart and Wal-Mart during year 2001-02. Both K-Mart and Wal-Mart were founded in 1962 as discount retailers in US. Comparison of key statistics for K-Mart and Wal-Mart is given below in Table - I.

K-Mart: Divergence of Supply Chain and Marketing Mix Strategy

For K-Mart there seems to be a lack of synergy between SCM and marketing strategy. A central aspect of K-Mart's marketing communication strategy was to issue pamphlets and circulars for promoting sale items. The mailers increased store traffic and invariably increased store sales. However, the marketing efforts were not tied into supply chain operations. As a result, there were frequent shortages of promoted sale items. Customers came in to buy the sale item, were frustrated that it wasn't there, and left the K-Mart store with dissatisfaction. After several such repeated experiences, customers began ignoring the K-Mart's promotional circulars altogether.

Brand image is nothing but customers' experience. Customer experience comes through various aspects such as product, people, processes and promises. The customers also come with an expectation of enjoying all the promises made by the brand. The primary promise for any customer will be product availability. When customers visit the retail shop, they generally come with an expectation that the products are always available. The non-availability of the products leaves them disappointed and dissatisfied. This problem is prominent, especially during the promotion period. Lack of coordination between marketing and the supply chain generated a brand nightmare and failure of K-Mart's marketing mix strategy. Late delivery to K-Mart stores by distribution centers was 11 percent of the time or 1 in 10 deliveries. This was a big setback as most retailers are late only five percent of the time (Muller, Joann, 2002). Even when the inventory was being received by the K-Mart stores on time, the supply chain on average was wrong on 15 percent of stores' orders received from distribution centers.

Furthermore, after finding out that advertising circulars and pamphlets did not work well, K-Mart announced a new retailing strategy in 2001. According to new marketing strategy it decided to stop the weekly advertising circulars and tried to lure customers by cutting prices on thousands of items. But as customers were not informed of the price cut, this resulted in sales drop for K-Mart. (Saporito Bill *et al.,* 2002). K-Mart's repeated out of stock item notices were major cause of customers' grievances. Its problems go back to its early days when it went on increasing the number of stores but failed to maintain pace in distributing the merchandise to those stores. Also, its distribution system was comparatively slow compared to its competitors like Wal-Mart.

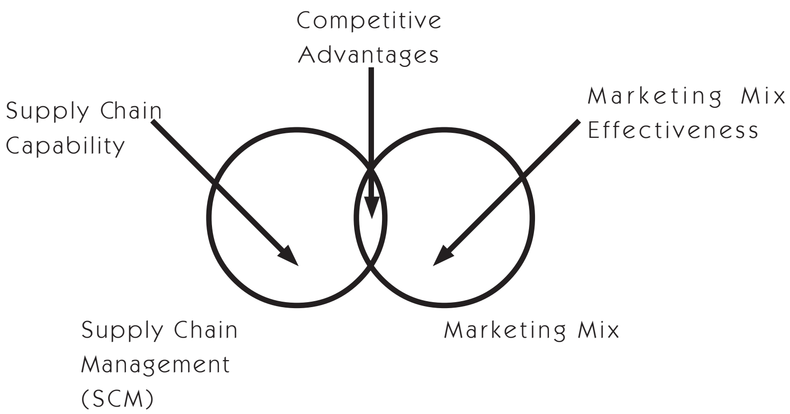
K-Mart was pretty happy with its age-old distribution system even when Wal-Mart was strengthening its existing distribution systems and also opening new distribution centers. K-Mart's supply chain became a serious brand liability, while Wal-Mart turned its supply chain capabilities and strengths into a core element of its marketing mix strategy. The exact causes of K-Mart's failure can be attributed to inventory related SCM problems. All these had a negative effect on K-Mart performance and it incurred huge losses even as its competitors became more profitable. Finally K-Mart filed bankruptcy on January 22, 2002.

Wal-Mart: Convergence of SCM and Marketing Mix Strategy

During same time period i.e. in year 2001, Wal-Mart also responded to price cuts of K-Mart by further reducing price and at the same time meticulously balanced its SCM and marketing mix strategy. K-Mart's supply chain and merchandise management system was a weak point in its whole process. By contrast, Wal-Mart's SCM is central to its marketing mix strategy. Wal-Mart's business model is to use automated SCM as a source of competitive advantage. Wal-Mart has added inventory and distribution centers to better serve its customers and consistently deliver on customer value proposition by employing world-class supply chains.

Every firm's competitive position in market place depends on its ability to adapt to the changes in the customers'

Figure 1: The Convergence of SCM and Marketing Mix Strategy



(Source: Model developed by author)

demands and respond suitably. For many firms, it is still a challenge to link marketing strategy and process of supply chain management. The retail giant Wal-Mart's success lies not only in its low price strategy but also in the deep dislike of the customers of its competitors to stock-outs. Wal-Mart is the world champion in supply chain management. Wal-Mart has capitalized its supply chain capability in effective design and execution of its marketing strategy. In the case of Wal-Mart, convergence of supply chain and marketing mix strategy provided a strong basis for sustained competitive differentiation and long-term competitive advantages.

The Convergence of Supply Chain and Marketing Mix Strategy

The argument for combining SCM and marketing strengths is strong and compelling. According to Lee (2001), the influence of marketing activities on supply chain, and vice versa, have to be understood and coordinated, for example, pricing, promotion, as well as product mix efforts influence delivery times and supply chain costs. Similarly, supply chain costs strongly impact marketing success of product and ultimately firm profitability. SCM and marketing have not always been seen to be closely linked in many firms Rainbird M. (2004). In many firms, the supply side still seems to be disconnected from the demand side and supply chain managers have only a faint idea of the drivers behind customer demand. In a global survey among 249 executives across 28 countries, Deloitte (2002) found that only a minority (17 percent) of all firms have effectively linked their supply chain and customer / marketing operations. Not surprisingly, these integrated companies have outperformed their competitors on a wide range of performance criteria viz sales growth, market share, customer service and ROI (return on assets). Figure 1 below explains convergence of SCM and marketing mix strategy. With the help of Venn diagram Figure 1 also shows how this convergence creates competitive advantages.

Marketing's strength lies in understanding the factors which affect the way in which customers perceive value (gaining market and customer knowledge), finding out the differing needs of various customer groups (market/customer segmentation), translating them into product and service bundles to meet those differing needs (customized product/service development) and marketing the bundles or packages through customer value propositions (pricing, branding, communication, promotion etc). If both sides of supply and demand are separated, supply will view demand as exogenous and will fail to recognize that demand was influenced by the company's customer interface. Also, if consistent and timely information does not flow from the customer interface, the firm will not be able to respond to differentiated needs of individual customers and customer segments. Differentiated demand for products and services is a key input to SCM (Uta Jüttner *et al.*, 2004). Consequences of such information gap are sub-optimal product and service development or differentiation and ineffective product and service delivery. Stock-outs caused by mismatch between the demand and supply and high price of product due to the inefficient SCM process will definitely have a serious impact on the brand image.

According to Piercy (2002), a SCM strength that is not linked to marketing strategy of differentiation usually confines the firm to competing on price and availability; a strategy followed, for example, by cheap generics providers of commodity products. Piercy (2002) also emphasized that superior marketing strength combined with a lack of SCM strength leads to a high cost base and slow delivery of product or services. Competing only through SCM excellence hence assumes that price is a major determinant of competitive advantage in terms of cost differentiation. Moreover, Lee (2001) emphasizes the problems of SCM acting independently of marketing management.

However, there is strong evidence now emerging that the way marketing mix strategy is designed and the way in which firms support it with their SCM capabilities can be a real source of competitive advantage. Success of firm's marketing mix strategy depends on fulfilling the promise of delivering the right product to the right place at the right time. Firm's SCM strengths and capabilities can make or break ability to fulfill that promise. As a result, SCM has a powerful impact, positive or negative on success of marketing mix strategy of firm. After an industry-wide survey of more than 800 companies, Aberdeen Group (2008) published the research report "The Supply Chain Executive's Strategic Agenda 2008," in which 56 percent of companies regard SCM as a market strategy differentiator, a customer service differentiator or as a profit center, as opposed to strictly a cost of doing business.

It's not possible to build successful branding strategy by solely focusing on branding in terms of logos, slogans or advertisement campaigns while ignoring the role of supply chain management. Firms should use their supply chain capabilities as a basis to support and build product brand and ultimately strengthen marketing mix strategy. It can reveal hidden organizational assets and ensure that firm's brand is not undermined by fulfillment deficiencies of supply chain. SCM has the strong impact on firm's marketing mix strategy as it greatly influence brand promise, customers' buying experience and overall customers' value proposition. Firm's brand promise must align with its SCM capabilities. It is necessary for marketing managers to pay more attention to their supply chains. They must be accountable for aligning the product and brand promise with firm's SCM capability, as it has a powerful impact on customer value proposition. Similarly supply chain managers should have clear understanding of supply chain/marketing interface and their role in effective execution of marketing mix strategy. In short, marketing managers should know firm's supply chain's capabilities and limitations while supply chain managers should know the brand promise and their role in fulfilling it.

The SC-MM Matrix: Relationship between Supply Chain Capability and Marketing Mix Effectiveness

Relationship of Supply Chain Capability and Marketing Mix Effectiveness can be explained with help of the SC-MM matrix as given below in Figure 2.

The SC-MM matrix is having four quadrants viz *Supply Chain Capability* (Quadrant - 1), *Competitive Disadvantages* (Quadrant - 2), *Marketing Mix Effectiveness* (Quadrant - 3) and *Competitive Advantages* (Quadrant - 4). Detailed explanation of each is given below:

Supply Chain Capability

In the scenario when *Supply Chain Capability* is high and *Marketing Mix Effectiveness* is low as shown by quadrant Q-1 of the SC-MM Matrix (Figure 2), provides SCM advantages to the firms. Firms in this quadrant have a distinctive capability in managing the SCM related functions. This enables firms to reduce time and costs in inventory management and hence enhance asset turnover. Firms with a SCM capability usually place a strong emphasis on activities such as strategic sourcing, collaborative planning, and inventory reduction e.g. JIT (Just-In-Time) inventory. However SCM focuses on the efficient matching of supply with customer demand but does not provide answers to the customer choice and preference, i.e. it does not help the firm to find out what the customer perceives as

Figure 2: The SC-MM Matrix

Supply Chain Capability		Low (Marketing Mix Effectiveness)	High (Marketing Mix Effectiveness)
	High	**Supply Chain Capability** **Q-1** (Marketing Mix Deficiency)	**Competitive Advantages** **Q-4** (SC-MM Convergence)
	Low	**Competitive Disadvantages** **Q-2** (SC-MM Divergence)	**Marketing Mix Effectiveness** **Q-3** (Supply Chain Deficiency)

Low **Marketing Mix Effectiveness** **High**

(Source: Matrix developed by author)

valuable, and how this customer-perceived value can be translated into customer value propositions. In other words, supply chain efficiency by itself will not increase customer value and satisfaction (Rainbird 2004).

Dell inc. is world's second largest personal computer (PC) company and fits well in this quadrant. It is having very efficient and lean supply chain. Dell inc. is having superior SCM capabilities but its marketing and product mix strategy are not properly aligned to fulfill customers' requirement. This has resulted in stagnant growth and lost market share since last many financial quarters. Dell is losing market share to its competitor viz Hewlett-Packard (HP) - World's largest PC manufacturer - as it is struggling to balance notebook and desktop computer demand as its product mix and marketing strategy is focused much on low price segment of computers and not on high price, specialized and differentiated product category. Dell struggled to sell computers in the high performance segment. High-end systems offer stronger profit margins than the volume business for which Dell is best known. The volume segment is also facing fierce competition from low cost Asian manufacturers. With increase in input cost of components, Dell is struggling hard to maintain current market share and cost leadership. Dell's stock price is currently trading at multi year low and is reflection of its declining market share and strained profit margin. To improve profit margin and regain market share, Dell inc. needs to design product and marketing mix strategy to cater high end segment of computer market.

Competitive Disadvantages

In the scenario when *Supply Chain Capability* is low and *Marketing Mix Effectiveness* is also low as shown by quadrant Q-2 of the SC-MM Matrix (Figure 2), creates overall disadvantages for firms. Firms in this quadrant have neither SCM nor marketing strengths and lacks overall competitive advantages. Firms need to build SCM capabilities and synchronize it with effective marketing strategy to gain long term competitive advantages.

Marketing Mix Effectiveness

In the scenario when *Supply Chain Capability* is low and *Marketing Mix Effectiveness* is high as shown by quadrant Q-3 of the SC-MM Matrix (Figure 2), creates marketing superiority for firms. K-Mart nicely represents this quadrant.

K-Mart's spent heavily on advertising strategy and used advertising circulars to lure customers. Even though this strategy worked very well, it also put a strain on merchandising and distribution systems because particular demand for items came in suddenly. In retail stores, availability of supplies is one of the driving forces for customers going to any store. If the supplies are not readily available, customers lose faith in their supplier and look elsewhere for the merchandise. Promotions also increased cost of K-Mart's suppliers, as they could not reliably predict their production output. Perhaps the biggest problem for K-Mart was its inability to keep stock on the shelves. K-Mart was able to keep its goods fully stocked on shelves only 86 percent of the time. In the industry, anything less than 90 percent is considered unacceptable. Wal-Mart, however, runs close to 100 percent. K-Mart's supply chain was not supportive of its marketing mix strategy. Although K-Mart's marketing strategy was effective, divergence of SCM and marketing mix strategy was main reason for K-mart's failure.

Competitive Advantages

In the scenario when *Supply Chain Capability* is high and *Marketing Mix Effectiveness* is also high as shown by quadrant Q-4 of the SC-MM Matrix (Figure 2), generates overall competitive advantages for firms. Firms in this quadrant have superior SCM as well as effective marketing strategy. In this case synchronization of SCM and marketing mix strategy creates sustainable competitive advantages for firm. Wal-Mart perfectly matches this quadrant. Wal-Mart is the power house today in SCM because of its readiness to share information with its suppliers. Wal-Mart approached its suppliers as if they were partners and not adversaries, and by implementing such a collaborative planning, forecasting and replenishment programme, they have begun a JIT programme that reduced inventory carrying costs for both the retailer and its supplier. Wal-Mart has emphasized EDLP (Every Day Low Price) selling, which is more predictable for both customers and the distribution pipeline.

Wal-Mart's SCM practices have served as a model for other major retailers. Wal-Mart was a pioneer of using information technology in the distribution process and supply chain. Wal-Mart invested in technological systems earlier than most of its competitors, starting to use computers to track inventory in 1969. In 1980 it was the first to adopt bar codes and in 1985 it instituted EDI (Electronic Data Interchange) for better coordination with suppliers. In 1987 a massive satellite system linked all of the Wal-Mart stores to company headquarters, enabling Wal-Mart's centralized IT department to view real-time inventory data. Because of this system there was very less excess inventory in the Wal-Mart supply chain. Wal-Mart mandated to all major suppliers for RFID (Radio Frequency Identification) implementation in supply chain. RFID enabled SCM enhances visibility in supply chain and helps in effective execution of marketing mix strategy. All these implementations allowed Wal-Mart to reduce its inventory and gain cost savings. This type of cost efficiency is a key for Wal-Mart in maintaining low price leadership and effective execution of marketing mix (*Product*: As desired by customers, *Price*: Every Day Low Price, *Place*: On shelf availability, *Promotion*: Effective promotion strategy synchronized with supply chain) strategy.

Conclusion

The globalization of manufacturing and distribution, increasingly demanding customers, and tightening firm margins have raised the stakes for retailers, consumer products, manufacturing, transportation and distribution companies. Main factors driving SCM transformation are globalization of supply, increasing competitive pressures, and dwindling product life cycles. All these have put greater pressure on the SCM processes of firm. Even minor delays and blockages of supply can cause major problems in front end customer operations, as well as for back end suppliers and business partners. Product quality, reliable delivery schedule, short lead times, customer service, along with cost reduction, are the primary operational sources advantage in today's competitive environment of retail industry. These are the key drivers for the retail industry for its competitiveness. An effective SCM is likely to respond positively to most of these drivers. Effective and efficient SCM has become a much more important strategic and competitive variable in current economy and plays vital role in firm's survival and long term growth.

The success of Wal-Mart is testimony to the power of SCM processes that are aligned with marketing strategies. It is

critical for marketing and supply chain managers to jointly recognize where the supply chain can be leveraged to enhance competitive advantages of firm. With the help of superior SCM and effective marketing mix strategy, firm achieves differential advantages. The SCM and marketing mix functions are not separate rather they are intertwined. The SC-MM matrix establishes relationship between SCM capability and marketing mix effectiveness. The effective and efficient SCM processes facilitate task of marketing mix strategy by delivering the right product - in the right quantity, at the right location, and at the right price. This paper supports the emerging view that SCM strategy and marketing strategy are highly connected.

Keywords: Supply Chain Management; Marketing; Marketing Mix; Strategy.

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Organizational Climate:

BPO Industry

Avinash Kumar Srivastav

Abstract

Dynamics

The study aims at understanding how organizational climate operates in BPO industry. Six motives of organizational climate were measured in BPO companies. Expert Influence and Extension were respectively the dominant and backup climates. Affiliation was the weakest climate. Exploratory factor analysis of climate motives revealed three meta-climates operating in BPO industry: (1) Brazen Shirking combining heightened Dependency and de-emphasized Affiliation, (2) Empowered Collaboration representing heightened Extension and de-emphasized Control, (3) Obsession for Expertise combining heightened Expert Influence and de-emphasized Achievement. 70.30% variance explains these meta-climates that reflect the realities in BPO industry.

Organizational performance is delivered through a number of well-designed business processes (Tenner and DeToro, 1997). Business process orientation (Skrinjar, Stemberger and Hernaus 2007) is necessary for successful organizations. According to McCormack and Johnson (2000), business process orientation in organizations emphasizes processes instead of hierarchal or functional boundaries, focusing on the main outcomes and the resulting customer satisfaction. It increases internal coordination in the organisation, breaking down functional silos. Empirical study by McCormack, Johnson and Walker (2003) has demonstrated that business process orientation results in enhanced connectedness within the organization. Efficiency of operations cannot be realized unless the business processes are optimized and aligned with customer requirements and business environment outside and with structures, systems, roles and operating procedures within the organization. Outsourcing has been recognized as one of the best business strategies for attaining higher operational efficiency at lower operational cost for large companies (Grossman and Helpman, 2005). The most common form of outsourcing, viz Business Process Outsourcing (BPO) means transferring the operational ownership of some of the business processes to an external provider for managing the outsourced business processes according to performance metrics prescribed by the parent company.

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Understanding Organizational Climate

Forehand and Glimer (1964) have described *Organizational Climate* as the personality of an organisation that distinguishes one organization from others. According to Pareek, (1989), it results from interaction among organizational components (structure, systems, culture, leader behaviour and employees' psychological needs). Organizational climate depends on the perception held by the organizational members about different dimensions of organisation's working. Organizational climate has significant influence on the motivation and behaviour of organizational members. Sales, market share and profits generated by a company are lagging indicators of its performance because they appear as a manifestation of company's performance. On the contrary, organizational climate is a leading indicator of organizational performance (Litwin, Humphrey and Wilson, 1978). Organizational climate can predict the trend for organizational performance (being excellent or poor).

Rationale for the Study

BPO industry is full of controversies (Thite, 2008). Conflict between quality and quantity is prominent in BPO industry. The operators are expected to minimize the duration of calls but maximize client satisfaction through each call. Whereas, BPO industry has contributed for the growth of Indian economy, it has also eroded the quality of life of its employees, causing imbalances in the society. BPO industry is ridden with problems (Mehta, *et al.,* 2006). Compulsion to work in 'graveyard shifts,' results in social-disconnect for BPO employees. Srivastav (2008) has identified three meta-stressors (representing the most significant issues/ problems) encountered while performing in organizational roles in BPO industry. These meta-stressors are *Role Distance* (role occupant distancing from his/her role and his/her role distancing from connected roles), *Work-Life Imbalance* (difficulty in balancing between work requirements and life requirements), and *Role Inadequacy* (non-availability of required competence and resources for role performance). Since, different types of organizational climate promote different kinds of motivated employee behaviour, better understanding about how organizational climate operates in BPO industry would be helpful for enhancing the functionality of organizational climate to address its critical problems. This study attempts to reveal the dynamics of organizational climate in BPO industry. The framework of motivational analysis of organizational climate developed by Pareek (1989) has been deployed in this study.

Motivational Analysis of Organizational Climate

Pareek (1989) has identified 12 important dimensions of organizations. These dimensions are: *Orientation*, *Interpersonal Relationships*, *Supervision*, *Problem Management*, *Management of Mistakes*, *Conflict Management*, *Communication*, *Decision Making*, *Trust*, *Management of Rewards*, *Risk Taking* and *Innovation and Change*. Motivational Analysis of Organizational Climate (MAO-C) (Pareek, 1989) is based on the assessment of these dimensions. MAO-C defines the following six motives of organizational climate.

Achievement: Achievement of goals and attaining quality and excellence are emphasized in the organisation;

Expert Influence: Use of expertise for the benefit of the organisation is emphasized;

Extension: Organizational members are focused on making themselves relevant and useful to others.

Control: Consolidation of personal power is the main concern of organizational members.

Dependency: Decisions/actions are deferred by seeking seniors'/others' approval for everything.

Affiliation: Building and maintaining friendly personal relationships is most important for the organisation, even when it leads to impairment of organizational performance.

Objectives

The study aims at understanding how organizational climate operates in BPO industry through the following:

(i) Identifying the dominant and backup climate motives in BPO industry;
(ii) Determining the relationship between different climate motives;
(iii) Identifying the meta-climate motives in BPO industry.

Method

Site: The study was conducted in 15 prominent BPO companies operating in Bangalore, India.

Sample: Six motives of organizational climate were measured on 106 randomly selected respondents, using MAO-C (Pareek, 1989) instrument.

Measure: MAO-C instrument is based on MAO-C framework developed by Pareek (1989). It comprises 72 statements representing the six motives of organizational climate for each one of the twelve dimensions of organizational working. For each dimension, respondents rank the given six statements from 1 to 6 (1 for least likely and 6 for most likely situation). The scoring key reveals the motive represented by each statement. Respondents enter the score for each motive for each dimension on MAO-C scoring matrix by referring the scoring key. Total motive score is obtained by adding the motive score for each dimension. Each climate motive is scored in the range 12-72.

Analysis: Statistical analysis was done using SPSS package. Means were computed for each motive of organizational climate. Rank ordering of means of climate motives was done to identify the dominant (having the highest score) and backup (having the second highest score) climates in BPO companies under study. Correlation analysis was done to study relationships among the six motives of organizational climate. Correlation coefficients with significance levels of $p \leq .1$, .05, or .01 were used for interpretation. Exploratory Factor Analysis (EFA) was done on the six climate motives to identify the meta-motives of climate operating in BPO companies under study after ensuring the appropriateness of factor analysis model through Bartlett's test of sphericity (Malhotra, 2008). *Principal Component Analysis* for extraction and *Varimax* for rotation were employed. Eigen values, equal to or greater than one, were considered for EFA. Loadings lower than .6 were taken as low; equal to or higher than .6 but lower than .7 were taken as moderate; equal to or higher than .7 but lower than .8 were taken as high; equal to or higher than .8 were taken as very high. Moderate, high or very high loadings were used for the interpretation of factors.

Results

As depicted in Table 1, *Expert Influence* is the dominant climate and *Extension* the backup climate. *Affiliation* is the weakest climate and *Achievement* the second weakest climate.

Table 1: Climate Variables – Mean and Rank

Variable	Mean	Rank
ACH	41.37	5
EXP	43.03	1
EXT	42.69	2
CON	42.10	4
DEP	42.33	3
AFF	40.63	6

As shown in Table 2, *Achievement* has significant negative correlations with *Expert Influence* and *Affiliation. Expert Influence* has significant negative correlations with *Extension* and *Control. Extension* has significant negative correlations with *Control* and *Affiliation. Control* has significant negative correlations with *Dependency* and *Affiliation. Dependency* has a significant negative correlation with *Affiliation.*

Bartett's test of sphericity on organizational climate data rejected the null hypothesis that climate variables are uncorrelated. The approximate Chi-square statistic is 262.241 with 15 degrees of freedom which is significant at .001 level. Table 3 furnishes the results of exploratory factor analysis. Three factors with Eigen values grater than one, explaining 70.30 percent variance, were extracted. Factor 1,

Table 2: Intercorrelation of Climate Variables

	ACH	EXP	EXT	CON	DEP
EXP	- .29***	xx	xx	xx	xx
EXT	- .05	- .20**	xx	xx	xx
CON	- .06	- .22**	- .36***	xx	xx
DEP	- .08	- .01	- .11	- .35***	xx
AFF	- .36***	- .11	- .14*	- .18**	- .32***

Note: * p $\leq$ .1; ** p $\leq$ .05; *** p $\leq$ .001

Table 3: Factor Loadings of Climate Variables

Variable	Factor 1	Factor 2	Factor 3
ACH	.47	-.06	-.63
EXP	.10	-.05	.78
EXT	-.09	.76	-.38
CON	-.11	-.86	-.28
DEP	.67	.27	.37
AFF	-.85	.11	.18
Eigen Value	1.42	1.40	1.39
Percentage Variance	23.72	23.38	23.20
Cumulative Variance	23.72	47.10	70.30

Note: Very high, high, and moderate loadings are highlighted

explaining 23.72 percent variance, has a moderate positive loading on *Dependency* and a very high negative loading on *Affiliation*. Factor 2, explaining 23.38 percent variance, has a high positive loading on *Extension* and a very high negative loading on *Control*. Factor 3, explaining 23.20 percent variance, has a high positive loading on *Expert Influence* and a moderate negative loading on *Achievement*.

Discussions

BPO companies are in existence because of their capability to handle the outsourced process (Thite, 2008). They focus on recruiting the manpower with the requisite background, and training them for delivering the required expertise. Maintaining the required expertise at the company level, however, is a daunting task because of constant attrition of trained employees (Gupta and Gupta, 2008). Continuous focus on building and maintaining the required expertise at the company level is necessary for ensuring the survival of BPO companies. This explains why *Expert Influence* is the dominant climate (Table 1) in BPO companies under study. BPO industries have to focus on the business process(es). Business process orientation leads to enhancing internal coordination and connectedness in BPO industry (McCormack, Johnson and Walker, 2003). This explains why *Extension* is the backup climate (Table 1) in BPO companies under study.

Factor 1 indicates that employees are not taking responsibility for a decision or an action; they are invariably seeking others' approval before taking action. While passing the buck, employees do not care about maintaining friendly personal relationships, ending in offending others. In reality, BPO employees generally work in a narrow area of responsibility;

they have a strong tendency for seeking approval of their seniors before acting on anything that is perceived to be beyond their narrow area of responsibility. Continued passing on the buck as explained above is annoying for clients and seniors in the organisation but the employees do not bother. Factor 1 can therefore be named as *Brazen Shirking*. BPO employees generally suffer from high stress and even burnout. They also have to work for extended hours and in night shifts (Mehta, *et al.,* 2006; Gupta and Gupta, 2008; Srivastav, 2008). Under the circumstances the employees have the tendency to disengage themselves on the smallest pretext as soon as possible, even when it causes annoyance to clients, peers or superiors. This explains the existence of meta-climate represented by brazen shirking. Negative correlation between dependency and affiliation climates found in this study has also been reported by Srivastav (2006).

Factor 2 indicates that employees emphasize relating to others in the team, group, and organisation; promoting collaboration and teamwork. While promoting collaboration and teamwork, employees do not indulge in consolidating their personal power. Actually, within their narrow area of responsibility, BPO employees generally have freedom to act. They also need to work as a team for reasonable success of handling the outsourced process. Factor 2 can therefore be named as *Empowered Collaboration*. Business process orientation of BPO industry (McCormack, Johnson and Walker, 2003) discourages individualism (deemphasizing control climate) in favour of teamwork (extension climate) and could be the reason for the existence of empowered collaboration as a meta-climate. Negative correlation between extension and control climates found in this study has also been reported by Srivastav (2006).

Factor 3 indicates that employees emphasize the use of expertise in the organization. Thite (2008) has emphasized the importance of process expertise for the survival of BPO industry. While emphasizing on acquiring, using and maintaining expertise in the organization, attainment of overall organizational goals are getting neglected. This explains unusual negative correlation between expert influence and achievement climates found in this study. Positive correlation between expert influence and achievement climates has been reported (Srivastav, 2006). For survival in a highly competitive environment, BPO industries need to constantly maintain and demonstrate their high level of expertise for the outsourced process being handled or to be handled. Persistently high levels of attrition in the BPO industries, however, significantly hamper their expertise. They have no option but to put in their highest level of efforts on a continuous basis for recruiting employees with the required expertise and imparting regular training to them for maintaining the required level of expertise in the company. Maintaining the required expertise in face of high rate of attrition is a formidable task. Intensive recruitment and training on a continuous basis in BPO industries drains their resources to such an extent that they cannot give proper attention to any other aspect of working for achievement of overall organizational goals. Factor 3 can therefore be named as *Obsession for Expertise*.

Conclusions

The study confirms the realities of BPO industry. BPO companies cannot survive unless they have the required process expertise. They are so much overwhelmed with creation, development and maintenance of process expertise that they cannot focus on anything else. BPO employees have very narrow areas of responsibilities, within which there is empowerment and teamwork. Outside their substantially narrow areas of responsibilities, BPO employees avoid taking responsibility, not being bothered about displeasing seniors and customers.

Keywords: *BPO Industry, Organizational Climate, Meta-Climate Motives.*

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Brand Awareness:
Baby Food Products

Keerthi Pandian and Ramachandran K.K.

Abstract

Child-Health

A healthy generation of children leads to a healthy generation of youth replete with vigour and vitality. It's these future citizens who determine the social and economic development of the country. The paper focuses on brand awareness, preference and satisfaction in the baby food products. Five hypotheses were framed on the given objectives and have been tested at five percent level of significance. The analysis concludes that the level of satisfaction of the buyers is more in cerelac among the brands considered for the study.

Children are the most crucial resources in any country for they contribute to the overall development of the nation. A healthy generation of children leads to a healthy generation of young people with full vigour and vitality and these future citizens contribute to the social and economic development of the country. Hence, it is necessary that, more care, attention and daily supplementary nutritious food are required for the development/growth of children specially those under six years of age. Because, these are the crucial years were a child requires attention on both physical and psychological development. To start with, a highly nutritional food is essential for the children below three years of age, who are generally termed as babies. Throughout the first year of life, the principal food should be mother's milk and of course there is no substitute for it in every dimension of a child's growth and development. Baby food should be given as a supplement to mother's milk or formula and not as a substitute. It is a food, which is given specifically to infants, who are roughly between the ages of six months to two years. Sometimes, it may even extent to three to four years of age based on the individual child's

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development, their daily requirement and its likeness towards the taste, food, etc. These baby foods come in multiple varieties and are produced by different manufacturers which are designed for ease of eating as soft liquid paste. It is the only food industry that holds parents' captive for a few short years and it nevertheless holds a sizeable and growing market at mass[1]. Based on the above reason, these manufacturers have diversified in all the ways from taste, flavour to organic and halal food stuffs and even with DHA (docosahexaenoic acid) and ARA (arachidonic acid) the two fatty acids that are naturally found in mother's milk that promotes child's mental and visual development.

The manufacturers are at their pace innovating variations in these products for it to encompass various strata of the society and there exists social and ethical issues against these baby food products. The government of India has regulated the marketing practices of baby food manufacturers, by enacting the *Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulation of Production, Supply and Distribution) act* in 1992 and was further amended in June 2003. This act is solely oriented towards, regulating the production, supply and distribution of infant milk substitutes with a view to protect and promote breast feeding. It prohibits the advertising and promotion of the product to the general public, any hospital, medical practitioner, pharmacy, and to any pregnant woman. With these prevailing environments there exist a number of manufacturers such as *Nestle*, *H.J. Heinz Company*, *Wochardt Ltd., Amul*, etc and these manufacturers have established brands that cater to basic needs.

Statement of the Problem

In today's fast paced digitized environment, most babies are weaned on the food prepared by the manufacturers. Many manufacturers have introduced a convenient-oriented-baby food product for the busy young mothers[2]. The growth of baby food products may be attributed by the factors like the change in the life style associated with the increased number of working women, starting a family at later age and the need of financial prioritising for having children. Indeed, the preference and purchasing decisions on baby food are shaped by many factors such as the parents' likes and dislikes, the baby's taste, the views of grandparents, friends, peer groups, current fashion and health advice, brand name, quality, cost, availability and convenience[3]. By considering the above factors, a survey was conducted to know the buyer's brand awareness, preference and satisfaction on baby food products in Coimbatore city of Tamilnadu.

Objectives of the Study

- Ø To ascertain the brand awareness.
- Ø To determine the reasons to prefer a brand.
- Ø To elicit the level of satisfaction on various aspects in the brand.

Hypothesis

The study is based on the following hypotheses:

- ♦ There exists no significant association between the different brands of baby food products consumed and (a) the source of awareness, (b) the number of infants in the family, (c) the age group of infants, (d) the number of years of using the product and (e) the purchase decision.
- ♦ There is no significant difference between the demographic variables of the respondents and the factors that forms the reasons for choosing a particular brand.
- ♦ There is no significant difference between various brands and the factors that forms the reasons for choosing a particular brand.
- ♦ There is no significant difference between the brands and the factors considered for satisfaction.
- ♦ There is no significant relationship between the brands consumed and the level of satisfaction.

Methodology

The area of the study is Coimbatore city. Period of the study is Sep. 2007- Sep. 2008. Parents are sample respondents. Primary data is collected from two hundred buyers by using a structured questionnaire. Convenient sampling method is administered in this study. The following statistical tools are used: a) Percentage analysis b) Chi-square analysis, and c)

ANOVA. All the tests are carried at five percent level of significance. A pilot study on a sample of sixty respondents were conducted to identify the most consumed brand among the various brands such as *Amul, Amul Spray, Amulya, Nan, Lactodex, Lactogen, Pedia sure, Farex, Dexolac, Cerelac* and *Nestum*. Of these *Lactogen, Pedia sure, Farex, Cerelac* and *Nestum* were consumed most and hence considered for the study, while determining the age group, children who are four and below four years of age were considered.

Limitations of the Study

The survey was conducted only in Coimbatore city. The findings of the study depend purely on the responses given by the sample respondents.

Findings of the Study

Majority, 70 percent (140) of the respondents/buyers are female. 57 percent (114) of the total (200) respondents fall under the age group of 20-30 yrs. While considering the educational qualifications of the respondents 34 percent (70) are post graduates. 30 percent (61) are government employees and 36 percent (71) of those monthly income ranges between Rs.10,000-Rs.15,000. The numbers of children who are below four years of age in the family of the respondents are as follows: only one child -59 percent (117), two children – 41 percent (81) and more than two – 1 percent (2). The age of the children who are below one year are 40 percent (80), and 34 percent (68) of children fall under the age group of 1-2 yrs. Further more, 18 percent (36) and 8 percent (16) of the respondents children are classified between 2-3 yrs and 3-4 yrs of age respectively. The most preferred brand by the buyers for their children was *Lactogen* which counted for 40 percent (80), followed by *Cerelac* 24 percent (48), *Farex* 16 percent (32), *Nestum* 14 percent (28) and *Pediasure* six percent (12). A maximum of 62 percent (124) of the respondents are purchasing the brand, nearly for two yrs, and 42 percent (84) of them are aware of the product through their friends and relatives and the buyers purchase decision, 30 percent (60), depends fairly on the suggestions offered by spouse/relatives.

Buyer's Brand Awareness on Baby Food Product

Brand awareness is the extent and the degree by which a buyer recognizes a particular brand under prevailing different conditions. In general, buyers are aware of the baby food product in the market through their friends, relatives, doctors and through medias. These sources and various other personal factors of the respondents also have impact on the awareness of these brands.

Table 1: Chi-square: Relationship between Different Brands and Source of Awareness, Number of children, Age group of Children, Number of years of using, Purchase Decision.

Factors	Chi-square value	df	Sig value	S /NS
Source of awareness	15.041	16	0.522	Not sig
Number of children	11.137	8	0.194	Not sig
Age group of children	99.504	12	0.000	sig
Number of years of using	84.345	8	0.000	sig
Purchase decision	11.673	16	0.766	Not sig

Table 1 indicates that the hypothesis is accepted (Not Significant) on the study factors like source of awareness (0.522), number of children in the family (0.194) and the purchase decisions (0.766) of the buyers. It describes that these factors does not create any sense of awareness against these brands. Whereas, in the case of age group of the children (0.000) and number of years in using (0.000) the brand the hypothesis is rejected (Significant). This concludes that there exists a significant association between the above factors and brand awareness.

Table: 2 ANOVA Relationship between Demographic Variables and Reasons for choosing a Particular Brand.

Factors		Sum of squares	df	Mean square	F	S/NS
Sex	Between groups	3.780	1	3.780	.286	.594
	Within groups	2621.500	198	13.240		
	Total	2625.280	199			
Age of the respondents	Between groups	43.400	3	14.467	1.098	.351
	Within groups	2581.880	196	13.173		
	Total	2625.280	199			
Education of the respondents	Between groups	16.471	4	4.118	.308	.873
	Within groups	2608.809	195	13.379		
	Total	2625.280	199			
Occupation status	Between groups	136.218	5	27.244	2.123	.064
	Within groups	2489.062	194	12.830		
	Total	2625.280	199			
Income per month	Between groups	74.702	4	18.675	1.428	.226
	Within groups	2550.578	195	13.080		
	Total	2625.280	199			
No. of children <4 yrs of age	Between groups	9.314	2	4.657	.351	.705
	Within groups	2615.966	197	13.279		
	Total	2625.280	199			
Age group of chil-	741.609	3	247.203	25.722	.000*	
dren Between groups	Within groups	1883.671	196	9.611		
	Total	2625.280	199			

* Significant

Buyer's Brand Preference on Baby Food Product

Brand preference is choosing a particular brand over the other brands. In general, buyers prefer a particular brand by considering certain features that prove to be a specialized character of that brand. With respect to the study, certain features were considered to determine the brand preference of the buyers. They are prompt quantity, rich quality, apt prices, good taste, nourishing flavour, air-tight package, reputed name, easy availability, highly nutritious, easy preparation and various other factors were also considered. These factors were scaled as most important, important, neutral, least important and not important by the buyers while choosing a particular brand.

Table 2 indicates that the hypothesis is accepted (Not Significant) in the following demographic variables like sex(0.594), age of the respondents (0.351), education of

Table 3: ANOVA: Relationship between Brands and Reasons for choosing a Particular Brand

Factors		Sum of Squares	df	Mean Square	F	S/NS
Prompt Quantity	Between Groups	50.00	4	12.500	15.943	0.000*
	Within Groups	152.88	195	0.784		
	Total	202.88	199			
Rich Quality	Between Groups	40.90	4	10.224	12.022	0.000*
	Within Groups	165.82	195	0.850		
	Total	206.72	199			
Apt prices	Between Groups	32.32	4	8.080	4.546	0.002*
	Within Groups	346.56	195	1.777		
	Total	378.88	199			
Good taste	Between Groups	25.94	4	6.485	7.614	0.000*
	Within Groups	166.06	195	0.852		
	Total	192.00	199			
Nourishing flavour	Between Groups	35.33	4	8.832	7.966	0.000*
	Within Groups	216.19	195	1.109		
	Total	251.52	199			
Air-tight package	Between Groups	43.37	4	10.843	16.097	0.000*
	Within Groups	131.35	195	0.674		
	Total	174.72	199			
Reputed name	Between Groups	41.25	4	10.313	8.192	0.000*
	Within Groups	245.47	195	1.259		
	Total	286.72	199			
Easy availability	Between Groups	37.32	4	9.331	12.653	0.000*
	Within Groups	143.80	195	0.737		
	Total	181.12	199			
Highly nutritious	Between Groups	24.11	4	6.027	11.313	0.000*
	Within Groups	103.89	195	0.533		
	Total	128.00	199			
Easy preparation	Between Groups	3.98	4	0.995	1.473	0.212
	Within Groups	131.70	195	0.675		
	Total	135.68	199			
Others	Between Groups	13.11	4	3.277	2.197	0.071
	Within Groups	290.89	195	1.492		
	Total	304.00	199			

*Significant

the respondents(0.873), occupation(0.064), monthly income(0.226) and number of children in the family(0.705). This explains that these demographic factors of the buyers (parents) do not form the reasons to prefer a particular brand. Whereas the hypothesis is rejected (Significant) in case of 'age group of the children' (0.000), and hence it is the only factor which forms the reason for choosing a particular brand.

Table 3 indicates that the hypothesis is accepted (Not Significant) for the factors like easy preparation (0.212) and for those factors (0.071) that are not considered for the study. In all other factors such as prompt quantity (0.000), rich quality (0.000), good taste (0.000), nourishing flavour (0.000), air-tight package (0.000), reputed name (0.000), easy availability (0.000), highly nutritious (0.000) the hypothesis is rejected (Significant), which concludes that there exist a significant difference in these factors of the brands and hence the buyers prefer different brands and does not confine to a particular brand.

Buyer's Brand Satisfaction on Baby Food Product

Brand satisfaction is the level of contentment that a buyer gets from the assorted promising factors of the brand after using it. Those promising factors that were taken for the study were price, quantity, taste, flavour, package, brand

Table: 4 ANOVA: Relationship between Brands and Factors considered for Satisfaction

Factors		Sum of Squares	df	Mean Squares	F	S/NS
Price	Between groups	7.124	4	1.781	1.407	.233
	Within groups	246.876	195	1.266		
	Total	254.000	199			
Quantity	Between groups	10.858	4	2.714	1.731	.145
	Within groups	305.737	195	1.568		
	Total	316.595	199			
Taste	Between groups	10.059	4	2.515	1.880	.115
	Within groups	260.816	195	1.338		
	Total	270.875	199			
Flavour	Between groups	7.168	4	1.792	1.289	.276
	Within groups	271.027	195	1.390		
	Total	278.195	199			
Package	Between groups	13.308	4	3.327	1.980	.099
	Within groups	327.712	195	1.681		
	Total	341.020	199			
Brand name	Between groups	5.328	4	1.332	.781	.539
	Within groups	332.752	195	1.706		
	Total	338.080	199			
Availability	Between groups	15.439	4	3.860	3.370	.011*
	Within groups	223.316	195	1.145		
	Total	238.755	199			
Durability	Between groups	12.928	4	3.232	2.088	.084
	Within groups	301.852	195	1.548		
	Total	314.780	199			

*Significant

name, availability and durability. These factors were scaled as highly satisfied, satisfied, undecided, dissatisfied and highly dissatisfied.

Table 4 indicates that the hypothesis is accepted (Not Significant) in the following factors namely, price (0.233), quantity (0.145), taste (0.115), flavour (0.276), package (0.099), brand name (0.539) and durability (0.084). This explains that there is no difference in satisfaction of the buyers with respect to these factors, whereas the hypothesis is rejected (Significant) in the factor availability (0.011). To conclude the buyers are satisfied with the factors such as price, quantity, taste, flavour, package, brand name and durability for the brands that they consume. Table 5 depicts the mean value and standard deviation of different baby products consumed by the buyers. With the highest mean value of 21.37 it is found that the level of satisfaction is greater in *Cerelac* among the other brands. With the significant value of 0.032 in Table 6, the hypothesis is rejected (significant) and there exists a relationship between the brands consumed and level of satisfaction.

Table 5: Descriptive Statistics

Baby food products consumed	Mean	N	Std. Deviation
Pediasure	19.0000	12	4.95434
Lactogen	19.0375	80	4.66455
Nestum	19.7857	28	4.21072
Cerelac	21.3750	48	4.04035
Farex	18.6563	32	4.20145
Total	19.6400	200	4.47892

Table: 6 ANOVA Significance of Overall Satisfaction

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	210.009	4	52.502	2.707	.032
Within Groups	3782.071	195	19.395		
Total	3992.080	199			

Conclusion

The study revealed that there exists a common trait among the buyers that weaning the child with these foods would enhance the health of the child and as such it gives a psychological satisfaction to the parents. Moreover, the age of the child is the determining factor for the parents to determine a particular brand. The future implications for these products include a change in packing strategy with variations in shape, innovations in flavour and taste and can take the sachet route with minimum price. Assurance of the ingredients used in the baby food product will be a strong selling point for the manufacturers of a particular brand. As, this baby food market is static, it holds the buyers only for a short period, the manufacturers can go for an innovative formula of products and rejuvenation of brand image in order to capture the new born market. As the world is becoming flattened with the IT revolution and with more women in the working arena, there is more potential market for these baby food products in the forthcoming years. Indeed, this baby food product has taken its importance in the early and initial growth of a child and helps every woman in this digitized era.

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Product Mix Strategies:
FMCG in Indian Market

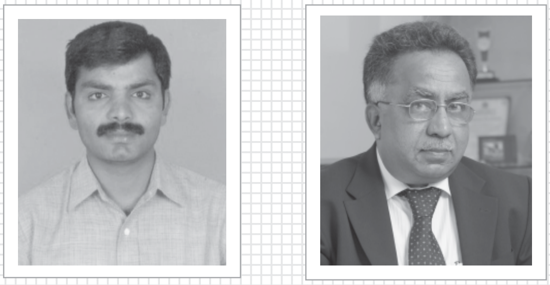
Mohankumar T.P. and Shivaraj B.

Abstract

Gap-Filling

This research paper exposes the attitudinal effects on the decision-making process of consumers in purchasing FMCG products in a mass market confined to HUL and P&G Companies soaps and detergents. This article introduces the existing and desired product mix strategies in FMCG categories bridging the gap between companies and the customers. The article starts with the problem statement followed by significance, objectives, scope, methodology, limitations of the study, summary of findings and suggestions and recommendations.

Good research depends on a good problem. A well-defined problem is pre-requisite for good research. In this context, the research problem considered is "Product Mix Strategies of Leading FMCG in Indian Market," with special reference to Soaps and Detergents. FMCG market in India is one of the fastest growing markets in India. The product categories which are marketed under this, consists of variety of product lines and items. In India, there are good number of companies manufacturing and marketing FMCG. Among all, *HUL* and *P&G* are in the forefront. In spite of the wide range of soaps and detergents marketed in India, there seems to be a gap in the existing product mix offered by the companies and the customer requirements. The diverse segments in Indian market are yet to be completely taped by the existing players. The current study has attempted to know the existing and desired product mix strategy in FMCG categories with special emphasis on Soaps and Detergents in Indian Market. This research is going to bridge the gap between companies and the customers in terms of the customer expectation and companies understanding of the customers' expectation.



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Significance of the Study

Though, the wide range of soaps and detergents is being marketed by the companies, consumers belonging to different segments are not effectively delivered with the right products in right price. The studies, so far conducted on product mix strategies, are not adequately focusing on bridging the gap between marketer and the prospects. Therefore, current study is designed to address those issues, which are very essential in designing customer oriented marketing mix strategy. This study is important because of the type of information it generates to assist in developing effective product mix in soaps and detergents. Since, product mix decision is critical decision, it involves huge investment, efforts, and right information saves companies from the disaster.

Objectives of the Study

The research aims at identifying salient features of the Product Mix Strategies adopted by two FMCG companies in respect of some of their offerings. The following are some of the specific objectives of the study.

1. To assess the product mix strategy used in consumer market.

2. To evaluate the Product mix strategy of *HUL* and *P&G* in Indian Market.

3. To determine the customer perception and opinion on product lines offered by the select companies.

4. To assess the existing and desired product mix in FMCG categories in India.

5. To evolve new possible opportunities for FMCG in Indian market.

Scope of the Study

The scope of the study deals with the area that has been considered in the research. The area considered in the research is product mix strategies of *Hindustan Uni-Lever* and *Proctor & Gamble*, in Indian Market. Consumer opinion on the product mix strategy of the *HUL* and *P&G* is collected with the aid of designed questionnaire. The sample respondents are selected from the various segments in Bangalore and Mysore. The collected data is analyzed to meet the research objectives.

Methodology of the Study

Research Design

This research is descriptive as well as exploratory in design; it is used when the study is not conversant with the problem environment. Such type of investigation is concerned mainly to determine the general nature of problems and variables related to it. This mainly relies on secondary source of information. Primary data has been collected through intensive fieldwork from the sample respondent with the aid of structured questionnaire.

Data Analysis Techniques

Statistical tools like tests, cluster analysis etc., and other methods of presentation like diagrams, charts, and graphs have been used to draw a precise conclusion.

Sources of Data

a) Primary Data

Sample survey through questionnaire has been administered to the target respondents at various locations in Mysore and Bangalore city for comparative study of consumer behaviour and perception.

b) Secondary Data

Gathered information from the association of FMCG Industries consumer protection organizations, FICCI, CII and industry archives. Other required information has been collected from published journals, books, and concerned research reports, annual reports of the company's periodicals, seminar papers, business magazines, dailies, and internet.

Limitation of the Research

The study is mainly based on survey method of research. Therefore, the limitations of survey method are expected to influence the out come of the research. Product mix is an

Table No.1: Showing the Soaps and Detergent Brands usage of the Sample Respondents

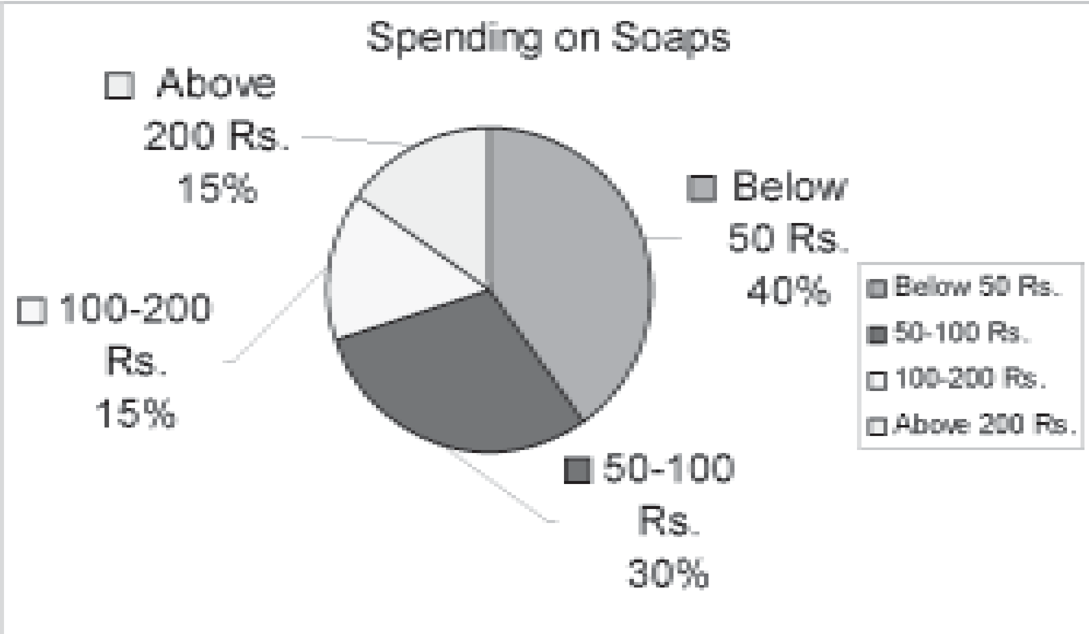
Sl.No.	Brand Name	No. of Respondents Presently using	No. of Respondents Used in the past
1.	Lux	59	27
1.	Liril	30	25
2.	Breeze	15	05
3.	Jai	07	03
4.	O.K	00	17
5.	Lifebuoy	34	26
6.	Fair & Lovely Soap	04	00
7.	Hamam	19	10
8.	Pears	33	15
9.	Rexona	40	10
10.	Dove	08	03
11.	Camay	02	00
12.	Salvo	04	05
13.	Ivory Soap	06	03
14.	Joy	00	00
15.	Surf	65	20
16.	Tide	58	25
17.	Wheel	62	27
18.	Henko	28	05
19.	Ariel	64	20
20.	Zest	00	00
21.	Rin	48	26

area of competitive advantage; companies were hesitant to reveal the information on product mix strategy they followed. The information provided by the companies is assumed to be factual and its validity is not questioned.

The above Table No.1 indicates the currently used brands and the brand used in the past. It also shows that the customers are not loyal to any brand for a longer period. In case of *Lux* 59 percent of the respondents are currently using and 27 percent used in the past switched over to other brands. From this it is inferred that building a brand loyalty is a challenging task in soaps and detergent market. The study indicates that the respondent presently using a particular brand of toilet soap and detergents and also was used in the past. As the individual tastes and preferences keep changing, majority of the respondents are switching over from one brand to another.

Table 2: Monthly spending on Bathing Soaps

Spending	Soaps	Percentage
Below Rs.50	40	40
50-100	30	30
100-200	15	15
Above200	15	15



The below Table No.2 shows that spending on soaps by the respondents per month varies from one another. Majority of the respondents i.e. 40 percent who spends Below Rs.50 per month followed by 30 percent Rs.50-100, 15 percent Rs.100-200 and 15 percent spend above 200 Rs. per month.

The below Table No.3 shows that the surveyed respondents how much money spends on detergent per month. The study shows that even on detergent majority of the respondents i.e. (45 percent) spend below Rs.50 followed by Rs.50-100 of 30 percent, Rs.100-200 of 15 percent and above Rs.200 of 10 percent. The study revealed that the percentage of the money which the respondents are spending on soaps and detergent is very minimal of their income.

Table 3: Monthly spending on Detergent Cake

Spending	Detergents	Percentage
Below 50	45	45
50-100	30	30
100-200	15	15
Above 200	10	10

The above Table No.4 shows that the surveyed respondents how much money spends on detergent powder per month. The study shows that the highest percentage of the respondents i.e. 45 percent spends below Rs.50 followed by Rs.50-100 of 30 percent, Rs.100-200 of 15 percent and above Rs.200 of 10 percent. The study revealed that the percentage of the money which the respondents are spending on soaps and detergent is very minimal of their income. According to the respondents, the money spent on detergent cake and detergent powder are inter related. If they use more powder, they will use less cake and vice versa.

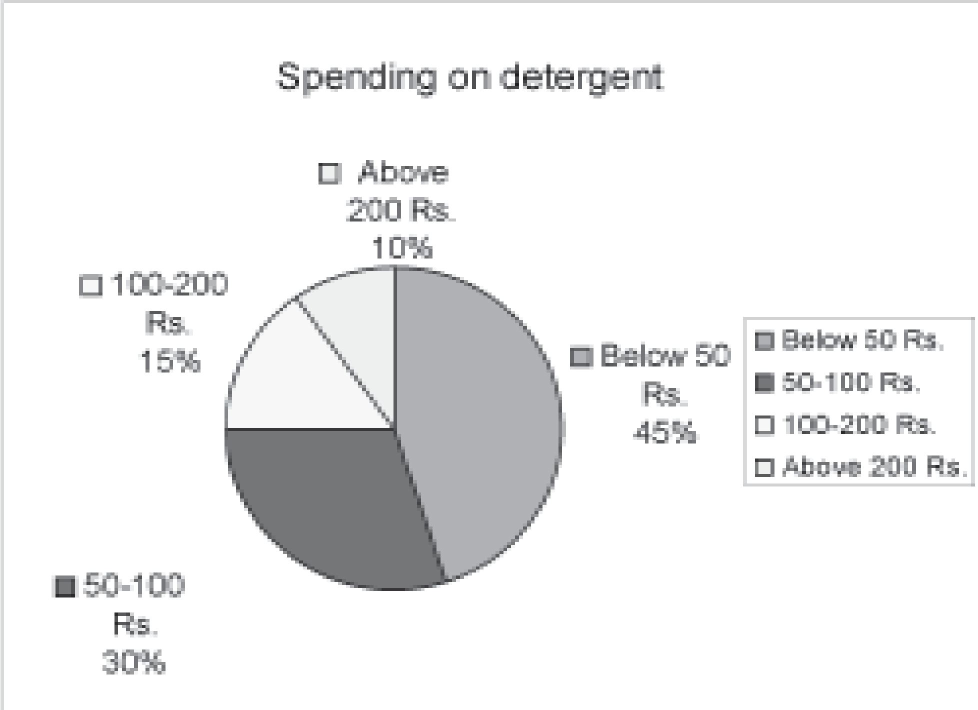


Table 4: Monthly spending on Detergent Powder

Spending	Detergent Powder	Percentage
Below 50	45	45
50-100	30	30
100-200	15	15
Above 200	10	10

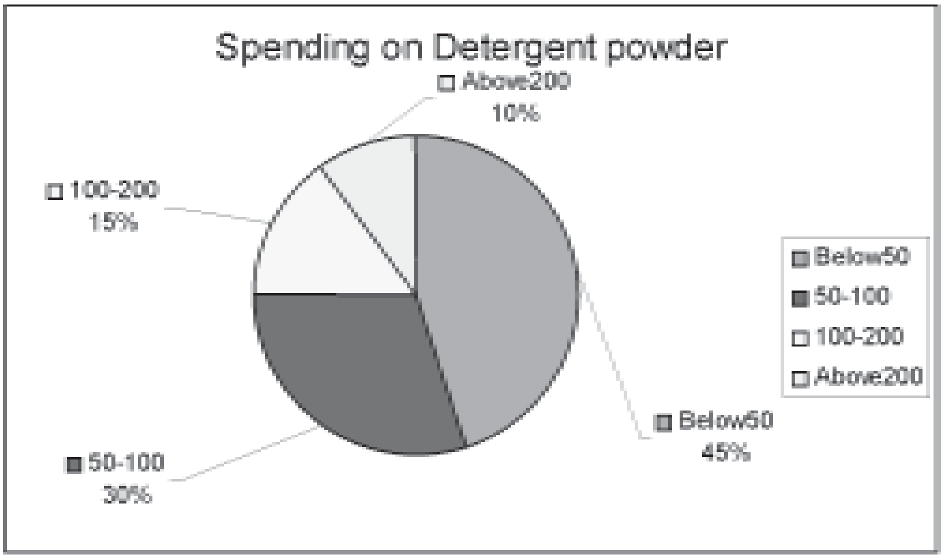
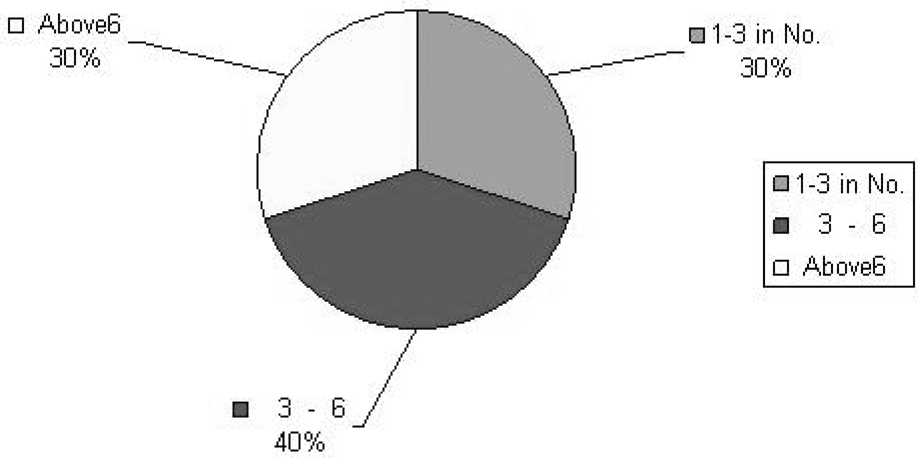


Table: 5 Purchased Quantities of Detergent Cake per Month

Quantities	Detergents	Percentage
1 - 3	25	25
3 - 6	60	60
Above6	15	15

No. of Soaps used per month

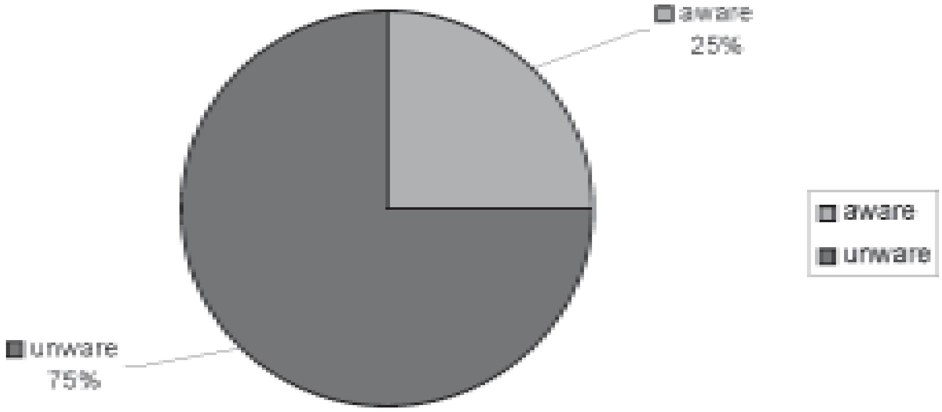


The above Table No.5 gives the picture of different quantities of soaps the respondents use per month. 40 percent of the respondents use 3-6 soaps per month, followed by 30 percent they use 1-3 soaps and the remaining 30 percent use above six soaps per month. This gives the information about the total consumption of the selected respondents and it also gives the market potential for the soap.

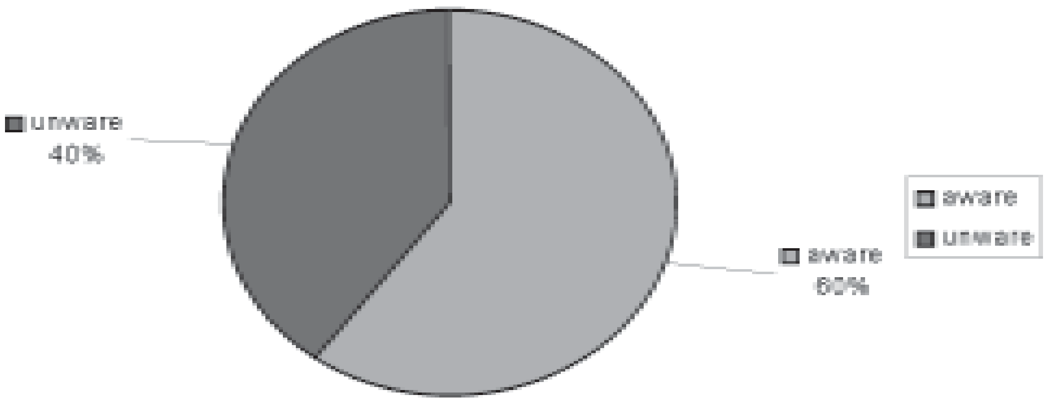
Table 6: Consumer Awareness of Different Soaps of HLL Soaps

	No. of Respondent		
	Premium	Popular	Economy
Awareness	25	60	55
Unaware	75	40	45

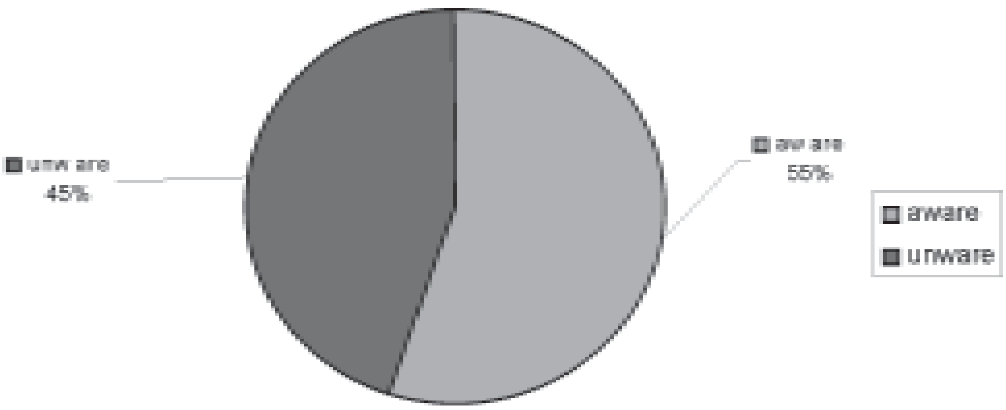
Premium Brand Soaps



Popular Brands



Economy Brand Soaps



The above table No.6 reveals about the awareness status of different soap segments i.e. Premium brand, Popular brand and Economy brand which are available in the market. Here Premium brands are comparatively of higher price, targeted to the higher end market. Popular brands prices are less when compared to premium soap. Company spends more on promotional activities like advertisement, brand celebrity and on other promotional schemes. It is targeted to mid segment in the market. Economy brands are lesser in price, targeted to lower end of the market.

Among the respondents 75 percent are not aware of the Premium brand soaps. It inferred that the availability of the product is not equally distributed. It is restricted only to urban market and the price of the product is not affordable to all the segments.

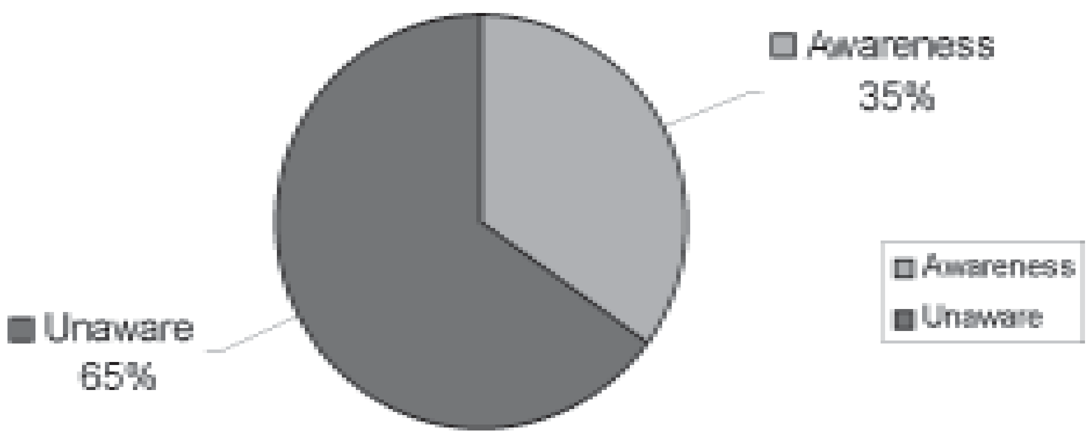
In Popular brand, though the name itself is popular it is sorry to reveal that only 60 percent of the respondents are aware and exposed to this brand. In fact, company should put serious effort to reach all the segments in the market through their aggressive marketing.

In Economy brand the study reveals that 55 percent of the respondents are aware of and exposed to this Economy brand and 45 percent of the respondents are not aware of this brand. It means that all soaps which are marketed by different companies in the market are not aware of 100 percent.

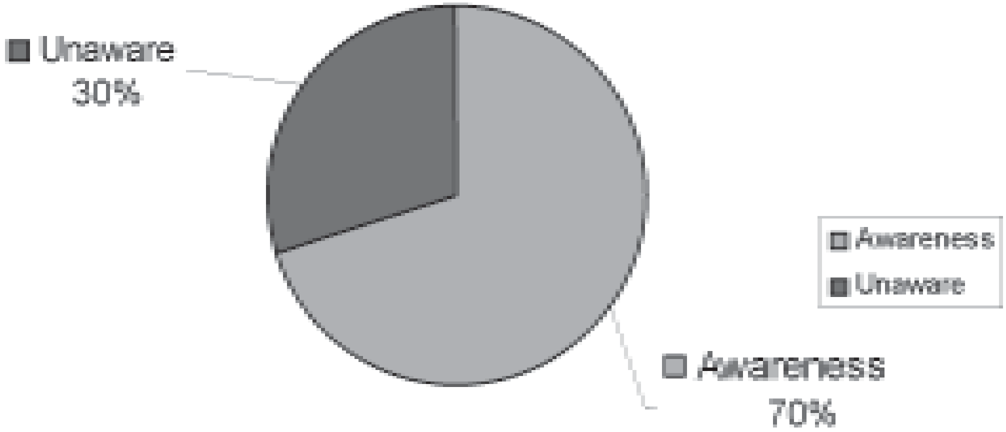
Table 7: Consumer Awareness of P&G Detergent Cake and Powder

	No. of Respondent		
	Premium	Popular	Economy
Awareness	35	70	40
Unaware	65	30	60

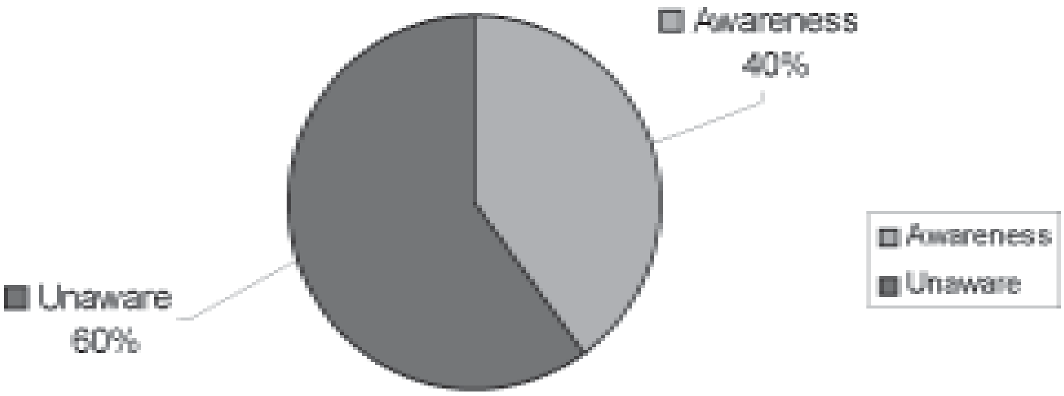
Premium Brands



Popular Brands



Economy Brands



The above Table No.7 shows the awareness status of the different detergent segments, as we studied above as in soap segments. i.e. Premium brand, Popular brand and Economy brand in detergent.

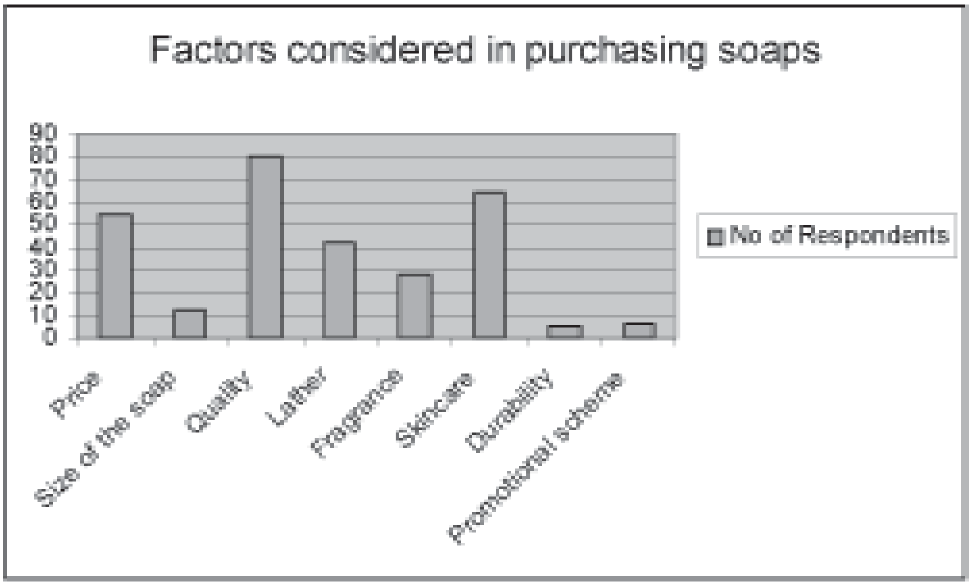
In premium detergent brands 35 percent of the respondents are aware of and exposed to this detergent, the remaining 65 percent are not aware of the brands.

In popular detergent brands 70 percent of the respondents are aware of and exposed to the brands. And 30 percent of the respondents are not aware of the brands.

In economy detergent brands only 40 percent of the respondents are aware of and exposed to the detergents and remaining 60 percent of the respondents are not aware of the brands. This study reveals that different segmented brands are targeting to different market segments. Marketing strategies used by the companies are restricted to that particular segment only. For e.g. premium brands soaps and detergents are targeting to higher end, so all the promotional activities used by the company will reach to that particular market only. Like that, to other economy brands also. Only the popular brands may use both mid segment and economy segment, some times by higher end people may also be exposed to have this product.

Table 8: The Factors considered the most by the Consumer while purchasing Soaps

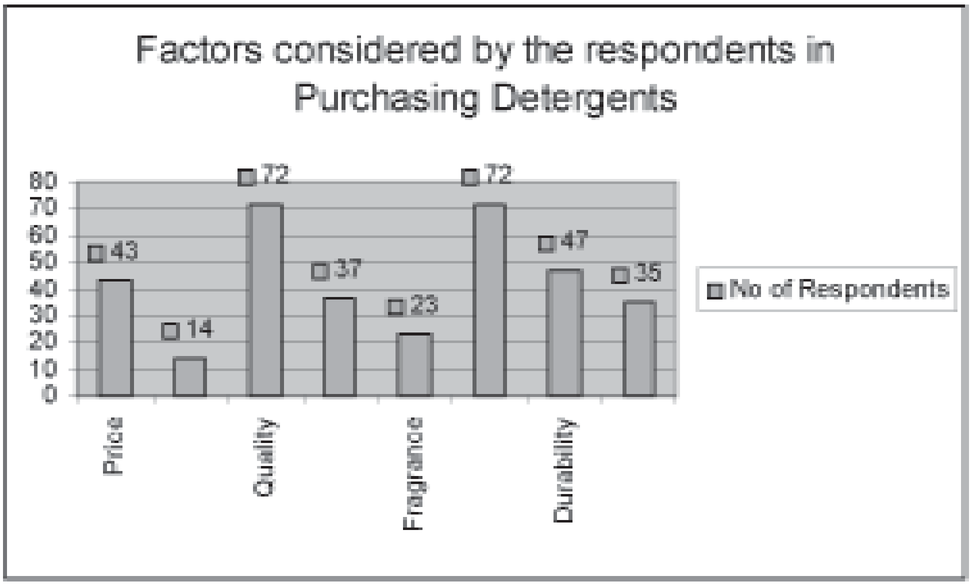
Factors	No of Respondents	Percentage
Price	55	55
Size of the soap	12	12
Quality	80	80
Lather	42	42
Fragrance	28	28
Skincare	64	64
Durability	05	05
Promotional scheme	06	06



The above Table No.8 directs that what percentage of the respondents preferred the most while purchasing soaps. Because human wants and tastes are different from person to person, place to place and time to time. According to the survey 80 percent of the respondents preferred the most because of the quality of the soaps while purchasing, followed by 64 percent because of skin care, 55 percent are because of price, 28 percent are because of lather in the soap, then size, promotional scheme and durability.

Table 9: The Consumer consider the Factors the most while purchasing Detergents

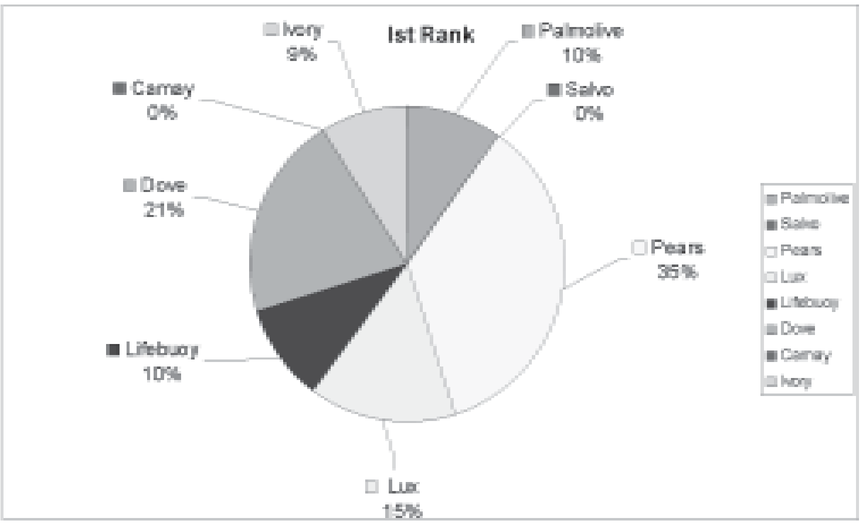
Factors	No of Respondents	Percentage
Price	43	43
Size of the soap	14	14
Quality	72	72
Lather	37	37
Fragrance	23	23
Skincare	72	72
Durability	47	47
Promotional scheme	35	35

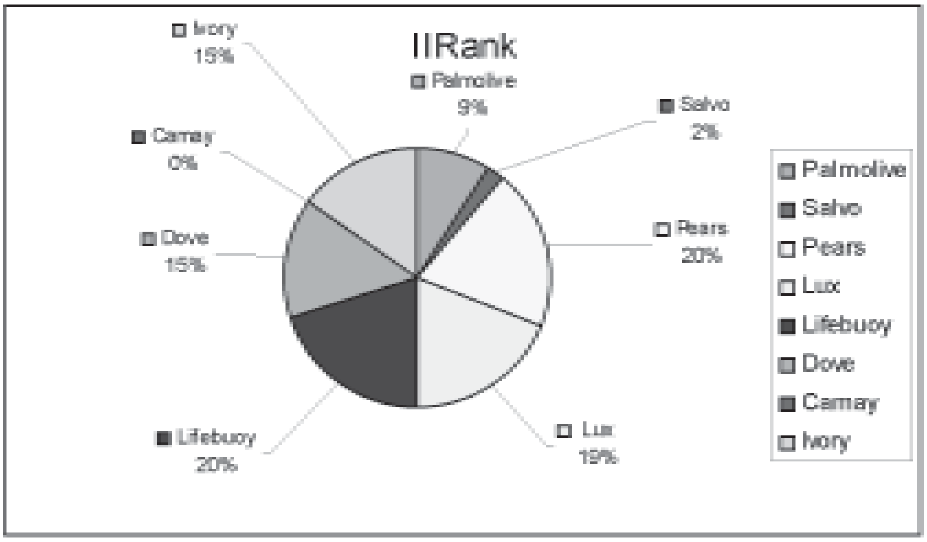


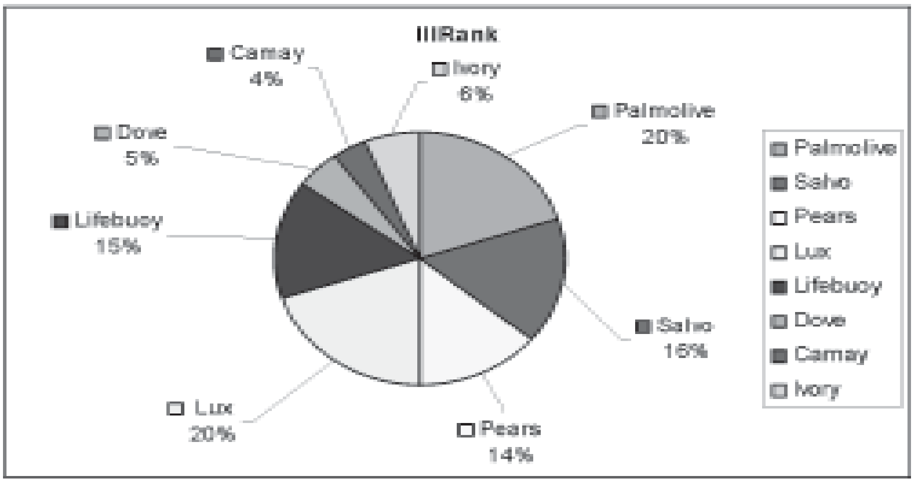
The above Table No.9 shows that what percentage of the respondents preferred the most while purchasing the detergent. According to the survey 72 percent of the respondents preferred the particular detergent because of the quality and skin care, followed by 47 percent durability, 43 percent price, 37 percent lather, 35 percent promotional scheme, fragrance and size of the soap. The study also revealed that same customer used different detergent brand for different fabrics.

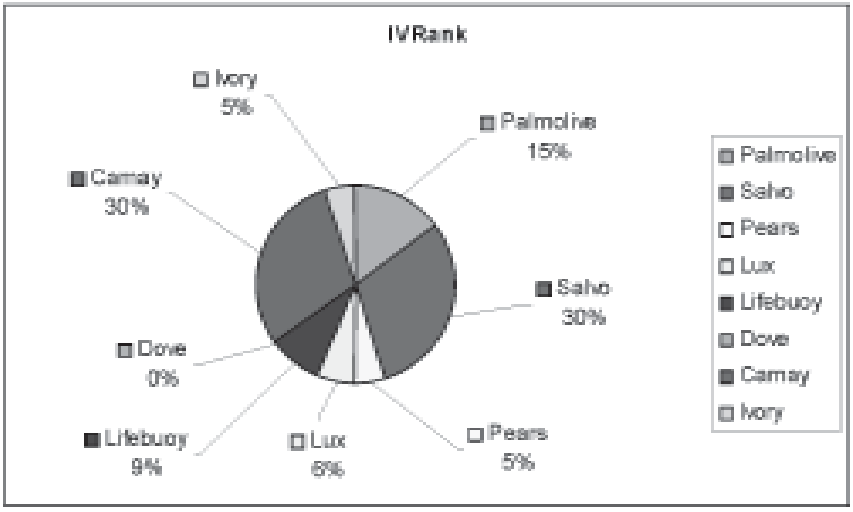
Table 10: The Customer ranking of Various Brands of HUL and P&G

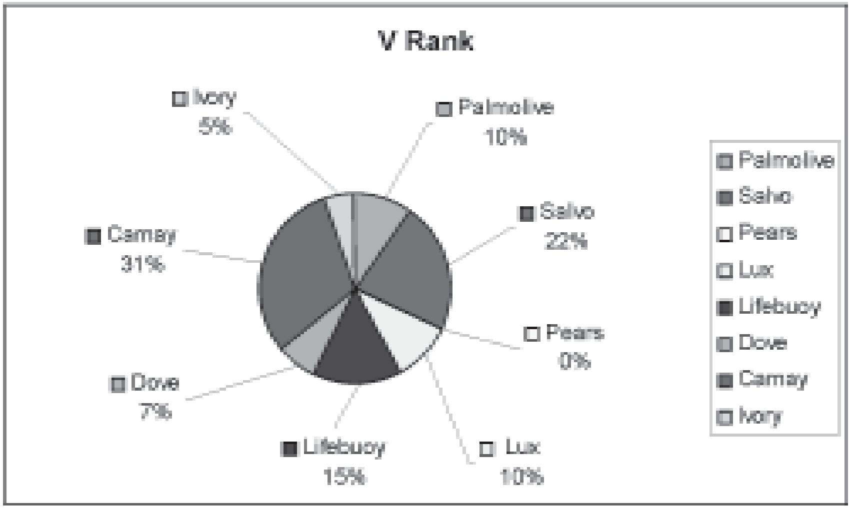
Ranks/	Palmolive	Salvo	Pears	Lux	Lifebuoy	Dove	Camay	Ivory
Ist Rank	10	0	35	15	10	21	0	9
II	9	2	20	19	20	15	0	15
III	20	16	14	20	15	5	4	6
IV	15	30	5	6	9	0	30	5
V	10	22	0	10	15	7	31	5


Ist Rank
Ivory 9%
Palmolive 10%
Camay 0%
Salvo 0%
Dove 21%
Pears 35%
Lifebuoy 10%
Lux 15%
Palmolive
Salvo
Pears
Lux
Lifebuoy
Dove
Camay
Ivory


IIRank
Ivory 15%
Palmolive 9%
Salvo 2%
Camay 0%
Dove 15%
Pears 20%
Lifebuoy 20%
Lux 19%
Palmolive
Salvo
Pears
Lux
Lifebuoy
Dove
Camay
Ivory


IIIRank
Camay 4%
Ivory 6%
Palmolive 20%
Dove 5%
Lifebuoy 15%
Salvo 16%
Lux 20%
Pears 14%
Palmolive
Salvo
Pears
Lux
Lifebuoy
Dove
Camay
Ivory





The above Table No.10 shows the ranking status of different soap brands of Hindustan Unilever Limited and Proctor and Gamble in the minds of surveyed respondents. 35 percent of the respondents have given I rank to *Pears*, followed by 21 percent have given I rank to *Dove*.

II rank has been given to *Pears* and *Lifebuoy* by 20 percent of the respondents each, followed by *Lux* by19 percent, *Dove* and L*ife buoy* by 15 percent each.

Palmolive and *Lux* have been given III rank by 20 percent of the respondents each followed by *Lifebuoy* by 15 percent, pears 14 percent.

Salvo and *Camay* have been given the IV rank by 30 percent of the respondents each, followed by *Palmolive* by 15 percent, *Lifebuoy* by nine percent.

Camay was given V rank by 31 percent of the respondents, followed by *Salvo* by 22 percent, *Lifebuoy* by 15 percent.

Summary of Findings

The analysis made in the foregone chapter is presented in this section as summary of findings. The important findings are as follows:

1. Hindustan Unilever soaps and detergent line are much wider than Proctor and Gamble brands in Indian market.

2. Hindustan Unilever soaps and detergents brand are available in all levels of the market i.e. upper end, mid segment and lower end of the market, where as Proctor and Gamble brands are mainly focusing on higher end of the market.

3. There is a wide gap in the perception about different brands of soaps and detergents among urban and rural consumers.

4. Quality is the major purchase determinant of soaps and detergent among the higher income group respondents, where as price is the most important factor in the lower end of the market.

5. Among the Premium, Popular and Economy brands of bathing soap segments, Popular brands are exposed to 70 percent of the e respondents followed by economy 40 percent and premium brands 35 percent.

6. Pears of Hindustan Unilever Limited is ranked as number one brand by about 35 percent of the respondent. *Dove* of *Proctor and Gamble* by 21 percent of the respondents, followed by *Lux* by 15 percent of the respondents.

7. The factors influence in purchasing detergent includes price, size of the soap, quality, lather, fragrance, skin care, durability, promotional scheme. Among them skin care as more important factor for more than 72 percent of the respondents followed by quality 72 percent, durability 47 percent, price 43 percent, lather 37 percent, promotional scheme 35 percent, fragrance 23 percent and size of the soap 14 percent of the respondents.

8. The factors influencing in purchasing bathing soap are price, size of the soap, quality, lather, fragrance, skin care, durability and promotional scheme. Quality is the most important factor for 80 percent of the respondent, skin care 64 percent, price 55 percent, lather 42 percent followed by fragrance, size, promotional scheme and durability. Therefore the factors influences on bathing soaps are different from the factors influencing the detergents purchase.

9. Monthly spending on soaps and detergents varies from income to income. In the research it is found that 40 percent of the respondent spends less than Rs.50 per month on bathing soap and 30 percent of the respondents spend Rs.50–Rs.100 per month and remaining 30 percent of the respondents spend more than Rs.100 per month. It shows that higher income group purchase premium brands of bathing soap. Therefore spending on bathing soap is more than Rs.100 per month.

11. Quantity of soaps and detergents purchase and family size is highly correlated. In the study it is found that the families with more members are using more than one bathing brands. Therefore this gives an input in designing a family pack consisting of multi brands of a company.

12. Among the HUL top of the mind awareness company in soaps and detergent category followed by *Godrej, Proctor & Gamble, Wipro* etc.

13. Among the studied brands *Lux* is currently being used by as many as 59 percent of the respondent, followed by 34 percent *Lifebuoy*, 30 percent *Liril* and other brands. In detergent *Surf* is being used by 65 percent followed by 62 percent Wheel, 58 percent *Tide* and other brands.

14. Product mix strategy adopted by *HUL*, as per the study is full market coverage with multi brands and strong distribution net work in both rural and urban markets, whereas Proctor and Gamble follows quality leader strategy with select brands in soaps and detergents.

Conclusion

Soaps and detergents market are the fastest growing in the world among the consumer product. The growth is proportionate to the growth of population. Among the consumer goods manufacturer and marketer, *Unilever* and *Proctor and Gamble* are in the fore front. In India too *Hindustan Unilever* and *Proctor and Gamble* created a new dimension in consumer goods marketing. The soaps and detergents offered by these two giants are available in flexible market offer to accommodate diverse segments in consumer market.

Hindustan Unilever, being a subsidiary of Unilever U.S. is localized in its presence in Indian market. The company has many land mark products which are popular and having top of the mind awareness among Indian consumers. Proctor and Gamble, though entered Indian market off late has registered in the mind of the customer as a quality leader.

Soaps and Detergents offered by these companies are closely competed one another. According to this study, *HUL* stand out as a most admired company in terms of the range of products and services. The wide range and width of the product mix is the strength of the company. Soaps and Detergents among the other product lines offered by *HUL* are the drivers of the sales revenue. The driving brands among the soaps and detergents are *Lux, Dove, Palmolive, Rexona, Liril, Surf excel, Wheel* etc.

Proctor and Gamble is known for its quality products in consumer market, focusing largely on the upper end of the market. Some of the popular brands in soaps and detergents are *Pears, Camay, Ariel, Tide* etc.

In conclusion, it is obvious that both *HUL* and *P&G* are placed in a very advantageous position in Indian market. Indian market is diverse in terms of income, geographical dispersion, regional differences and tradition. In the study it is found that there are still some untapped market segments in both upper and lower end of the market. This is evidenced by the brand switching in soaps and detergent market, for e.g. percentage of the respondents currently using Lux is about 59 percent about 27 percent of the respondents have switched to other brand from *Lux*. During the interaction with the respondent it was known that customers are not completely satisfied with the brands currently available in the market. Therefore the companies need to spend time and money on market study to determine and device suitable market offers.

Being well known brands in Indian market, *HUL* and *P&G* can capitalize the market potential, provided a systematic marketing mix in terms of product, price, promotion and physical distribution is effectively blended to adapt to the market requirement.

Suggestion and Recommendation

Based on the analysis made in the foregone chapter and the general observation made on soaps and detergents market, the following few suggestions are made.

Effective Product-based Market Segmentation

In the study it is found that, soaps and detergents are in the market, as if they are catering to the needs of the mass in the market, as if they are catering to the needs of the mass market. Therefore in the study it is suggested to make a fine tune market segments through product differentiation, for e.g. *Lux* or *Hamam* soap offered by *HUL* are targeted on the same customer segments, competing each other. One is doing well at the cost of other. Company, either by adding some different ingredients or by effective positioning the difference in each brand and creating a separate segment for each of the brands, then the existence of the brands can be managed.

Reaching all ends of the Market

The analysis of the study reveals that, *P&G* is focusing on the higher end of the market. The company being a consumer goods manufacturer and compete with other players in the market, in the study it is recommended to design soaps and detergents for lower and mid market segments also. Indian market is made up of strong middle class customer followed by lower income group. *P&G* is ignoring the important market segments. As it is evidenced by many companies, the bottom line of the firms rests on the sales revenue generated in low and mid market, company can develop products for the same.

Focusing more on creating Brand Awareness

The analysis in the study shows that brand awareness is the key for success in consumer market. In India there is a huge gap among the customers in terms of literacy, income, urban and rural composition, and also media exposure. Further it is known by the study that the *P&G's* soaps and detergent brands are unaware with most of the consumers. Therefore it is suggested in the study *P&G* should pay more importance for promotional offers and advertisements to target Indian market to cover all the segments.

Penetrating in to New Segments

In the study it is found that *HUL* and *P&G* soaps are currently available in adult segment only. Since baby segment is one of the important segments and presently there are only few manufacturer and marketer catering to this segment, *HUL* and *P&G* also can think of entering the segment with superior product formulation and designing baby soap for all income segments.

Marketing Strategy for Rural Market

The study reveals that soaps and detergent brands of *HUL* and *P&G* are more popular in urban markets. Since real India lives in rural areas and it is potential market for all types of soaps and detergents. In the study it is advised to the company develop a tailor made marketing mix with more emphasis on product mix should be designed by the companies. Rural sales promotional activities should be strengthened especially Proctor and Gamble to take the advantage of rural market potential.

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Small is Beautiful? Corporate Social Responsibility

Prasenjit Maiti

Abstract

Roadmapping

This paper attempts at exploring future roadmaps of research in the happening areas of community development strategies facilitated by the formation of an enabling environment of social capital and underpinned by both corporate citizenship and social entrepreneurial endeavours on the part of third sector i.e. civil societal actors. How can the body civil emerge from our public sphere in order to critically negotiate with the state (body politic) and the market (body economic) is a principal concern of this paper. Our central argument hinges upon the assumption that greater cooperation and informed consent can only work towards a larger consensus of interests, that is again a macrocosm of individual worldviews and organically motivated profiteering ventures. From the beautiful small to the even more fascinating larger social entity of the collective social arrangement is an ongoing journey that can be further catalyzed by an optimum mix of the self and the other?

This paper makes an attempt to interrogate the underlying connections between urban and rural community development and Corporate Social Responsibility (CSR) underpinned by the dynamics of social capital. We argue that embeddedness and connectivities within the social psyche can work towards contributing to the overarching policy frame work of community development while this entire process can be extended an impetus by virtue of CSR-led initiatives.

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The community as a whole can never be left alone to itself as a theoretical category or even a construct of post-postmodernist ideology that tends to approach the whole as a multicultural imbroglio of politics that is without any sense of direction or honesty of purpose. It is to be appreciated that the individual actors play a greater role in community dynamics that we shall ever be able to understand. And this itself lends a plethora of analytical perspectives to the politics of CSR underpinned by the dynamics of Social Capital.[1]

For Social Capital is a convenient arrangement (an altogether too simplistic heuristic concern) of learnt values and ethical choices that is context-specific and rooted in what we address nowadays as culture root paradigms. The discourses of trust and cooperation tend to lead us to an understanding where we start to believe that even is trust has to be inculcated by a process of critical political socialization. Such an approach may be self-deprecatory in the long run.[2]

The Polemic

The relationship between Social Capital, Corporate Social Responsibility and Urban Development Policies hinges on a debate that is informed by both a symbiotic as well as a semiotic discourse. It is apparent that CSR and Social Capital are mutually dependent while Urban / Rural (Community) Development Debates are constructs of the social well-being ideology that are influenced prominently by civil societal dynamics. So the disturbing questions that are obvious at this juncture are as follows:

1. Is Social Capital only an altruistic arrangement of trust and cooperation that should never be bothered about the everyday politics of life that happens to determine the way corporate players tend to invest in what we address as social profits?

2. Are social profits so far removed from the reality of CSR that these are disengaged (so to day) from pressing economic, cultural, political, environmental and ethical concerns?

3. Should a multi-verse of liberal and competitive democracy at all be allowed to encroach upon the domain of practical reason of what essentially constitutes the core of social consent?

4. If CSR is not sustained by the bindings of a community-level incipient contract then what other motivational strategies should be deployed to ensure that Social Capital is present and alive and kicking (so to say) in order to broad-base community development initiatives?

5. Why should corporate biggies invest financial profits in CSR if not at all inspired by Social Capital as a new value and a worldview that also suggests that what you put in ultimately you draw out if not in terms of money but at least in terms of enhancement of your public image?

Pretty disturbing questions but there is always the opportunity to recline on the postmodern couch and spin high theories in order to collate theory and praxes in a more or less acceptable format. The issues of power, hegemony, legitimacy and conflict emerge as serious contentions at this point when we increasingly tend to address the WE rather than the I and the US / OUR rather than the MINE/ MYSELF.[3]

For CSR is all about a deepening sense of commitment towards the whole rather than the part where we are all entirely de-schooled in order to be tutored in the pedagogic of the underprivileged. And Social Capital simply happens to be a convenient tool that is more often than not deployed by CSR practitioners in order to create a few visible benefits i.e. a basket of utilities, so to say.[4]

The real challenge follows subsequently when the questions of what to give to whom and why and where and how emerge. This is the classical dilemma of the authoritative allocation of values that simply illustrates that whatever you do and how hard you try you shall never be able to give universal and uniform satisfaction to your clientele as their service provider. So you have to walk precariously across the tightrope of priorities that are decided rather upon the basis of situational exigencies rather than the perspective of visionary thinking!

The Counter-Polemic

Corporate Social Responsibility as an analytical tool can be used in the field of Business Management to facilitate different business practices from both an ethical angle and a utilitarian perspective. Business managers should try to entrench networks of trust, loyalty and cooperation within and without their organizations. This also makes good business sense in terms of rational choice theory.

Good business is also about establishing customer-friendly images in a manner that highlights values such as reliability, trustworthiness, quality, economy and durability. These values evolve over time and are underpinned by a sustained relationship of confidence. So specific products more often do not become identified with brand names either for niche or for broad-based markets. Brand equity and positioning so generally depend upon the successful merchandizing of products and their images.

The changes induced by development in a liberal democratic country like India can be reasonably managed if urbanization is based on multi-stakeholder dialogues based on trust and networks of cooperation (what we tend to increasingly address nowadays as Social Capital). Non-inclusion of all the concerned stakeholders may lead to discontent and even violence.

The political scenario of West Bengal after the Union Parliament Elections 2009 demonstrates the importance of Social capital in our civil society. In the run up to the General Elections a major electioneering campaign of the Opposition was focused on the role of the State Government in forcible land acquisitions by exercising Eminent Domain (acquiring private land and property for a public cause by citing the Land Acquisition Act 1894).

The Opposition maintained that private entrepreneurs should either purchase land directly from the owners (cultivators) or else build their factories on land owned by the State Government. But the industrialists wanted to purchase plots of land near Kolkata to utilize the available infrastructural facilities. The State Government sided with the industrialists by forcibly acquiring fertile agricultural land.

The result of the elections was a traumatic defeat for the ruling Left Front, its worst electoral defeat since they first came to power in West Bengal in 1977. The defeat was preceded and followed by skirmishes and political violence that snowballed into a twelve-hour General Strike called by the Opposition on 17 July 2009.

The West Bengal Government has now declared that no land will be taken forcibly from unwilling owners. India, along with rest of the world, is currently trying to combat the global recession. The recession has made infrastructure development even more critical both in the rural and urban sectors to generate new employment and to stimulate the economy. Such pressures may create urgency, but these processes, like the dynamics of liberal economic reforms, cannot be rushed.

These processes can never ever afford to ignore the core values of participatory development and Social Capital if we are to avoid the violent repercussions recently seen in India. Sustainable Development and inclusive growth reflect the principles of good governance (accountability, participation, predictability and transparency). All the stakeholders of development projects should be able to exchange ideas and opinions on the basis of mutual trust and cooperation.

The puzzles and polemics of development tend to raise more questions than provide customised answers. We have to understand that each problem has its own unique context and that the solution needs to be located within the organic complexities and institutional realities of the problem itself. A Social Capital approach has the potential to resolve disagreements and act as a platform to explore strategic solutions.

The Discourse

The *problematique* of this paper is structured around the polemic of civil societal institutions (networks and embeddedness) and democratic governance (inclusive growth and participatory development) among other critical areas of social scientific research. This line of theoretical research is expected to contribute new knowledge and facilitate innovative research to better understand the interactions and interplay between actors and their institutions.[5]

The politics of everyday life and human development are generally informed by the dynamics of choice and the strategies of cooperation. This tension can be somewhat resolved by adopting the Corporate Social Responsibility approach, as inclusive growth can more often than not be ensured by empowered choices and delegated actions.

This highlights the importance of Corporate Social Responsibility in all our grand as well as small narratives today in a world where economic signifiers and their signified meanings are more or less in a state of constant flux provoked by the marketplace of politics and the social as well as cultural rhetoric of glocalization.

It may appear to be rather far-fetched to deploy a highly specialized social scientific theoretical category like Corporate Social Responsibility in the area of Business Management and Industrial Relations. The latter is a network of relationships that enter into professional dynamics with one another in the highly charged world of business informed by factors such as the profit motive, ethical applications, conflict resolution and a sense of accountability vis-à-vis the environment, sustainable development and inclusive growth.

So innovative ideas supported by creative images are required to streamline Industrial Relations in the post-globalized scenario that predicates upon both a breakdown of barriers as well as establishment of new and difficult barriers in the cyber world of netizens, their perceived expectations and their ever-increasing sense of achievements and complex role performances.

So we have to understand the *problematique* of the increasing hiatus between business managers and their employees in the context of relative deprivation that may be either incremental or else decremental in nature. The critical ploy that has to be strategized in this connection is the network of inter-dependence that depends upon the fluctuating degrees of trust and cooperation and overall organizational health of any given industry.

A perspective analysis of the dynamics of trust in any business organization happens to be a most problematic exercise that has to be carried out over a period of time and that involves multiple stakeholders as well. Why should one trust his / her peers, superiors and subordinates? Is trust a construct of culture specifics? Can trust be equated with the given socio-politico-economic realities of any spatio-temporal context? Can trust be learnt or emulated? Can trust be analyzed in terms of cost-benefit calculations?

These are rather disquieting questions with no unilinear answers. Business leaders have to realize that the pedagogic of trust and resilience of professional relationships can only be tested against either hypothetical or real life situations where the actual motivations, aspirations, perceptions, preferences and culture root paradigms of individuals or groups are explicitly exposed in the given context of their informed self-interest.

Trust happens to be a matter of choices that is not altogether different from the various other choices we make during the course of an ordinary day. But choices are also inspired and conditioned by values that are established standards of social interactions and constantly re-learnt during the life of organizations and the professionals who sustain such organizations.[6]

But trust is also a societal resource that is limited by its very nature, as individuals more often than not put their own self-interest first rather than the interest of their respective organizations. The core challenge is to translate these small narratives of power into a grand narrative of preference that would ultimately facilitate a transition of business culture of given organizations.

So the game that is to be played by the different parties concerned would be to transcend the *actors and institutions* model to the *actors in institutions* prototype. This would be a game that requires a multiplicity of stakeholders and a plethora of their interests that would finally be integrated in an overarching design of motivations, aspirations and role performance.

When disjointed players start to commence upon the game upon a somewhat level play field then emerges the ever-critical issues of entitlements and capabilities. Each and every player has got entitlements to improve upon his / her own material conditions of life, status of empowerment, value systems and catalyze the politics of everyday life. These entitlements have then to be qualitatively upgraded to the level of capabilities. So from professionals to stakeholders is a long journey of accomplishments that would institutionalize a culture of trust and cooperation in organizations for the mutual benefit of all the concerned stakeholders.

Trust and cooperation happen to be dynamic aspects of human behaviour that are both acquired as well as achieved during the course of everyday interactive exercises. One has to appreciate that trust as an interface is perhaps more potentially real and tangible rather than trust as a construct, as the former is an arrangement of convenience, connivance and knowledge while the former is a living entity that comes across our daily social interactions as a concept that works in real time. In essence, therefore, reciprocation sustains trust while trust facilitates cooperation.

Why should one cooperate with another? Is it a learnt reflex or is it based on enlightened self-knowledge and self-interest? Would cooperation lead to intense creativity, new images, different ideas and better emotional and stress management? These questions and their answers have to be delved into and dwelled upon before we even try to garner an entire array of new knowledge on this subject.

Relationships can be built upon cooperation, competition and conflict. Each such mode will explore new models of interface and would finally lead to an inchoate world of new possibilities where men and women in the industry would steadily learn how best to unlearn past lessons and deschool themselves from the cultural baggage handed down the generations.

For one lesson is almost clear at this juncture of empirical findings i.e. actors will only cooperate if there are elements of confidence and potentialities of profit to be found in such bilateral or even multi-modal discourses. The architecture of social knowledge that fosters industrial relations and the microphysics of power that acts as a conducive ensemble in the background of labour welfare are, after all, situation-driven and culture-specific realities that need to be continuously re-examined against the context of changing politics and economics of the body social.

But what about the body corporate as a whole? This is an entity that can neither be enticed nor be allured into rash decisions and myopic strategies. If cost-cutting is the order of the day and free rider expenditures are on their way out, then it is also the duty of business managers to adequately sensitize their industrial work forces and integrate them in a culture of consensus without which the entire complicated domain of trust management would be severely disempowered.

From the management of human values to the management of corporate trust is a long, arduous and unenviable journey that requires out of the box thinking matched with the capacity to relate to the empathy of individuals. So rapport-building would appear to be a crucial requirement in this context of trust management when business leaders should be able to overcome the tedium of Human Resource Development overkill in order to efficaciously enter into revolutionary dialogues with both blue as well as white collar workers to make them chant the mantra of their respective organizations underpinned by their rational choices.[7]

It is somewhat difficult to estimate the rationality of a choice until the outcome of that choice is perceived either in material or else in psychological terms. Exactly *how rational a choice is* would have to be decided subsequently when the question *how utilitarian that choice was* would emerge in the future.

The issue of Industrial Relations is all about the management of choices in the workplace. Why should workers obey the management? What are the concerns of the management that are reflected in its style of leadership? Is loyalty related to motivation? Or is loyalty a function of the chain of command? What are the effective outputs of hierarchy?

The management and the workers have to mutually entrench an ethos of cooperation that would both create and sustain the values of Ownership/Trusteeship in their given organizations. One has to belong to and long for one's organization simply because organizations are the institutions of collective behaviour where people associate and interact to pursue certain set goals. The very fact that these targets have to be achieved and new targets innovated point to the fact that the organizational health of any given industry is sound. The point of saturation has to be ably and creatively transformed into an arena of new possibilities that lead to new challenges and innovative gestures.

But achievement of targets is critically dependent on team performance, and so the team players have to share different degrees of responsibilities and have to be burdened with different measures of failures and successes. The most important consideration at this point is to determine who can shoulder what amount of burden. So the question of authoritative allocation of values has also to be pondered upon actively by the management concerned.

The issue of Ownership / Trusteeship is also almost organically related to the issue of institutions. Each business organization, in sociological terms, is an institution replete with a history of evolution, work culture, Trade Union ethics and typical management practices. So the study of business organizations as dynamic institutions of power, authority, repression, obedience, reward and punishment may lead to an ulterior understanding of Industrial Relations.[8]

Actors and their interventions become criticalities that have to be objectively factored into the discourse of polemics that center on issues / concerns of Industrial Relations. The credo of loyalty is also another ponderable that may be studied or else addressed in order to appreciate the different dynamics of Corporate Social Responsibility, Rational Choice and Value Management.

Environmental Ethics

The present paper lays emphasis on several theoretical and empirical aspects of environmental politics, CSR and Social capital so that the critical dependencies between human and physical environmental settings are suitably focused and discoursed in the process. The social issues and concerns of environment have become more prominent and relevant especially since the Second World War, when the impact of weapons of mass destruction and nuclear holocaust made us painfully aware about the politics and economics and sociology of environment.

The alternative to sustainable environmental development at the beginning of the new millennium appears to be mutually assured destruction. So new disciplines such as human and political ecology have developed in order to interrogate the politics of development that is more often than not interplay between the choices of policymakers and voices of stakeholders caught desperately between the currents of so-called human progress.

Sustainable environmentalism is a critical concern of the new millennium at the policy and praxes levels, as this issue predicates new and exciting disciplines such as political ecology, environmental ethics, human ecology, eco-feminism, environmental law, moral ecosophy and development ethics. Sustainable environmental development has of late emerged as a serious *problematique* that requires to be negotiated in terms of workable strategies. Environmental Management Plans generally constitute the formulation of quantifiable benchmarks supported by Monitoring and Evaluation exercises to assess the benefits accruing from implementation of EMPs. Monitoring is the scientific collation and compilation of primary as well as secondary data to gain insights into the process, project and progress indicators while Evaluation is the systematic analysis of environmental projects, including aspects like design, implementation and results.

Evaluation leads to increasingly informed decisions, allowing those involved in this process to learn from experience and to be accountable to the dynamics of the project. Monitoring and Evaluation should be utilized to establish accountability and understand the dynamics of environmental projects.

Information, Education and Communication strategies involve different concerns of environmentalism related to awareness-generation, advocacy/activism and sensitization that are attuned to culture and gender specifics. In order to scientifically implement project-related tasks it is rather imperative to develop a time-frame of IEC activities to be carried out during environmental project cycles. Any given Environmental Action Plan must elaborate and schedule the tasks to be undertaken in accordance with the aims and objectives of IEC as mandated by the scope of different environmental projects.

Benefit Monitoring and Evaluation (BME) of environmental projects in terms of new physical resources created is an exercise related to measurement of technical interventions and designs at the levels of planning and implementation. It is important to understand that Impact Assessment of environmental projects should also include the ethos and best practices of participatory development.

Participatory environmentalism can be sustained by a basket of methodological tools such as Focus Group Discussions, Gender Interviews, Community Meetings, Logical Framework Analyses and Risks Assessment. Resource Mapping, for instance, is an imperative requirement for Joint Forest Management and Natural Resource Management initiatives. Needs assessment of physical resources as perceived by the community must be based on such participatory methods. This is especially true in the case of rainwater harvesting and arsenic-free drinking water projects. Micro-planning at the grassroots should inform the choices and voices of the concerned stakeholders. It remains a fact that sustainable environmental management is nearly always intrinsic to local-level realities. So it is critical to be attuned to the local for environmental movements to succeed at the global level.

Environmental management indicators can be both quantitative and qualitative in nature in order to provide primary inputs to monitor different projects evaluate progress of project implementation and guide the stakeholders to sustain the benefits of the projects. Such indicators may also evaluate the impacts of the projects on the quality of life of the stakeholders before and after implementation and also examine the increased level of community participation and awareness-generation vis-à-vis project interventions.

Under different Initial Environmental Examination scenarios the State of Environment may be studied in the context of varying Pressure State Response Models. Environmental Action Plans must also lay down strategies for both qualitative and quantitative methods in order to freeze the ground realities and design physical interventions under different environmental projects. Such interventions should generally be participatory i.e. underpinned by the Stakeholders' Consultative Process (SCP). SCP is central to the methodology of environmental projects. SCP moves away from the conventional top-down approaches that involve measurement of project performance against pre-set indicators by using standardized procedures and tools. The new strategy of participatory development lays its primary emphasis on Public Information and Consultation endeavours.

Environmental projects underpinned by the rationale of participatory development should define statements of measurable objectives in terms of physical interventions, design a structured set of indicators covering outputs and likely environmental impacts and include provisions for data analyses and periodic reporting to the project stakeholders.

Process indicators are benchmarks that are concerned with the dynamics of environmental change i.e. how change is to be effected at the grassroots, how the process of change is to be managed with the help of external interventions and internal facilitation, how best change can be reconciled with conventions?

Environmental projects cannot always follow predetermined approaches. Best practices of environmentalism more often than not emerge from chaos but subsequently lead to cohesion by resolving the tension between priorities and utilities. BME indicators may be designed keeping in view the fact that environmental projects aim to facilitate need-based awareness-generation programmes.

Participatory environmentalism can be defined as an interactive process during the passage of which the concerned stakeholders gain access to the decision-making process either directly or via institutionalized representation. This helps to identify the needs and perceptions of primary stakeholders, sustains civic amenities after withdrawal of implementing agencies, monitors progress of physical works, streamlines community-level institutional mechanisms and develops ownership among community members vis-à-vis collective assets and Common Property Resources.

Environmental participatory strategies operate at two levels: [1] the communitarian level where the community is brought back into environmental focus in order to build and sustain a proprietary sense among primary stakeholders and [2] the neo-institutional level where "actors and institutions" are transformed into "actors in institutions" i.e. end-users of environmental resources are mobilized suitably to identify their community agenda with environmental interests.

These are strategic measures utilitarian tools to motivate the community to become proactive and safeguard collective concerns at the level of the environment. Environmental awareness programmes serve to build empathy at the community-level and facilitate dialogic rather than pedagogic terms of discourse at the project implementation, monitoring and evaluation levels.

Community Mobilization and Participation (CMP) activities are not an end but a means to secure rapport-building that may ensure acceptance of environmental initiatives. Environmental interventions must be scientifically implemented and informed by a definitive plan of action. This is despite the fact that environmental monitoring and management generally emerge from flux and can seldom be planned in a structured manner.

Environmental problems may be identified and cause-effect relationships determined in this process. This may also help to identify benchmarks of solution impacts (facilities proposed to be provided under environmental projects). The problems identified should be converted into need-based statements. This exercise requires discussion and prioritization of environmental needs. The achievements of environmental projects generally depend on how project beneficiaries react to the resources created or sustained by the project initiatives.

For participatory approaches to Monitoring and Evaluation (M&E) to be effective, these need to be integrated with environmental projects and adopted on a continuous basis. These results can be utilized to re-strategize the key issues and generate new questions during subsequent M&E. Environmental projects may simultaneously develop new activities and encounter new problems that which may affect the stakeholders' perceptions of project-related activities.

Communities may also experience changes from other sources that may have an impact on the progress of environmental projects.

Environmental Impact Assessment (EIA) serves as a benchmark against which project progress in terms of environmental interventions may be quantified. Such periodic exercises provide insights on the part of primary as well as secondary stakeholders in the sense that strategies may be revised, goals redefined and praxes reformulated in the light of field-level lessons learnt during implementation of project objectives. Such a critical and heuristic manner of learning from past mistakes and making necessary amendments during the project cycle to aim at moving targets more often than not inform EIA studies that focus on the core issues of sustained environmentalism.

Environmental development is more often than not value-specific i.e. progress indicates changes at the level of value systems, broad-based worldviews, evolution of new managing agencies at the level of the mode of production and dynamic interfaces cohered among the stakeholders who happen to manage environmental affairs and the agenda of institutionalized joint participation mechanisms.

Environmental management so emerges as a continuous exercise that should be able to reconcile contending role definitions between stakeholders and beneficiaries as well as resolve the tension of priorities between the notions of sustainability and environmental best practices. This paper has tried to conceptualize the lessons learnt and identify the good practices of sustainable environmentalism and CSR so that future roadmaps for action research, advocacy and activism can be suitably cohered in the process.

A range of notions underpinned by contemporary models of analyses has been examined from plural socio-economic as well as politico-cultural backgrounds that adequately reflect the state of environment and assess the quality of man-made and natural resources in the context of sustainable systems and multicultural societies. An understanding that repeatedly comes across during the perusal of the different schools of thought is the notion that social and physical environments impact upon one another and share an entire array of symbioses that have to be continuously investigated in order to explore indigenous solutions and establish convergence for the sake of ecological equilibrium and sustainable community development supported by CSR and Social Capital.[9]

Environment has both physical and human aspects, and the latter more often than not influence the former in terms of multiple strategies and image-building exercise. Environment - like any other limited resource in human society - has steadily emerged since the Industrial Revolution as an issue that assumes ownership of all the concerned stakeholders and - as an unfortunate result - is really nobody's ethical responsibility.

So the North can afford to pollute mindlessly and then hold the South responsible for this sorry state of results while it is a fact that the patterns of consumption, industrialization and urbanization (development?) in the rich countries add more viciously to environmental degradation, global warming and climate change than elsewhere in the world. Not for nothing have we heard the doomsday conspiracy that the Third World War would soon be fought on the issue of drinking water.

Moral Ecosophy has to be conscientiously practised if we are to save Planet Earth from the apparently irreconcilable axes of power that have fractured the Global Economic Order and exposed the pretensions of the so-called process of Globalization that has only further deepened divides across our International Moral Order. But this is perhaps a noble aspiration without any conformation from our everyday politics of life and endangered realities.

Corporate Citizenship

The *problematique* of corporate citizenship is rather complicated, as it entails different types of choices in different space, time, culture, knowledge and power discourses. The choices before corporates may not always be uniform, and may be influenced by considerations like a global economic meltdown, local political tension, national emergency, social problems, regional discrepancies in development, bad economy of scale, retrenchment, cost-cutting etc.

But the critical central issue still remains the anatomy of choice: why do corporates ordinarily behave in one manner while conforming to the basic tenets of corporate citizenship and why do they tend to behave otherwise under duress and especially during adverse market situations? This in itself constitutes an interesting universe of research where various factors such as values, beliefs, attitudes, inclinations, orientations, opinions etc come into play in the wider area of choice influenced by an inchoate regime of deterministic / indeterministic chaos. The question of moral values and business values may occasionally come across as a dichotomy, especially when the role of corporate values such as competition, optimization (profiteering?) and loyalty is concerned. The recent economic recession worldwide has prompted Big Business worldwide to retrench, cut costs, economize on operations, production, marketing and other strategic areas of their daily activities. But there also have been instances in India where probationers given the pink slip were again brought back home, so to say.

This is perhaps a truly Indian phenomenon that has been also somewhat motivated by external political pressures. But this event is not to be identified with the somewhat out-of-vogue concept of Asian Values. The issue of corporate citizenship as sustained (hypothetically) by the arrangement of trust and cooperation in business is also perhaps a function of traditional (Indian) family values that happen to rely much more on loyalty and feudal ascriptions rather than the rational-legal structure of legitimacy and authority.

Culture is what we use while civilization is what we are. If we are to understand conflicts, stress and negotiations in business in a somewhat new light then we also have to appreciate the role of corporate citizenship in the politics of everyday life of organizations where individuals engage themselves in pursuing different forms of economic activities. Culture as capital can contribute effectively to the body corporate by defining the various role performances of the multiple stakeholders concerned in industry. Both the management and the workers can experiment successfully with different types of cultural modes relevant to their industry.[10]

Senior business leaders in India occasionally make it a point to organize brainstorming sessions where even junior managers, worker representatives and Trade Union leaders can voice their own ideas about better productivity, new R&D, innovative marketing, revolutionary designs and improved economy of scale.

So it appears that both choices and voices have to be entrenched in the domain of better business sense boosted by motivation, inspiration, trust and cooperation. The more broad-based this industrial dialogue happens to be, the better would be the chances to experiment in a more creative manner with the changes that lead to overall better management of corporate citizenship.

Organizational change can be perceived as an inherent corporate resource that can be utilized by different stakeholders to add value to their concerned industries. It is not always quite easy to address change in organizations, as multiple players find it more often than not difficult to cope with transformations and transitions. Organizational development, evolution and health depend upon targeting moving goals that are continuously in a state of flux. But how can we use change as an organizational resource? Changes can take place in terms of qualities of output, levels of production, modernizing technologies, innovative methodologies, deschooled pedagogics and radically different marketing strategies. Such changes vis-à-vis organizations can even be studied in the context of the Guest-Host discourse where changes are not perceived as ghosts of spatio-temporal realities but rather as guests in the context of host organizations.

So change can also be sustained as a resource in the context of organizational change and corporate citizenship. Whenever changes occur, there are sweeping as well as drastic effects on the levels of motivation, business strategies, styles of leadership performance, marketing techniques, economies of scale, interpersonal relationships, priority areas and preferential values. It is imperative that this phenomenon of change should be managed by professionals to yield better results and add enhanced value to the concerned organizations.

The management of change is a critical discourse. It takes place at the levels of perception, motivation, attitude and leadership. How best to motivate both the management and the workers to coordinate business activities under a different regime of change is often a fascinating study that can lead to exciting new insights related to the organic realities of organizations.[11]

How people try to cope with stress and strain, conquer their anxieties and worries, battle with their learnt values against new values and finally emerge as either winners or else losers is a crucial exercise that impinges upon the working of processes, products and arrangement of realities both within and outside organizations.

Corporate citizenship is basically a function of strategized cultures pitted against fractured realities. The ways in which the owners, managers and workers perceive reality / realities may be radically different from one another. Their perceptions are conditioned by their Culture Root Paradigms that constitute the overarching rhetoric of change of their organizations. Change can both create and destroy.

So corporate citizenship as a dynamic of Business Organizations can also serve as a metaphor of change against the overall backdrop of ethical applications in business. How objectively to wield any given technology, how to cohere and conjoin angularities in attitudes, how to add to the existing stock of Social Capital by sustaining working relationships in business etc can arguably constitute the first steps towards building what social scientists and field practitioners engaged in the Development Sector tend to address as Multi-Stakeholder Dialogues.

Such a dialogic mode of interaction involving multiple actors (and their roles) as well as different stakeholders (with their own typical interest/s in the organization concerned) is not always easy to institutionalize as a new credo of organizational reality. Tripartite talks between the Government, Management and Labour may be cited here as a rudimentary example of such multi-level, multi-faceted and multi-functional dialogues. But Labour Laws and social welfare legislation apart, these dialogues are essential to understand in consensus the aims, aspirations and both long- and short-term business strategies of organizations.

One of the basic objectives of multi-sectoral stakeholder dialogues is to move away from the merely welfarist, altruistic and pluralistic orientations of organizations to a given mode of corporate citizenship that has to be learnt, lived with and assiduously practised in order to transcend everyday realities to an aura of a changed way of business life. Post-postmodern societies have to desperately try and learn the post-global manner of existence where almost nothing is permanent, so to say. Markets change and clientele change while entire economies go through phases of radicalization that tend to impart new meanings to business strategies and ethical applications.

So the entire gamut of signifiers and signifieds also change and cater to further transitions in business organizations stylized and dictated by the polyphony of voices. These voices are supported by choices of change, regime of discourse and strategies of organizational development. The plethora of voices is an indicator of change in terms of both process and progress, although these are rather value-loaded expressions. So the more vibrant dialogues become the more adequate is their scope to include. Because if modern business today happens to stress increasingly upon Sustainable Development and Inclusive Growth, then it also becomes a necessary commitment to emphasize more on the broad-based nature of quality and multiple dialogues that encompass the small narratives of power and authority and corporate citizenship.

So it would appear that good or bad business sense impinges more upon the multiplicity of dialogues rather than decisions taken in isolation. So the analyses with regard to processes and progress necessarily indicate whether business decisions and / or solutions would be sustainable in the long or short run. An examination of perspective is important to both assess and understand the criticality of business sense in the context of improved Industrial Relations. So how does one ensure better relations in business while at the same moment trying to make higher profits?

This decision can only be made after a Knowledge Attitude Perception study is undertaken to evaluate the comparative benefits / estimates between better business relations and higher profits. Ethical applications in business activities should also be actively considered in this context of corporate citizenship.

The combination of business sense with ethical sense is a utilitarian, altruistic as well profiteering strategy that is difficult to follow conscientiously in the real world. Individuals are not always driven by ethical aspirations. It is a given fact of life that we generally follow the predatory instincts of our personal profit motives. The challenge is to inculcate the best possible fit between profits and ethics, immediate gains and strategic alliances, present temptations and future goodwill. A modicum of balance has to be struck in this context so that the different types of extraneous and internal variables that tend to influence such a process of decision / policy-making can be balanced in an almost rational manner.

Our ethical selves may not always be our instinctive beings. It is a metaphysical question of existence versus sustenance, learnt values versus inherent proclivities and cost-benefit analyses between the self-satisfying self and the social satisfying other. When such conflicts between the otherness of the other and the openness of the self tend to be reconciled in the context of specific industry and general society, then the other uncomfortable questions regarding globalized dichotomies, the Digital Divide and the inchoateness of the self versus the nascent sense of otherness emerge.

Conclusion

So finally we are led to the direction of the sociability of business i.e. how social is business and how widespread and traumatic / therapeutic are the remedial effects of value applications to any given industry. Are workers now being consulted, are their priorities and preferences being listened to, are they more confident in the management, bolstered by the thought that retrenchment and lay-off would not be enforced until absolutely imperative?

Power plays become operational at this juncture of corporate citizenship when not only the social and cultural aspects of business but also the political and economic facets of the industry have to be accounted for to study the art of resolution of conflicts at the workplace. Conflicts of interest that arise from clash of values, attitudes, perceptions, orientations and values are occasionally constructs of different cultures. The manner in which actors engage in conflicts and lock horns with each other over issues of preferences and priorities often emerge from skewed realities where the concerned parties are located at different levels and on different levels of cultural ensemble and trappings of power.

Because conflicts primarily begin at the level of knowledge where the mind is constantly busy weighing different options. The manner in which individuals approach conflicts is also rather culture specific. The issue of corporate citizenship can be better understood if the fragmented concerns of conflict are better appreciated. Conflicts at the higher echelons of power are more about abstract / intangible realities such as power, authority, prestige, esteem, influence and access to the repository of high-end corporate values.

The more intricate and intrinsic happens to be the question of corporate citizenship, the more complicated becomes the entire debate of Social Capital. Because the specifics of trust, value and cooperation predicated by the realities of corporate networking and social embeddedness are inherently highlighted in the context of better performance, enhanced interactions and complex commitments of the industry to the market, clientele, quality, pricing and corporate citizenship.

Keywords: Ethical Business, Responsible Business Applications, Participatory Development, Inclusive Growth, Sustainability, Civil Society, Social Capital, Choices.

Footnotes:

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Car Industry: SWOT Analysis

Dharmaraj C., Sivasubramanian M. and Clement Sudhahar J.

Abstract

Consumer Stimuli

A consumer's decision depends on the interplay of many forces or stimuli. Product offering through some promotional methods is the initial stimuli. The marketing and environmental stimuli emerge from cultural, social, personal and psychological factors. The customers judge the deals in several ways. The reputation and technical expertise of the manufacturer, the quality of service and technical advancement of the service provider form the criteria to evaluate the manufacturers and the dealers. This study, in the form of SWOT analyses performed through Friedman's test, covers the consumers' general opinion towards the passenger cars and also provides useful information to the general public, car owners, dealers and car manufacturing companies in many ways.

In India, after independence, industrialization has paved the way for people to possess luxury items such as television, refrigerators, home appliances, cars, etc. Motor–car is one of the commonly used conveyances by the upper and middle-class people. Before two decades, only a few industrialists and rich people owned cars. There was a time when one had to wait for weeks, months or even years to buy a car in India. The option of Indian drivers was limited to a few models. But, after liberalization, the earning capacity of the middle-class people has also increased. Now-a-days, motor car is not only bought for social status, but as a necessary one. Taking into the consideration of the above, many automobile companies turned to Asian countries, particularly India and China. The automobile industry in India is the eleventh largest in the world with an annual production of approximately two million units. India is expected to overtake China as the world's fastest growing car market in terms of the



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number of units sold, and the automotive industry is one of the fastest growing manufacturing sectors in India. Because of its large market (India has a population of 1.1 billion; the second largest in the world), a low base of car ownership (12 per 1,000 people) and a surging economy, India has become a huge attraction for car manufacturers around the world. Until the early 1980s, in India owning a car was considered to be a luxury possession. During those days there were only four producers of passenger cars, namely, Hindustan Motors (HM), Premier Automobiles Ltd. (PAL), and Standard Motors Private Ltd (SMPL), and Mahindra and Mahindra (M and M) used to make utility vehicles (jeeps). Initially these producers had obtained licensed technologies from the UK, Italy, and USA then each had a very small output level. During that era car manufacturing was licensed, expansion was restricted; there were quantitative restrictions (QR) on imports.

Since the liberalization era, much water had flown through and currently, though several major foreign automakers like Ford, GM and Honda have their manufacturing bases in India; Indian automobile market is dominated by domestic companies. Maruti Suzuki is the largest passenger vehicle company and Tata Motors is the largest commercial vehicle company while Hero Honda is the largest motorcycle company in India. Other major Indian automobile manufacturers include *Mahindra and Mahindra, Ashok Leyland* and *Bajaj Auto*. This study makes a maiden attempt toward evaluation of the maker of the cars and the service provided by dealers in the customers' perspective in order to determine the factors that contribute to their perception.

Objectives of the Study

1. To study the SWOT factors for car manufacturer;
2. To study the SWOT factors for service provided by the dealer;
3. To determine the contributing factors toward perceptual ranking.

Method

The study was conducted from April, 2005 to April, 2008 in Coimbatore city of the State of Tamil Nadu, India. This study is based on primary data. The primary data were collected through Questionnaire from 712 respondents, using simple random technique.

Analytical Tool Used

Friedman's non-parametric test is used for SWOT analyses to find the more influencing factors towards the car manufacturers and service provided by the dealers to determine the perceptual ranking. The Friedman test is a nonparametric alternative to the repeated measures analysis of variance. It is equivalent of a one-sample repeated measures design or a two-way analysis of variance with one observation per cell. Friedman tests the null hypothesis that k related variables come from the same population. For each case, the k variables are ranked from 1 to k. The test statistic is based on these ranks. The Friedman test ranks the scores in each row of the data file independently of every other row. Moreover the test statistic for the Friedman's test is a Chi-square with a-1 degrees of freedom, where a is the number of repeated measures. When the p-value for this test is small (usually <0.05) we have evidence to reject the null hypothesis.

This study covers the important pre-purchase and post-purchase behaviour of the respondents relating to the car buying decisions. SWOT Analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieving that objective.

Strategic Uses of SWOT

SWOT analysis may be incorporated into the strategic planning model, that is to find and evaluate the attributes of the person or company that are helpful / harmful / *external* conditions that are helpful / *external* conditions which could do damage to the business's performance to achieving the objective.

The SWOT analysis is often used in academia to highlight and identify strengths, weaknesses, opportunities and threats. It is particularly helpful in identifying areas for development. SWOTs are used as inputs to the creative generation of possible strategies, by asking and answering each of the following four questions, many times:

SWOT ANALYSIS

- How can we Use and capitalize on each Strength?
- How can we Improve each Weakness?
- How can we Exploit and Benefit from each Opportunity?
- How can we Mitigate each Threat?

Findings from Menon et al. (1999) and Hill and Westbrook (1997) have shown that SWOT may boost performance. In line with SWOT, J. Scott Armstrong (1982) describes a 5-step approach that leads to better corporate performance. SWOT analysis groups key pieces of information into two main categories:

- Internal factors–The *strengths* and *weaknesses* internal to the organization.
- External factors–The *opportunities* and *threats* presented by the external environment to the organization.
- The internal factors may be viewed as strengths or weaknesses depending upon their impact on the organization's objectives. What may represent strengths with respect to one objective may be weaknesses for another objective. The external factors may include macroeconomic matters, technological change, legislation, and socio-cultural changes, as well as changes in the marketplace or competitive position.
- SWOT analysis is just one method of categorization and has its own weaknesses. For example, it may tend to persuade companies to compile lists rather than think about what is actually important in achieving objectives. It also presents the resulting lists uncritically and without clear prioritization so that, for example, weak opportunities may appear to balance strong threats.

Brief Retrospect of Indian Passenger Car Industry

Automobiles were introduced in India in the late 1890s the manufacturing industry took off only after independence in 1947. The protectionist economic policies of the government in the 1950s gave rise to the Hindustan Motors Ambassador, based on a 1950s Morris Oxford and are still ubiquitous in the roads and highways of India. Hindustan Motors and a few smaller manufacturers such as Premier Automobiles, Tata Motors, Bajaj Auto and Standard Motors held an oligopoly until India's initial economic opening in the 1980s. The maverick Indian politician Sanjay Gandhi championed the need for a "people's car" the project was realized after his death with the launch of a state-owned firm Maruti Udyog which quickly gained over 50 percent market share. The Maruti-800 became popular because of its low price, high fuel efficiency, reliability and modern features relative to its competition at the time. Tata Motors exported buses and trucks to niche markets in the developing world.

The liberalization of 1991 opened the flood gates of competition and growth which have continued up to today. The high growth in the Indian economy has resulted in all major international car manufacturers entering the Indian market. General Motors, Ford, Toyota, Honda, Hyundai and others set up manufacturing plants. *Rolls Royce, Bentley* and *Maybach* are examples of the few high end automobile manufacturers which entered India in the recent years. The *Tata Nano* is at the lower end of the price range costing US$ 2,500 approximately and *Bugatti Veyron* at the other with a price tag of over US$2 million.

Automobile companies started investing in service network to support maintenance of on-road vehicles. Starting in 2000, some landmark policy changes such as removal of quantitative restrictions and 100 percent FDI through automatic route were introduced and exports were given a thrust. The market experienced the thrill of intense competition as a number of new cars, models were launched. As such consumers in India found a wide range of car models to choose from. In other words, the passenger car market in India changed into a buyer's market.

Current Scenario

1. India is 11th largest passenger car market in the world.
2. India is the second-biggest market for small cars after Japan. It accounts for 60 percent of the domestic market.
3. India is the fastest growing car market in the world, growth rate of 20 percent.
4. 2/3rd of auto component production is consumed directly by OEMs.
5. Growth of domestic production, sales and exports of automobiles during 2001-02 to 2005-06 are shown below.

The car market is expected to see the remarkable growth in car production, car sales and car export by the forthcoming years and the passenger car industry now has a new character. However, if we compare India's per capita car ownership with some of the developed countries (Exhibit–1) we are behind the advanced countries.

Table 1: Automobile Production Trends

Category	2001-02	2002-03	2003-04	2004-05	2005-06
Passenger Cars	5,00,301	5,57,410	7,82,562	9,60,487	10,45,881
Utility Vehicles	1,05,667	1,14,479	1,46,325	1,82,018	1,96,371
MPVs	63,751	51,441	60,673	67,371	66,661
Grand Total	6,69,719	7,23,330	9,89,560	12,09,876	13,08,913

Source: SIAM

Table 2: Automobile Sales Trends

Category	2001-02	2002-03	2003-04	2004-05	2005-06
Passenger Cars	5,09,088	5,41,491	6,96,153	8,20,179	8,82,094
Utility Vehicles	1,04,253	1,13,620	1,46,388	1,76,360	1,94,577
MPVs	61,775	52,087	59,555	65,033	66,366
Grand Total	6,75,116	7,07,198	9,02,096	10,61,572	11,43,037

Source: SIAM

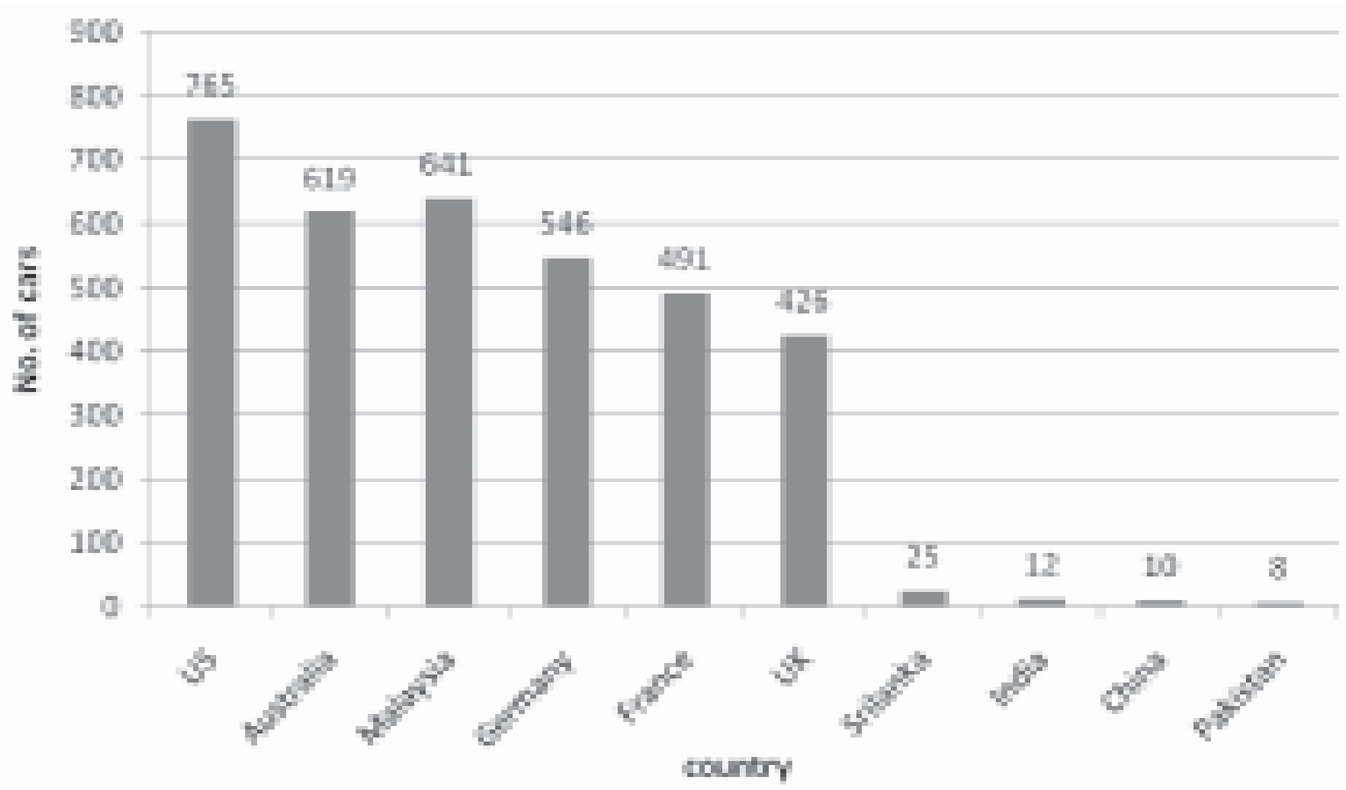
Table 3: Automobile Export Trend

Category	2001-02	2002-03	2003-04	2004-05	2005-06
Passenger Cars	49,273	70,263	1,25,320	1,60,670	1,70,193
Utility Vehicles	3,077	1,177	3,049	4,505	4,486
MPVs	815	565	922	1,227	1,093
Grand total	53,165	72,005	1,29,291	1,66,402	1,75,772

Source: SIAM

Exhibit 1: Car usage in India and Leading World Market

Cars for Thousand People



Analysis and Discussion

SWOT Factors for car Manufacturers –Strengths

To identify the strength factors for car manufacturer, the Friedman's test is used and the result of the test is given in the Table 4.

The Friedman chi-square tests the null hypothesis that the ranks of the variables do not differ from their expected value. For a constant sample size, the higher the value of this chi-square statistic, the larger the difference between each variables rank sum and its expected value. For these rankings, the chi-square value is 821.199; Degrees of freedom are equal to the number of variables minus one. The asymptotic significance is the approximate probability of obtaining a chi-square statistic as extreme as 821.199 with nine degrees of freedom in repeated samples if the rankings of each factors are not truly different. Because a chi-square of 821.199 with nine degrees of freedom is unlikely to have arisen by chance, it has to be concluded that the 712 respondents do not have equal preference for all factors. The above Table 4 portrays that among the ten factors, support from car financiers (6.96) was ranked first. It is followed by Product diversification (6.71), Strong dealer and service network (6.39), large volume of production (6.37) and Established base (5.81) which was ranked second, third, fourth, fifth and sixth respectively.

Therefore, it can be concluded that Support from car financiers, Product diversification, Strong dealer and service network and Large volume of production are identified as major strength factors for car manufacturer.

SWOT Factors for car manufacturer –Weakness

To identify the weakness factors of the car manufacturer, the Friedman's test is used and the results are given in Table-5.

It could be noted from Table 5 below that among the six factors, Low level of safety features (3.78) was ranked first. It is followed by Low number of dealers (3.75), Lack of new technology (3.45) High maintenance (3.14) and Costly spares (3.11) were ranked second, third, fourth, and fifth respectively.

Table 4: SWOT Factors for Car Manufacturer –STRENGTH

Factors	Mean	SD	Mean Rank	Chi-Square	Df	P
Advertisement	4.28	3.214	4.29	821.199	9	0.00**
Durability/ Ruggedness	5.35	2.734	5.37			
Established base	5.79	2.677	5.81			
Latest engine technology	4.30	2.610	4.32			
High fuel efficiency	4.25	2.732	4.26			
Large volume of production	6.35	2.459	6.37			
Product diversification	6.68	2.400	6.71			
Strong brand loyalty	4.51	2.718	4.53			
Strong dealer and service network	6.37	2.559	6.39			
Support from car financiers	6.94	2.667	6.96			

Table 5: SWOT Factors for Car Manufacturer –WEAKNESS

Factors	Mean	SD	Mean Rank	Chi-Square	df	P
Costly spares	3.11	1.692	3.11	102.487	5	0.00**
High maintenance	3.14	1.585	3.14			
Low price of cars	3.78	1.734	3.08			
Lack of new technology	3.45	1.633	3.45			
Low level of safety features	3.78	1.631	3.78			
Low number of dealers	3.75	1.806	3.75			

Table 6: SWOT Factors for Car Manufacturer–OPPORTUNITY

Factors	Mean	SD	Mean Rank	Chi-Square	Df	P
Growing demands	2.96	1.422	2.97	55.171	4	0.00**
Introduction of diesel product	3.09	1.447	3.09			
Improvement in existing product	2.63	1.356	2.63			
Introduction of safety features	3.14	1.305	3.16			
Launch of new product	3.14	1.463	3.15			

It is concluded that Low level of safety features, Low number of dealers, Lack of new technology, High maintenance and Costly spares are identified as significant weakness factors of the car manufacturers which will not support them to increase the sales or influence the people negatively towards brand preference.

SWOT Factors for Car Manufacturer –Opportunity

To know the opportunity factors for car manufacturer, the Friedman's test is used and the results are given in Table-6.

It is understood from the above Table 6 that among the five factors, Introduction of safety features (3.16) was ranked first. It is followed by Launch of new product (3.15), Introduction of diesel product (3.09), Growing demands (2.97) and Improvement in existing product (2.63) which was ranked second, third, fourth and fifth respectively.

Thus, it is concluded that Introduction of safety features, Launch of a new product, and Introduction of diesel product are identified an opportunity factor for car manufacturer and these factors are to be considered by the manufacturer.

SWOT Factors for car manufacturer –Threat

To identify the important threat factors for car manufacturer, the Friedman's test is used and result of the test is given in Table 7.

Table 7: SWOT Factors for Car Manufacturer –THREAT

Factors	Mean	SD	Mean Rank	Chi-Square	Df	P
Cut throat competition	2.35	1.158	2.36	56.795	3	0.00**
Globalization and liberalization	2.29	1.107	2.30			
Loss in market share	2.59	1.113	2.59			
Shrinking global market	2.74	1.038	2.75			

It could be noted from the above Table 7 that among the four factors, shrinking global market was ranked first. It is followed by Loss in market share (2.59) and Cut throat competitions (2.36) which were ranked second and third respectively.

Hence, it is concluded that shrinking global market, Loss in market share and Cut throat competition are identified as a major threat factor for car manufacturer.

SWOT Factors for service provided by the dealer –Strength

To identify the strength factors for service provided by the dealer which significantly influence the respondent towards dealers' preference, the Friedman's test is used and results of the same are given in Table 8.

It is clear from the above Table 8 that among the seven factors, convenient place (4.59) was ranked first. It is followed by Space (4.52), Change of genuine spare parts (4.05), High technology equipments (3.73) and direct contact customers (3.72) which were ranked second, third, fourth and fifth respectively.

Thus, it is concluded that convenient Place, Space and Change of genuine spare parts are identified as a strength factor for service provided by the dealer which will influence the customers towards dealer preference.

Table 8: SWOT Factors for service provided by the Dealer –STRENGTH

Factors	Mean	SD	Mean Rank	Chi-Square	Df	P
Convenient place	3.47	2.004	4.59	290.871	6	0.00**
Change of genuine spare parts	4.04	1.809	4.05			
Direct contact customers	3.71	1.955	3.72			
Highly skilled mechanics	3.50	1.964	3.51			
High technology equipments	3.73	1.829	3.73			
Less competition	4.98	1.844	3.29			
Space	4.52	2.128	4.52			

Table 9: SWOT Factors for service provided by the Dealer–WEAKNESS

Factors	Mean	SD	Mean Rank	Chi-Square	Df	P
Delay in service	3.77	2.183	3.77	137.194	6	0.00**
Heavy dealer charge	3.56	1.921	3.55			
Monopoly behaviour	3.77	1.913	3.77			
Private auto garage	3.73	1.907	3.73			
Poor equipments	4.46	1.950	4.46			
Thin mechanic force	4.22	1.875	4.22			
Unskilled mechanics	4.51	2.031	4.51			

SWOT Factors for service provided by the Dealer –Weakness

To identify the weakness factors for service provided by the dealer which will not influence the customers towards dealer's preference, the Friedman's test is used and the results are given in Table 9.

It is noticed from the above Table 9 that among the seven factors, unskilled mechanics (4.51) was ranked first. It is followed by Poor equipments (4.46), Thin mechanic force (4.22), Delay in service (3.77) and Monopoly behaviour (3.77) which were ranked second, third, fourth and fifth respectively. Hence, it is concluded that unskilled mechanics, Poor equipments, Thin mechanic force, and Delay in service are identified as major weakness factors for service provided by the dealer, which will not influence the customers towards dealers' preference.

SWOT Factors for service provided by the dealer – Opportunity

To identify the opportunity factors for service provided by the dealer, the Friedman's test is used and the results are given in Table 10.

It could be noted from the above Table 10 that among the six factors, using new technology equipments (4.00) was ranked first. It is followed by Opening new service centers (3.73), More sales promotion activities (3.50), Maintaining customer relationships (3.34) and Attending complaints promptly (3.27) which were ranked second, third, fourth and fifth respectively. It could be concluded that Using high technology equipments, Opening new service centres, More sales promotion activities and Maintaining customer relationships are identified as major opportunity factors for service provided by the dealers.

SWOT Factors for service provided by the dealer –Threat

To identify the major threat factor for service provided by the dealer, the Friedman's test is used and the results are given in Table 11.

It is understood from the above Table 11 that among the four factors, Lack of latest market information (2.77) was ranked first. It is followed by Competition (2.63) and Poor sales promotion activities (2.48) which were ranked second and third respectively.

Table 10: SWOT Factors for service provided by the Dealer–OPPORTUNITY

Factors	Mean	SD	Mean Rank	Chi-Square	Df	P
Attending complaints promptly	3.26	1.803	3.27	103.751	5	0.00**
Maintaining customer relationship	3.32	1.613	3.34			
More sales promotion activities	3.49	1.657	3.50			
Opening new service centres	3.72	1.750	3.73			
Quality service every time	3.14	1.649	3.15			
Using new technology equipments	4.00	1.617	4.00			

Table 11: SWOT Factors for service provided by the Dealer–THREAT

Factors	Mean	SD	Mean Rank	Chi-Square	Df	P
Competition	2.12	1.141	2.63	101.939	3	0.00**
Lack of business harmony	2.64	1.066	2.11			
Poor sales promotion activities	2.49	1.087	2.48			
Lack of latest market information	2.77	1.077	2.77			

Thus, it is concluded that Lack of latest market problems, Competition and Poor sales promotion activities are identified as major threat factors for service provided by the dealers.

Implications of the Study

This study in its endeavour to carry out a comprehensive study on SWOT factors of automobile industry in India in the perspective of customers has unearthed umpteen numbers of intriguing implications for the manufacturers and dealers and also provides means which would equip them with effective marketing strategies to improve their performance and retain the customers. A few paramount implications of the study are outlined here.

1. Findings of this study indicate that it is worthwhile for the dealers of automobiles to take note of the results of this study and formulate competitive operation strategy, so as to reinforce the customers' trust and expectation and consequently attain personal, professional and profitable relationship with customers.

2. Manufacturer, especially all the dealers of the manufacturer, need to develop a system of involvement, trust and commitment as they play a vital role in value creation for customers, dealers and manufacturers.

3. The primary implications for the dealers are:

   (a) Increase the practice of awareness training, service workshops, complaint management systems and customer satisfaction surveys;

(b) Have appraisal on the basis of customers' feedback on the sales personnel and mechanics' ability to maintain proper relationship with customers;

(c) Put in place 'Assessment incentives' on the basis of customer rating as it happens in educational institutions where students' rating of teachers is of paramount importance in assessing the performance of the teachers;

(d) Dealers have to focus on their employees' interpersonal and selling skills and concentrate on the service 'extras' that allow them to differentiate themselves from competitors;

(e) Focus on creating new customers for the business, through maintaining good appearance and cleanliness of the showroom, explanation for enquiries by the employees and mechanics, prompt delivery of the vehicle and integrity of the dealer; and

(f) Apart from creating new customers for the business, the dealers have to concentrate on retaining the existing customers. This can be achieved by the dealer by satisfying the customers through building customer relations, good behaviour of mechanics, using quality service equipments and new technology, change of genuine spare parts, spacious and convenient location of service station and delivering the vehicle on time.

Conclusion

When customers decided to buy / avail the particular product or service, before that they may have bundle of questions in their mind regarding that product and its services. Based on the literature available on SWOT factors relating to car manufacturer and service provided by the dealers, this study covers the consumers' general opinion towards the passenger cars and also provides useful information to the general public, car owners, dealers and car manufacturing companies in many ways. It is very evident from the study that, manufacturer or dealer, in order to be successful, should refrain from treating all customers' requirements equally. The findings of the study are expected to help the dealers and manufacturers of the automobile industry in understanding the elements of preference at market level. Findings also suggest that the dealers can generate more customers by adapting proper customer relationship management methods. The propensity to offer experiential and intangible rewards to the customers that are relevant and perceived as high value in form of special recognition or special experience as opposed to standard discount offer or gift type will be more rewarding in the long run.

Keywords: SWOT Analysis, car manufacturer, dealers' service, Friedman's test.

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ANNEXURE

SWOT Factor Scale

The Strength, Weakness, Opportunity and Threat (SWOT) factors scale relating to car manufacturer and Service provided by the dealer are given below.

SWOT Factors for Car Manufacturer

STRENGTH	
a. Advertisement	( )
b. Durability /Ruggedness	( )
c. Established base	( )
d. Latest engine technology	( )
e. High fuel efficiency	( )
f. Large volume of production	( )
g. Product diversification	( )
h. Strong brand loyalty	( )
i. Strong dealer and service network	( )
j. Support from car financiers	( )

WEAKNESS	
a. Costly spares	( )
b. High maintenance	( )
c. Low price of cars	( )
d. Lack of new technology	( )
e. Low level of safety features	( )
f. Low number of dealers	( )

OPPORTUNITY	
a. Growing demands	( )
b. Introduction of diesel models	( )
c. Improvement in existing product	( )
d. Introduction of safety features	( )
e. Launch of new product	( )

THREAT	
a. Cut throat competition	( )
b. Globalization and liberalization	( )
c. Loss in market share	( )
d. Shrinking global market	( )

SWOT Factors for Service provided by the Dealer

STRENGTH	
a. Convenient place	( )
b. Change of genuine spares parts	( )
c. Direct contact customers	( )
d. Highly skilled mechanics	( )
e. High technology equipments	( )
f. Less competition	( )
g. Space	( )

WEAKNESS	
a. Delayed service	( )
b. Heavy dealer charge	( )
c. Monopoly behaviour	( )
d. Private auto garage	( )
e. Poor equipments	( )
f. Thin mechanic force	( )
g. Unskilled mechanics	( )

OPPORTUNITY		THREAT	
a. Attending complaints promptly	( )	a. Competition	( )
b. Maintaining customer relationship	( )	b. Lack of business harmony	( )
c. More sales promotion activities	( )	c. Poor sales promotion activities	( )
d. Opening new service centres	( )	d. Lack of latest market information	( )
e. Quality service every time	( )		
f. Using high technology equipments	( )		

Ordering of Companies: Proposed - Profitability Scores

Dilip Roy and Anupama Tiwari

Abstract

Discriminant Score

This paper employs discriminant analysis, a well known multivariate statistical tool, to find the suitability of developing discriminant score. The underlying multivariate measure includes four key financial ratios namely debt equity ratio, current ratio, inventory turnover ratio and interest coverage ratio so as to predict the future organizational performance using these financial ratios only. The discriminant score, which we have developed in this process, is in line with Fisher's linear discriminating function. This score has been adjusted for threshold value. The usefulness of this score has been established by calculating the rank correlation between the proposed score and the profitability measure.

The prediction of future prospect of business is becoming increasingly important (Neophytou and Molinero, 2004) due to the growing upheaval in the world economy. Firms, irrespective of their sizes and volumes of operation, seem to loose control over their financial stability. As a result, financial statement analysis (Lev, 1974) has regained focus. The focus is also due to its ability to provide analysts with the opportunity to examine how a company is performing when compared with previous years (Williams and Ellis, 1993). Numerous studies have been contributed in this regard from different specialized area like finance, economics and accounting (Johnsen and Melicher, 1994).


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It is well known in the literature that financial ratios are important tools, which can be used to significantly discriminate Market Out-performers, Market Performers and Market Under-performers. Beaver (1966) was the first one to point out that the financial ratio composition of the weak companies differs significantly from the financial ratio composition of the healthy one. But mostly these groupings are subjective in nature and objective procedures like discriminant analysis, cluster analysis need to be employed for such purposes.

Discriminant analysis is a statistical approach generally used in social science research to discriminate two or more groups. The same has been used in financial performance analysis to discriminate the companies into better and worse performers based on stock market indices to enable the investors to invest wisely to maximize their returns. One of the most renowned studies in finance is by Altman (1968, p589), where he used discriminant analysis to predict the corporate bankruptcy based on liquidity ratio, profitability ratio, leverage ratio, solvency ratio and activity ratio. Charabji, Hamdi, Mrrash (1993) examined the applicability of discriminant analysis for rescheduling external debt of less developed countries with the help of variables like debt burden, foreign exchange balance and GDP growth. Earlier Deakin (1972) had used discriminant analysis for predicting business failures. Mohanty and Sahoo (2002) had applied discriminant analysis for credit rating and Raj (1999) had used the same for lending decision making. If we consider the financial ratios as a vector measure of financial performance of an organization the linear discriminant function can be used to classify different firms.

Purpose of this Research

In the recent past researchers have established that the financial ratios are no more capable of discriminating between the good and the worse performers. Academicians now seem to eliminate the usage of ratio analysis as a quantitative tool for estimating the financial picture of an organization. According to them, investors have to be sentinel for some other models to master their investment decisions making process.

However, one may put up a differing hypothesis that financial ratios may be a bad indicator for performance analysis if the choice of the ratios is not an appropriate one and may become good indicators if appropriately chosen. In this paper, we propose to use the concept of discriminant analysis for maintaining close compatibility with profitability measure. In this process we can arrive at a composite financial measure, to be referred as discriminant score, as an alternative measure for studying business efficiency.

Methodology

To install the discriminant analysis, we propose to select a product field and within the product field we propose to select some companies of varying performance and study their financial statements over a period of years. Our primary concern is to identify the best and the worst performers among these companies in terms of net profit margin ratio. Simultaneously we propose to consider four financial ratios debt equity ratio, current ratio, inventory turnover ratio and interest coverage ratio. These ratios are selected to enable the investors in predicting which companies are most steady in their growth rate and hence to invest in. Further such investigation would help the investors to hedge a portfolio in order to choose different companies from different clusters to maximise their portfolio's diversity and flexibility to the changes in the market. Debt equity ratio enables us to know the proportion of investment of creditors and owners into the firm, whereas current ratio expresses how much current assets are there with the firm to meet the current liabilities. The inventory turnover ratio gives the number of times the inventory is replaced during a given period; usually a year and interest coverage ratio shows the number of times the interest charges are covered by funds that are ordinarily available for payment. In this process we obtain the vector measure of financial performance for all the companies for a particular year. Based on the selected financial ratios of the extreme companies, so obtained, we construct the linear discriminant function following Fisher's approach. This linear discriminant function, adjusted for the threshold value, may be considered as a composite measure for business efficiency provided it is compatible with some standard efficiency measure. Profitability being a widely used parameter of business performance we have decided to examine the compatibility of discriminant score with those based on profitability measure. The compatibility between the two sets of ranks as obtained from discriminant score and profitability score will be examined in terms of Spearman's rank correlation. In case the compatibility is reasonable, the discriminant score can be considered as a composite measure of business efficiency based on financial ratios.

Discriminating Function

Following Fisher's approach the linear discriminant function can be calculated as

$$\left(\underset{\sim}{\mu_1}-\underset{\sim}{\mu_2}\right)' \sum^{-1} \underset{\sim}{x}$$

where: $\underset{\sim}{\mu_1}$ is the mean vector of the financial ratios of the best company as per profitability measure

$\underset{\sim}{\mu_2}$ is the mean vector of the financial ratios of the worst company as per profitability measure

$\sum^{-1}$ is the inverse of the common dispersion matrix formed with four financial ratios and

$\underset{\sim}{x}$ is the vector measure for financial performance

The inbetween point of performance being $\frac{1}{2}\left(\underset{\sim}{\mu_1}-\underset{\sim}{\mu_2}\right)$ we can make use of the same in the discriminant function to arrive at the threshold value. Thus, the threshold value can be calculated as

$$\left(\underset{\sim}{\mu_1}-\underset{\sim}{\mu_2}\right)' \sum^{-1}\left[\frac{1}{2}\left(\underset{\sim}{\mu_1}+\underset{\sim}{\mu_2}\right)\right]$$

and by shifting the origin to the threshold value we can get the discriminant score as

$$\left(\underset{\sim}{\mu_1}-\underset{\sim}{\mu_2}\right)' \sum^{-1}\underset{\sim}{x}-\left(\underset{\sim}{\mu_1}-\underset{\sim}{\mu_2}\right)' \sum^{-1}\left[\frac{1}{2}\left(\underset{\sim}{\mu_1}+\underset{\sim}{\mu_2}\right)\right]$$

If the discriminant score of a company is positive we may consider that company to be a good performer. Reverse will be conclusion when the discriminant score will be negative. For a given set of companies based on which we need to examine the suitability of this score, we first propose to calculate the company -wise discriminant scores and rank them. Similar exercise of ranking of the companies can be undertaken based on profitability measure. If d_i is the difference in the two sets of ranks for the i^{th} company and there are *n* companies, then the Spearman's Rank correlation, *r*, as a measure of compatibility, can be expressed as

$$r = 1 - \frac{6\sum d^2}{n\left(n^2-1\right)}$$

In case *r* is on the higher side we can consider the discriminant score to be a good measure of organizational performance.

Empirical Study

For our empirical study we have selected cement industry as the product field of our choice and have chosen eight cement companies namely Birla Corporation Ltd, Japee Cements Ltd., Mangalam Cement Ltd., Chettinad Cement Corporation Ltd., J.K. Cement Ltd., Madras Cements Ltd., Ultra Tech Cement Ltd. and Burnpur Cements Ltd. having varying performances. Data about the financial statements of these companies have been collected from Capitaline corporate database software. We have used net profit margin ratio of the year 2008 to rank these companies according to their performances so as to identify the best and the worst performers.

Table 1: Showing Company-wise Net Profit Margin Ratio

Name of the Companies	Net Profit Margin Ratio for 2008
Birla Corporation Ltd.	0.229
Jaiprakash Associates Ltd	0.153
Mangalam Cement Ltd	0.223
Chettinad Cement.Corporation Ltd	0.176
J K Cements Ltd	0.182
Madras Cements Ltd	0.203
Ultra Tech Cement Ltd	0.183
Burnpur Cement Ltd	0.053

Table 2: Showing Financial Ratios of Burnpur Cements Ltd.

Ratios \ Years	2008	2007	2006	2005	2004
Debt Equity Ratio	0.49	0.83	0.83	1.36	2.95
Current Ratio	1.89	1.44	1.34	1.07	1.17
Interest Turnover Ratio	16.56	8.9	5.75	2.91	2.42
Interest Coverage Ratio	2.15	2.48	2.51	2.85	1.51

Table 3: Showing Financial Ratios of Birla Corporations Ltd.

Ratios \ Years	2008	2007	2006	2005	2004
Debt Equity Ratio	0.34	0.54	0.76	0.82	1.01
Current Ratio	0.87	0.81	0.87	0.98	0.93
Interest Turnover Ratio	11.62	14.44	13.72	12.97	11.39
Interest Coverage Ratio	27.18	25.92	11.58	5.32	2.46

From table 1 we note that the best performer is Birla Corporation Ltd. and the worst performer is Burnpur Cements Ltd. Since we have selected four ratios we need observations for at least five time points for estimating the dispersion of the system. We have taken five years data from 2004 to 2008 for the two extreme performers and are given in Table 2 and Table 3.

Corresponding dispersion matrices of Birla Corporation Ltd and Burnpur Cement Ltd are given below:

$$\Sigma_1 = \begin{bmatrix} .067 & .012 & -.05 & -2.850 \\ .012 & .004 & -.042 & -.604 \\ -.050 & -.042 & 1.735 & 4.123 \\ -2.850 & -.604 & 4.123 & 132.239 \end{bmatrix}$$

$$\Sigma_2 = \begin{bmatrix} 0.957 & -0.197 & -3.960 & -0.334 \\ -0.197 & 0.102 & 1.816 & -0.02 \\ -3.961 & 1.816 & 33.449 & 0.005 \\ -0.334 & -0.02 & 0.005 & 0.257 \end{bmatrix}$$

Assuming identical variability for these two companies, we calculate the pooled.

Dispersion matrix "as the average of these two and is given below:

$$\Sigma = \begin{bmatrix} 0.512 & -0.093 & -2.005 & -1.592 \\ -0.093 & 0.053 & 0.887 & -0.312 \\ -2.005 & 0.887 & 17.592 & 2.064 \\ -1.592 & -0.312 & 2.064 & 66.248 \end{bmatrix}$$

The corresponding inverse of the pooled dispersion matrix is obtained as

$$\Sigma^{-1} = \begin{bmatrix} 3.913 & 0.318 & 0.420 & 0.082 \\ 0.318 & 176.886 & -9.014 & 1.122 \\ 0.420 & -9.014 & 0.565 & -0.050 \\ 0.082 & 1.122 & -0.050 & 0.024 \end{bmatrix}$$

Further, $\underset{\sim}{\mu_1} = (0.694 \quad 0.892 \quad 12.828 \quad 14.492)$ is the mean vector of the financial ratios of the best company as per profitability measure.

$\underset{\sim}{\mu_2} = (1.292 \quad 1.382 \quad 7.308 \quad 2.300)$ is the mean vector of the financial ratios of the worst company as per profitability measure

Hence

$$\left(\underset{\sim}{\mu_1} - \underset{\sim}{\mu_2}\right)' = [-0.598 \quad -0.49 \quad 5.52 \quad 12.192]$$

and

$$\frac{\left(\underset{\sim}{\mu_1} + \underset{\sim}{\mu_2}\right)}{2} = \begin{bmatrix} .9930 \\ 1.1370 \\ 10.068 \\ 8.3960 \end{bmatrix}$$

The threshold value can be obtained as

$$\left(\underset{\sim}{\mu_1} - \underset{\sim}{\mu_2}\right)' \sum^{-1} \left[\frac{1}{2}\left(\underset{\sim}{\mu_1} + \underset{\sim}{\mu_2}\right)\right] = -76.654$$

The corresponding discriminating equation is given by

$$x' \sum^{-1} \left[\underset{\sim}{\mu_1} - \underset{\sim}{\mu_2}\right]' = \underset{\sim}{x'}[0.822, \quad -122.942, \quad +6.675, \quad -0.582]$$

$$= 0.822\, x_1 - 122.942\, x_2 + 6.675\, x_3 - 0.582\, x_4$$

Where:

x_1 : is the Debt Equity Ratio
x_2 : is the Current Ratio
x_3 : is the Interest Turnover Ratio
x_4 : is the Interest Coverage Ratio

Table 4: Showing Discriminant Scores of all the 8 Ccompanies under Study

Name of the Companies	Data for the year 2008				Threshold Value	Discriminant Score
	Debt Equity Ratio	Current Ratio	Interest Turnover Ratio	Interest Coverage Ratio		
Birla Corporation Ltd.	0.34	0.87	11.62	27.18	- 44.94	31.71
Jaiprakash Associates Ltd	2.14	1.21	3.31	3.21	- 126.78	- 50.13
Mangalam Cement Ltd	0.41	1.24	9.30	48.40	- 118.21	- 41.56
Chettinad Cement Corpn. Ltd	1.02	0.55	9.06	13.58	- 14.21	62.44
J K Cements Ltd	0.84	1.85	12.99	7.77	- 144.57	- 67.92
Madras Cements Ltd	1.43	0.67	12.62	12.76	- 4.38	72.27
Ultra Tech Cement Ltd	0.74	0.65	12.05	20.91	- 11.04	65.61
Burnpur Cement Ltd	0.49	1.89	16.56	2.06	- 122.62	- 45.97

Table 5: Showing Rank Correlation based on Profitability Measure and Discriminant Score

Name of the Companies	Rank (R1) based on profitability measure	Rank(2) based on discriminant score
Birla Corporation Ltd.	1	4
Jaiprakash Associates Ltd	7	7
Mangalam Cement Ltd	2	5
Chettinad CementCorporation Ltd	6	3
J K Cements Ltd	5	8
Madras Cements Ltd	3	1
Ultra Tech Cement Ltd	4	2
Burnpur Cement Ltd	8	6

We have calculated Fisher's linear discriminating function using mean vector and pooled dispersion matrix of Birla Corporation Ltd. and Burpur Cements Ltd. Thereafter, using this threshold value we have evaluated the discriminant scores and are given in Table 4.

On the basis of these discriminant scores we have ranked these eight companies and the related information is given in Table 5.

Now given the two sets of ranks we have examined their compatibility by taking course of Spearman's rank co-relation. The correlation we have obtained is 0.6 which is on the higher side. Thus we can claim that the composite financial measure proposed herein can be used to describe the organizational performance and help the investors in making judicial investment decisions.

Key words: Discriminant analysis, Debt equity ratio, Inventory turnover ratio, Current ratio, Interest coverage ratio, and Rank correlation.

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Single and Multiple Expectations: Service Quality Retailing

Ravichandran K., Abdus Samad K., and David Sam Jayakumar G.S.

Abstract

Modelling Gaps

This article attempts to codify the service quality dimensions within the scope of the Organized Retailing Sector in India. It is a known fact that organised retailing is making a strong impact in many parts of India's growing economy. With rapid change and expansion in the retail environment, it has become all the more necessary to identify and streamline the different parameters. This research article takes up dimensions like Physical Aspects, Reliability, Personal Interaction, Problem Solving and Policy which access the retail service effective users of especially the food retailers. It attempts to study the Gaps in the Service Quality and propose certain solutions for the same. Two models were proposed mainly Single Expectation Model and Multiple Expectation Model and these models were further used to study the GAPs in the Service Quality of Food Retailers.

India has been rather slow in joining the Organized Retail Revolution that has rapidly transformed the economies in the other Asian Countries. Though with a population of a billion and a middle class population of over 400 Millions organized retailing in the form of food retail chains is still in its beginning in the Country. This is largely due to the excellent food retailing system that was established by the neighbourhood Kirana stores that continue to meet with all the requirements of daily needs without the convenience of the shopping as provided by the retail chains; and also due to the highly fragmented food supply chain that is cloaked with several inter-mediaries (from farm-processor-distributor-retailer) resulting in huge value loss and high costs. This supplemented with lack of developed food processing industry kept the organized chains out of the market place. The correction process is now underway. Big daddies of Indian corporate sectors are now jumping to establish retail chains across the country. The systems are being established for effective Business-to-



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Business (farmer-processor, processor-retailer) solutions thereby leveraging the core competence of each player in the supply chain.

Spread of Organized Retailing in India

Organized retailing is spreading and making its presence felt in different parts of the country. With the entry of very large corporate houses like Reliance Fresh, Vishal, AV Birla Group, Bharti Walmart Joint Venture and the existing Big Bazaar and RPG Spencer in large scale expansions across the country, the spread of the organized retail is going to reach soon the small populations towns of one lac to five lacs after covering all big, medium and small cities. The trend in grocery retailing, however, has stated with a growth concentration in the South. Though there were family owned retail chains in South India such as Nilgiri's as early as 1904, the retail revolution happened with various major business houses foraying into the starting of chains of food retail outlets in South India with focus on Chennai, Hyderabad and Bangalore markets, preliminarily. In the Indian context, a countrywide chain in food retailing has been pioneered by Big Bazaar and Reliance Fresh only.

Services Quality Dimensions

The retail environment is changing more rapidly than ever before. It is characterized by intensifying competition from both domestic and foreign companies, a spate of mergers and acquisitions and more sophisticated and demanding retail shoppers who have greater expectations related to their consumption experiences. Consequently food and grocery retailers today must differentiate themselves by meeting the needs of their retail shoppers better than the competition. There is general agreement that a basic retailing strategy for creating competitive advantage is the delivery of high service quality.

Based on the various sources, this model proposes that retail shoppers to evaluate the food retail service quality the researcher has identified five different dimensions as follows:

- Physical Aspects
- Reliability
- Personal Interaction
- Problem Solving
- Policy

The five powerful dimensions assess the retail service effectiveness of the food retailers. The above said dimensions are central to the services quality. At this juncture, the core facts of the food retail service quality dimensions are discussed below.

Physical Aspects

Physical aspects refer to the appearance of the food retail store; Physical aspects mean external bodily appearance of the retail outlet. They also encompass the store ambience to its retail shoppers. In this hi-tech organized food retail scenario stiff competition plays a very imperative role in this regard. Physical aspects have various sub features which contribute to the food retail services quality. These sub features add to the attire and appeal of the retail store.

Modern Equipment and Fixtures

Modern equipment and fixtures encompass the usage and application of the standard devices and softwares which have to be utilised by the food retailers.

Physical Facilities

Physical facilities explain how the products are visually appealing to their customers. The store decor is in such a way that it aesthetically captivates the customers' attention and lures them again and again.

Good Looking Shopping Material

It refers to the materials such as shopping bags, trolleys and other purchase materials that have a good personality.

Attractive and Convenient Public Areas

In this modernised world, the customers expect very clean and posh public areas. Only then the customers will have store patronage and regular visits would be carried out.

Easy Accessibility

Easy accessibility justifies the ease to access of the food retail store. The stores should be a stone's throw away from the residential areas and should be easily accessed from any landmark.

Easy Internal Mobility

It refers to the movement of customers within the store. The food retail should not be congested, and it should have an easy customer traffic flow within its retail outlet.

Personal Interaction

Personal interaction is about the employee rapport with the customers. The food retail store employees must have an affinity towards their end-users. They should be more understanding on what is being preferred by the customers. They should know the needs of the customers instinctively.

Employees' Knowledge

This feature exercises the human resource potential. The employees must have the know-how and the capacity to answer customer queries. The employee should give quick and convincing answers in a pleasing manner.

Employees Confidential Behaviour

Employees play a core role in a food retailer store. The service employees have to instill confidence on the customers through their personal attitude and behaviour. This feature attracts more number of customers to the retail corporate.

Security in Transactions

The food retailers must provide safe keeping for the buyers who use their food retail brands. They must provide safety to the dealings of the customers and this will improve the confidence on the retail store.

Performing Prompt Services

Performing prompt services refer to the punctuality of the employees in what they deal with. The employees should not cause any delay in the transactions. Time is the essence of modern day shopping.

Performing Exact Services

Exact services render to the accuracy of the retail store. They are literal in their transactions what they provide is in tune with the requirement of the customer. This is vital to customer satisfaction.

Immediate Response to Customer Request

Responsiveness is the strength of the employees. They give right responses to the queries and doubts posed by the customers. This results in a positive outcome as the customer understands the professionalism and competency of the store.

Individual Caretaking

The food retail store has to provide specific attention to the patrons who are loyal to it. Customer loyalty helps the store to grow and the more customers who are loyal to it; the more is the store's growth.

Courteousness of Employees

The human capital should have considerations towards the customers of the food and grocery retail entity.

Courteous Communication

Courteous communication identified the chivalrous mannerisms of the employees in the food retail chains. This feature is one of the most important communicative tools when they speak through telephone to customers communicating is at its best through the usage of the polite sounds and the tone of the voice which is soft and pleasing. Courteousness comes to the fore in this.

Reliability

Reliability focuses on the trustworthiness of the food retailers from customers' point of view. Reliability can be said to be the dependability of the buyers towards the retail store. This factor emphasises on the customers' consistency, because they are asset of the retail organisation.

Promising Services

When the store promises to do something it has to be carried out. This is called as promising services. Commitment is the core of retail services and it can be neglected only at the cost of losing customer confidence.

Time Promising Services

Time promising services refer to the accuracy of the particular services which must be executed at the right time. There must not be any flaws in the time promising services.

Doing it Right

The retail store performs the services at the first and foremost time. Here, they should very careful in executing the transactions which must be done first. A coherent and consistent execution plan is the backbone to this feature.

Supply of Right Products

This sub feature submits the quality variables of availability of merchandise. The food retailers have to supply the precise products to the customer which he/she likes. This service quality element educates the retailer in retaining the customer. This element protects the switching tendency of the end-user.

Error Free Transactions

This sub feature applies the stress on the commitment of blunder free sales transactions. The sales of the produce should be carried out very smoothly without any chaos in it. The records of the product sales should be maintained with due care in order to avoid the future problems.

Problem Solving

The next factor in the measuring retail service quality is the problem solving factor. Problem solving refers to how the customer tribulations have been taken with specific interest in finding out the possible retail solutions. This factor has more weightage when compared with the other factors. If harm has been identified in a retail store, it has to be instantly rectified by the store management. This factor strengthens the retail store effectiveness and put it forth in a premier status. The customer of the food retail store perceives the nature of problem solving as good and poor.

Returns and Exchanges

Returns and exchanges pass on the quality components of handling the exchange of products and replacements. If there is any damage in the food products variety, the replacement of the product items must be carried out in a right manner.

Sincerity in Problem Solving

It is a must to maintain specific interest in solving the issues of the customers which they have. Buyer's problems are recognised and immediate action is taken.

Handling Customer Compliance

Whenever a customer faces problems, the human resource reacts directly to the situation concerned. The employee has to attend to the buyer's grievances without any delay and postponement. This leads to customer loyalty as he/she perceives the stores' professional attitude and appreciates the commitment of the employees.

Policy

The fifth dimension in evaluating the retail service quality of the food retailers is policy. Policy applies a stress on the superior merchandise which has to be dealt by a retail store. Excellence in quality of the products is the core theme for a food and grocery retailer. The food retailers have to take initiative in selling commodities which are of the branded nature. On the other hand, the retailers can sell the goods in their own name itself. This is termed as private brands or private labels. The nature of policy is perceived as good or poor from the customers' predictions.

The forthcoming are the sub-elements of the policy dimension:

Offering Quality Products

Offering quality products indicates the high quality merchandise of the retail store in action. The product which is branded in the store name has more welcome from feature as it reinforces the name and image of food retail store.

Convenient Parking Facilities

The element reveals the spacious parking facilities provided by the retail store, in order to draw larger number of customers. This feature also elaborates the customer centric philosophy. As parking spaces get more cramped in cities, it is the duty of the retail store to provide adequate parking facilities that can lead to customer delight.

Convenient Operating Hours

This element includes the operating hours according to the buyers' preferences. The time should be made convenient to all buyers respectively.

Acceptance of Credit Cards and Offering Membership Cards

Acceptance of all the banking and financial companies' credit saves the valuable time of the end-users at large.

To end with, this hierarchical factor structure paves the right way for the retail service quality of the food retailers and it also takes off the branded nature of the store brands in a superior manner. The sub-elements also contribute to the organised retail space at the maximum extent.

Review of Literature

Dinesh Kumar Gauri, (2008), two powerful, highly effective strategic tools that retailers possess dealing with involves pricing and store format decisions. From the several strategic choices available for each decision, a retailer can choose any combination. We focus on two gaps in the literature. First, both decisions are specific to the consumers to whom the stores cater and the environments within which they operate, yet little academic research study is noted in them. Thus, it is important to determine the joint effects of considering pricing and format decisions in a single framework. Second, do retailers, privy to findings from rich prior literature pertaining to consumer store choices related to their pricing and format preferences; actually take such information into account when making strategic choices. Lun Hou (2008), studied to construct a gap model for dual customer values. A basic description of customer values is given, and then the gaps between products and services in different periods for the customers and companies are analyzed based on the product or service life-cycle. The main factors that influence the perceived customer value were analyzed to define the "recognized value gap" and a gap model for the dual customer values was constructed to supply companies with a tool to analyze existing customer value gaps and improve customer relationship management. Ann Marie Fiore (2007) – empirically studied that shopping experience was expanded. Reflecting the integrative (experiential and utilitarian) nature of shopping experience, he aims to propose an overarching stimulus-organism-response based shopping experience framework. He offers a framework that integrates components of both the hedonic experience related consciousness-emotion-value model and the utilitarian experience-related cognition-affect-behaviour model. Tomas Palaima, et. al. (2006) recognised the value of close relationships with their customers because customer retention in intensifying competition is more and more important. He analyses services quality in the new relationship marketing paradigm. The article focused on Anglo-Australian approach to relationship marketing. This research approaches the integration of quality management, services marketing concepts and customer relationship economics are emphasized. The different services quality models are analyzed in order to determine how these models are adequate to changing relationship marketing paradigm. The Adequacy of service quality GAP model, the perceived service quality model and the Gummeson 4Q model of offering quality is analyzed. The analysis reveals that service quality models and instruments are limited to evaluation of a service episode and are static while relationship marketing paradigm requires dynamic approach which could help to assess service quality in long-term perspective along with other relationship quality dimensions. Michel Laroche (2005) indicated that consumers' evaluations of service quality in a shopping environment mediate their pleasure and purchase intention. Consumer mall shopping decision-making process is invariant across English and French Canadian consumers. Practical implications for researchers who are interested in understanding consumer mall shopping behaviour cross-culturally, this research provides a model that can be tested in cross-cultural contexts. For mall operators and store managers attempting to improve the mall environment, product quality, and offer better service, the study provides interesting solutions. Originality/value – By incorporating service quality into consumer mall shopping decision making, this research has demonstrated that consumers' moods evoked by their perceptions of shopping mall environment and of product quality influence their purchase intentions through their perceptions of service quality. The mall shopping decision-making process of English and French Canadian consumers is universal, regardless of their cultural orientations. Dirk Morschett, et.al., (2005), developed a framework for competitive strategies in food retailing. Managers of food retail channels were surveyed in order to derive the basic dimensions of competitive advantages that companies attempt to achieve in this industry sector. In a second study based on consumers, the central dimensions of retail store perception were investigated. Both studies reveal that three basic types of competitive advantage seem to prevail in food retailing: (1) price, (2) quality (with a comprehensive set of quality-orientated instruments, including customer service), (3) convenience. We find quality leadership and price leadership to be independent factors which can be achieved without conflicting with one another. Prem Vrat, et. al., (2005), critically appraised various service quality models and identifies issues for future research based on the critical analysis of literature. The article critically examines 19 different service quality models reported in the literature. The critical review of the different service quality models is intended to derive linkage between them, and highlight the area for further research. The review of various service quality model revealed that the service quality outcome and measurement is dependent on type of service setting, situation, time, need etc. In addition to this even the customer's expectations towards particular services are also changing with respect to factors like time, increase in the number of encounters with a particular service, competitive environment, etc. This article provides a rich agenda for future research in the subject. Gordon Fullerton (2005) has produced two schools of thought on the cause of customer loyalty in services industries. The service quality perspective puts forward that service quality evaluations substantially drive customer loyalty in services industries. The relationship marketing perspective puts forward that customer commitment to the service provider substantially drives customer loyalty in services industries. In addition, commitment is a complex construct with at least two forms, one based in liking and identification (affective commitment) and one based in dependence and switching costs (continuance commitment). These positions were examined in an integrated model of retail–service relationships. Nor Khalidah Abu (2004), identified the slow growth of grocery products in Malaysia since the Asian financial crisis and the influx of multinational and large scale retailers since early 1990s that allowed Malaysian consumers to be more selective of their choice of grocery stores. Despite the extensive research on the measures used by consumers to measure service quality in the service sector, there is lack of empirical studies on it in the retail sector. A need to look into service quality dimensions for each country is called for, as each country is believed to have its own unique set of quality dimensions. This conceptual study identified the service quality dimensions critical to urban grocery shoppers for small, medium, and large-sized grocery stores. It identified the critical quality dimension of Malaysia urban grocery shoppers based on the Retail Service Quality Scale by Dabholkar et al., (1996) that takes into account the retail setting. The instrument was modified based on literature review. Sanjay K. Jain (2004), recognized quality as a strategic tool for attaining operational efficiency and improved business performance. This is true for both the goods and services sectors. However, the problem with management of service quality in service firms is that quality is not easily identifiable and measurable due to inherent characteristics of services which make them different from goods. Various definitions of the term 'service quality' have been proposed in the past and, based on different definitions; different scales for measuring service quality have been put forward. SERVQUAL and SERVPERF constitute two major service quality measurement scales. Empirical studies evaluating validity, reliability, and methodological soundness of service quality scales clearly point to the superiority of the SERVPERF scale. The psychometric soundness and greater instrument parsimoniousness should employ the SERVPERF scale for assessing overall service quality of a firm. The SERVPERF scale should also be the preferred research instrument when one is interested in undertaking service quality comparisons across service industries. On the other hand, when the research objective is to identify areas relating to service quality shortfalls for possible intervention by the managers, the SERVQUAL scale needs to be preferred because of its superior diagnostic power. Anne Magi (2002), perceived the service quality and labour productivity are assumed to be positively related to profitability, but a possible trade-off effect between these two phenomena could distort these relationships. In an exploratory study, measures of perceived service quality, customer satisfaction and patronage behaviour were collected from customers in four Swedish grocery stores, representing four combinations of profitability and productivity. Richard A. Spreng (2002), perceived service quality and satisfaction have generally been conceptualized to be distinct constructs, but there isn't a good understanding of their relationship. While the two constructs are very similar, little research has empirically examined the distinction. This study discusses the conceptual arguments for the distinction, and examines the empirical distinction by testing a recently proposed model of service quality and satisfaction. Results indicate that the two constructs are, in the present case, distinct, and there is some support for the model, with several modifications. Michael K. Brady, et. al. (2002), described in this study replicates and extends the Cronin and Taylor study suggestion that service quality be measured using a performance-only index (SERVPERF) as opposed to the gap-based SERVQUAL scale. The intent of the research was to examine the ability of the performance-only measurement approach to capture the variance in consumers' overall perceptions of service quality across three studies. The original Cronin and Taylor data were obtained and a replication of their study was undertaken using a recursive form of their non-recursive model in an effort to avoid the abnormal parameter estimates they reported. The replication successfully duplicated their finding as to the superiority of the performance-only measurement of service quality. Frederick A. Frost (2000), Explored the extent to which the construct service quality plays in an internal marketing setting. A conceptual model known as the "Internal Service Quality Model" was designed based on the original "GAP Model" developed by Parasuraman. The model evaluated the dimensions, and their relationships, that determine service quality among internal customers (front-line staff) and internal suppliers (support staff) within a large service organisation, namely, Singapore Airlines. The dependent variable in this study was internal service quality (ISQ), while the independent variables were tangibility, reliability, responsiveness, assurance, and empathy. The results suggest that the perceptions and expectations of internal customers and internal suppliers play a major role in recognising the level of internal service quality perceived. Niren Sirohi, et.al. (2000), slow growth and intense competition in retail markets in recent years increases the need for retailers to use strategies focused on retaining and attracting the right customers. However, a strategy that is effective in acquiring new customers may not be the most effective in retaining current customers. In order to understand the effectiveness of activities designed to retain customers, we study the store loyalty intentions of current customers for a multi-store grocery retailer. Using Partial Least Squares, on data averaged across at least 100 customers per store for each of about 160 stores, we find that service quality is by far the most critical determinant of merchandise quality perception. Perceived value for money depends on perceived relative price and sales promotion perceptions and to a lesser extent on service quality and merchandise quality perceptions. Rodolfo Vazquez, et. al. (2000), attempted to clarify and extend the conceptualization and measurement of service quality in the retail environment. The review of the retail and service quality literatures and the findings from a qualitative study conducted by the authors reveal that service quality in retail companies adopting the commercial format of supermarkets has a four factor structure (physical aspects, reliability, personal interaction and policies). Various models are tested by means of confirmatory factor analysis and a measurement scale is proposed. Olivier Furrer, et. al., (2000), The authors argue that perceptions of service quality vary across cultural groups, as defined by each culture's position on Hofstede's dimensions. They explicitly map the relationship between service quality perceptions and cultural dimension positions and draw the implications for international service market segmentation. They also test the hypotheses constituting their theoretical analysis. They show that the importance of SERVQUAL dimensions is correlated with Hofstede's cultural dimensions. They also used the correlation coefficients to compute a Cultural Service Quality Index that could be used to segment international service markets and allocate resources across segments. Pratibha A. Dabholkar (2000), studied the factors relevant to service quality are better conceived as its antecedents rather than its components and that customer satisfaction strongly mediates the effect of service quality on behavioural intentions. The article discusses the application of this chronological framework in understanding and predicting service quality and its consequences. The study also finds that perceptions and measured disconfirmation offer several advantages over computed disconfirmation (i.e., difference scores), and that a cross-sectional measurement design for service quality is preferred to a longitudinal design. The article discusses the implications of these findings for practitioners and for future research on service quality. Josee Bloemer (1999), argued that the relationship between perceived service quality and service loyalty is an issue which requires conceptual and empirical elaboration through replication and extension of current knowledge. The study focuses on the refinement of a scale for measuring service loyalty dimensions and the relationships between dimensions of service quality and these service loyalty dimensions. The results of an empirical study of a large sample of customers from four different service industries suggest that four dimensions of service loyalty can be identified: purchase intentions, word-of-mouth communication; price sensitivity; and complaining behaviour. Donald J. Shemwell (1998), studied and empirically tested a model of relationships among service quality, satisfaction and selected behavioural outcomes. Particular attention was paid to delineating the cognitive aspects of the service provider-consumer relationship from the affective, emotive factors. Using doctor-patient relationships in Turkey as the study setting, results of a LISREL analysis suggest that the affective aspects of satisfaction have more impact than cognitive factors on patients' propensity to continue the relationship. The most critical managerial implication of the study findings is that doctors need to place more emphasis on the functional (how it is done) aspects of care giving than the technical (what is done) ones. Robert F. Hurley (1998), Customer satisfaction and service quality measures obtained through consumer surveys invariably have skewed distributions. As such, researchers have questioned the appropriateness of the popular approach of using the mean rating to summarize such data. The relative validity of the various indexes that can be used to summarize consumers' service quality ratin is examined. Jillian C. Sweeney, (1997), examined the way in which service quality at the point of purchase influences consumers' perceptions of value and willingness to buy. Two alternative theoretically justifiable models were compared. Consumer perceptions of a specific service encounter were collected from two samples of shoppers who were actively searching for an electrical appliance. The results obtained indicated that a salesperson's knowledge influenced consumer perceptions of product quality, while the manner of the salesperson, although influencing willingness to buy indirectly through product knowledge also had a direct effect, independent of product evaluation, on willingness to buy. Further, it was found that perceptions of service quality during a service encounter influenced consumers' willingness to buy more than did perceptions of product quality. Bell J et. al. (1997) used the critical incident technique to identify and explore dimensions of service quality in food retail operations. Personal interviews generated 792 positive and negative incidents which were then categorized into six groups as follows: physical environment, mechandise-related, non-core services, interpersonal, process and price. The key findings confirm that recent emphasis by operators on improving customer service has been effective to a degree. This is apparent in the high level of positive incidents in the interpersonal group. However, the findings also indicate a relative neglect of the shopping process. This category generates by far the greatest number of negative incidents. Nick Johns (1996) described the development and evaluation of a questionnaire analogous to the SERVQUAL instrument of Parasuraman, Zeithaml and Berry in order to assess the performance of a contract catering service in relation to its competitors. Although reliability criteria for the instrument were encouraging, the factor structure identified by previous researchers was found not to be present in the catering industry. Other considerations such as food and the attitudes of staff played a more important part in the meal experience. The nine study sites were evaluated on the basis of mean item scores, by Discriminant and factor analysis and by multi-dimensional scaling.

Objectives

1. To Study the Gaps in the services quality of food retailers.
2. To scrutinize the impact of independent expectation variables on the dependent perception variables.
3. To propose and model the Gaps of food retailers.

Hypothesis (H_0)

1. Single expectation need not influence the single perception of customers.
2. Multiple expectations need not influence the single perception of customers.

Data Analysis and Modeling

To study the GAPs in the service quality of the food retailers the researcher prepared a questionnaire based on Dabholkar (1996) et.al, where he has included 28 SERVQUAL items classified under the five dimensions of service quality. These items were included to understand the expectations as well as the experiences of respondents anchored at the Five Point Likert's Scale. The researcher had selected at convenience 80 respondents from four food retail stores and distributed the questionnaires to 20 respondents in each retail outlet.

Reliability of Items

In order to find out the internal consistency of the 28 service quality items, the measure of Cronbac's Alpha was utilised. The result of the Cronbac's Alpha suggested that the overall reliability co-efficient of the service quality of the expectation and experience scale was 92.9 percent and 95.3 percent respectively. This shows that the service quality items were highly reliable (greater than recommended level of 0.6) and achieved the internal consistency. Similarly, the researcher has also verified the reliability of the service quality under five different factors for the expectations and the experience scale. The following table shows the factor-wise reliability of the service quality items:

Result of Cronbac's Alpha

Dimensions	No. of Items	Expectations	Experience
Physical Aspects	6	0.891	0.922
Personal Interaction	9	0.629	0.841
Reliability	5	0.889	0.813
Problem Solving	3	0.824	0.622
Policy	5	0.791	0.548
Overall	28	0.929	0.953

Result of Hotelling's T^2 Test

Dimensions	No. of Items	Expectations	Experience
Physical Aspects	6	32.066*	22.649
Personal Interaction	9	14.701	34.794*
Reliability	5	5.714	10.414**
Problem Solving	3	1.004	5.098
Policy	5	8.041	10.872**
Overall	28	107.290*	130.867*

* Significant at 1% level, **Significant at 5% level

Equivalence

Hotelling's, T^2 test was utilised to find the difference in the means among the service quality items for the expectation and experience scale. The result of the Hotelling's T^2 Test confirms that there is a significant difference among the means of various service quality items for expectation and experience scale statistically at one percent and five percent level. This shows that the service quality items differed among each other and they conveyed difference in their meaning. Similarly the researcher has also verified the Equivalence of Service Quality items under five different factors and the results are as follows:

For the purpose of modeling the Gaps in the food retail services quality the researcher utilized simple and multiple step-wise regression analysis by using SPSS 17.0. At the first stage the researcher assumed all the variables in the retail service quality dimensions followed the multivariate normal distribution. Based on this in the second stage, the gap modeling was proposed.

Gap Modeling

Parasuraman (1983), et.al proposed the famous traditional Gap equation as the difference between perception and expectation. Mathematically it can be written as

$$G = P - E \quad \text{———————} \quad (1)$$

G – Gap P – Perception E – Expectation

Equation (1) for the i^{th} sample of observation as

$$G_i = P_i - E_i \quad \text{———————} \quad (2) \qquad \text{Where } i = 1 \text{ to } n$$

In equation (2), the researcher assumed the perception (P_i) ~ $n\left(\mu_p, \sigma_p^2\right)$ and expectation (E_i) ~ $n\left(\mu_E, \sigma_E^2\right)$ also they are independent random variables, then Gap (G_i) ~ n $\left(\mu_P - \mu_E, \sigma_P^2 + \sigma_E^2\right)$. This is proved by the mathematical expectation for the sample of observations.

Taking mathematical expectation on both side to equation (2) we get

$E(G_i) = E(P_i) - E(E_i)$ —— (3)

Where $E(G_i) = \bar{G}$ $E(P_i) = \bar{P}$ $E(E_i) = \bar{E}$

G P E are the mean of the Gap, Perception and Expectation respectively.

Take equation (2) and (3), subtract equation and taking mathematical expectation on both sides we get.

$G_i - E(G_i) = (P_i - E(P_i)) - (E_i - E(E_i))$
$[G_i - E(G_i)]^2 = [P_i - E(P_i)]^2 + (E_i - E(E_i))^2 - 2 (P_i - E(P_i) (E_i - E(E_i)$
$E(G_i - E(G_i))^2 = E[P_i - E(P_i)]^2 + E(E_i - E(E_i))^2 - 2 E(P_i - E(P_i)) (E_i - E(E_i))$

$$\sigma_G^2 = \sigma_P^2 + \sigma_E^2 - 2Cov(P,E)$$

$$\sigma_G^2 = \sigma_P^2 + \sigma_E^2 - 2r\sqrt{\sigma_P^2\sigma_E^2} \quad \text{—— (4)}$$

If P_i and E_i are independent, (r = 0), then

$$\sigma_G^2 = \sigma_P^2 + \sigma_E^2$$

If Pi and Ei are correlated (r'"0) then the variance of Gap score is equal to

$$\sigma_G^2 = \sigma_P^2 + \sigma_E^2 - 2r\sqrt{\sigma_P^2\sigma_E^2}$$

This is the co-variance (or) correlated model of Gap.

Single Expectation Model

From equation (1), the Gap is denoted as

$$G_i = P_i - E_i, \; i = 1 \text{ to } n.$$

$$P_i = E_i + G_i \text{——————(5)}$$

Equation (5) is a modified version of famous linear equation of a straight line

$$P_i = \alpha + \beta E_i + G_i \text{ ——————(6)}$$

From (6), when $\alpha = 0$ and $\beta = 1$, then the equation is reduced to traditional gap equation. Here in (6) G_i is not just the difference between the perception and expectation; it is an unobserved random variable followed a normal distribution, $G_i \sim n(o,\sigma_p^2)$. G_i is a random error term, unobserved and it is *uncorrelated* with E_i, $E(E_iG_i) = 0$. Equation (6) clearly explains, there exist a functional relationship between the expectation and perception of customers. Expectation of customer is truly influenced their perception and Gap is formed when their expectation fails to unexplain the variation in the perception. The theory is mathematically denoted by

$$p = f(E) + G$$
$$\text{perception} = f(\text{Expectation}) + \text{Gap}$$
$$E(P) = \alpha + \beta E(E), \text{ where } E(G)=0$$
$$V(P) = \beta^2 V(E) + V(G)$$
$$V(G) = V(P) - \beta^2 V(E)$$

Double Expectation Model

$P_y = f(E_{X1}, E_{X2}) + G$

$P_{yi} = \alpha + \beta_1 E_{X1i} + \beta_2 E_{X2i} + G_i$

$E(P_y) = = \alpha + \beta_1 E(E_{X1}) + \beta_2 E(E_{X2})$

$V(P_y) = \beta_1^2 V(E_{X1}) + \beta_2^2 V(E_{X2}) + 2\beta_1\beta_2 cov(E_{X1}, E_{X2}) + V(G)$

$V(G) = V(P_y) - (\beta_1^2 V(E_{X1}) + \beta_2^2 V(E_{X2}) + 2\beta_1\beta_2 cov(E_{X1}, E_{X2})))$

Multiple Expectation Model

$$P_y = f(E_{X1}, E_{X2}, E_{X3}, \ldots\ldots E_{X\,n-1}, E_{Xn}) + G$$

$$P_{yi} = \alpha + \sum_{i=1}^{n}\beta_i E_{X1i} + G$$

$$P(P_y) = \sum_{i=1}^{n}\beta_i^2 V(E_{Xi}) + \sum_{i=1}^{n}\sum_{j=1}^{n} 2\beta_i\beta_j Cov(E_{Xi}, E_{Xj}) + V(G),$$

$$V(G) = V(P_y) - \sum_{i=1}^{n}\beta_i^2 V(E_{Xi}) + \sum_{i=1}^{n}\sum_{j=1}^{n} 2\beta_i\beta_j Cov(E_{Xi}, E_{Xj}).$$

Results of Single Expectation Model

The table shows the influence of independent expectation variables under the dimension Physical Aspects on their respective perception variables. The results of the analysis point out, if the expectation about the modern equipment and fixtures in the retail stores change by one unit then their perception goes up by 0.833 units. On the other hand if their expectation about the modern equipment and fixtures is nil then their perception score is equal to 0.562 units. Moreover, the regression coefficients 0.562 and 0.833 are statistically significant by the t-ratio at one percent level. The R Square is greater than 0.75 which shows the expectation regarding the modern equipment and fixtures explained a variation of more than 75 percent in the perception of customers. Moreover, the V (G) (0.936) is less than β^2V (E) (0.243) which shows the expectation of customers explained maximum variation in their perception. The interpretation is vice versa for the remaining variables.

Results of Single Expectation Model

Impact of Expectation Variables on Perception Variables in Physical Aspects

Dependent Perception / Independent Expectation Variable	α	β	V(P)	β^2 V(E)	V(G)
Modern Equipment and Fixtures[a]	0.562*	0.833*	1.179	0.936	0.243
Physical Facilities	0.473*	0.842	1.729	0.866	0.862
Good Looking Shopping Materials	0.465**	0.780*	1.455	0.939	0.516
Attractive and Convenient Public Areas	1.482*	0.517*	1.138	0.414	0.724
Easy Accessibility	0.653**	0.710*	1.107	0.465	0.643
Easy Internal Mobility	1.136*	0.652*	1.147	0.560	0.588

* t – ratio significant at 1% level

[a] R Square > 0.75

** t – ratio significant at 5% level

The table shows the influence of independent expectation variables under the dimension Reliability on their respective perception variables. The result of the analysis call attention to, if the expectation about the promising services in the retail stores changes by one unit then their perception goes up by 0.731 units. On the other hand, if their expectation about the promising services is nil then their perception score is equal to 0.874 units. Moreover, the regression coefficients 0.874 and 0.731 are statistically significant by the t-ratio at 1 percent level. The R Square is greater than 0.75 which shows the expectation regarding the promising services explained a variation of more than 75 percent in the perception of retail buyers. Moreover, the V (G) (0.387) is less than β^2V (E) (1.087) which shows the expectation of customers explained maximum variation in their perception. The interpretation is vice versa for the remaining variables.

Impact of Expectation Variables on Perception Variables in Reliability

Dependent Perception / Independent Expectation Variable	α	β	V(P)	β^2 V(E)	V
Promising Services[a]	0.874*	0.731*	1.474	1.087	0.387
Time Promising Services	1.186*	0.560*	1.081	0.407	0.674
Doing it Right	1.380*	0.623*	1.305	0.455	0.850
Supply of Right Products	2.185*	0.334**	2.057	0.151	1.906
Error Free Transactions	0.767**	0.733*	1.368	0.547	0.820

* t – ratio significant at 1% level

[a] R Square > 0.75

** t – ratio significant at 5% level

The table illustrates the influence of independent expectation variables under the dimension Personal Interaction on their respective perception variables. The result of the analysis indicates, if the expectation about the employees' knowledge in the retail stores changes by one unit then their perception goes up by 0.579 units. On the other hand if their expectation about the modern equipment and fixtures is nil then their perception score is equal to 1.088 units. Moreover, the regression coefficients 0.579 and 1.088 are statistically significant by the t-ratio at one percent level. The R Square is less than 0.75 which shows the expectation regarding the employees' knowledge explained a variation of less than 75 percent in the perception of customers. Moreover, the V (G) (1.067) is greater than β^2V (E) (0.387) which shows the expectation of customers explained minimum variation in their perception. The interpretation is vice versa for the remaining variables.

Impact of Expectation Variables on Perception Variables in Personal Interaction

Dependent Perception / Independent Expectation Variable	α	β	V(P)	β^2 V(E)	V(G)
Employees Knowledge	1.088*	0.579*	1.454	0.387	1.067
Employees Confidential Behaviour	1.537*	0.452*	1.390	0.357	1.033
Security in Transactions	3.123*	0.107	2.960	0.023	2.937
Performing Prompt Services[a]	0.327	0.924*	1.062	0.824	0.238
Performing Exact Services	0.840*	0.710*	1.525	0.648	0.876
Immediate Response to Customer Request	0.794*	0.691*	1.387	0.678	0.709
Individual Care Taking	3.120*	0.007	1.043	0.001	1.042
Courteousness of Employees	1.027*	0.601*	1.033	0.328	0.705
Courteous Communication	1.466*	0.568*	1.178	0.381	0.797

* t – ratio significant at 1% level [a] R Square > 0.75

** t – ratio significant at 5% level

The table visualises the influence of independent expectation variables under the dimension Problem Solving on their respective perception variables. The result of the analysis indicates, if the expectation about the returns and exchanges in the retail stores changes by one unit then their perception goes up by 0.701 units. On the other hand if their expectation about the returns and exchanges is nil then their perception score is equal to 0.846 units. Moreover, the regression coefficients 0.846 and 0.701 are statistically significant by the t-ratio at one percent level. The R Square is less than 0.75 which shows the expectation regarding the returns and exchanges explained a variation of less than 75 percent in the perception of customers. Moreover, the V (G) (0.420) is greater than β^2V (E) (0.849) which shows the expectation of customers explained maximum variation in their perception. The interpretation is vice versa for the remaining variables.

Impact of Expectation Variables on Perception Variables in Problem Solving

Dependent Perception / Independent Expectation Variable	α	β	V(P)	β^2 V(E)	V(G)
Returns and Exchanges	0.846*	0.701*	1.268	0.849	0.420
Sincerity in Problem Solving	1.764*	0.423*	0.903	0.205	0.698
Handling Customer Compliance	1.816*	0.495*	1.079	0.245	0.834

* t – ratio significant at 1% level [a] R Square > 0.75

** t – ratio significant at 5% level

The table exhibits the influence of independent expectation variables under the dimension Policy on their respective perception variables. The result of the analysis signifies, if the expectation about the offering quality products in the retail stores changes by one unit then their perception goes up by 0.145 units. On the other hand if their expectation about the offering quality products is nil then their perception score is equal to 2.883 units. Moreover, the regression coefficients 2.883 and 0.145 are statistically significant by the t-ratio at one percent level. The R Square is less than 0.75 which shows the expectation regarding the offering quality products explained a variation of less than 75 percent in the perception of customers. Moreover, the V (G) (0.987) is greater than β^2V (E) (0.025) which shows the expectation of customers explained maximum variation in their perception. The interpretation is vice versa for the remaining variables.

Impact of Expectation Variables on Perception Variables in Policy

Dependent Perception / Independent Expectation Variable	α	β	V(P)	β^2 V(E)	V(G)
Offering Quality Products	2.883*	0.145	1.012	0.025	0.987
Convenient Parking Facilities	1.160*	0.632*	1.094	0.435	0.660
Convenient Operating Hours	1.076*	0.609*	1.568	0.433	1.135
Acceptance of Credit Cards	1.673*	0.416*	1.235	0.244	0.991
Offering Membership Cards	3.724*	-0.052	2.711	0.005	2.706

* t – ratio significant at 1% level   [a] R Square > 0.75

** t – ratio significant at 5% level

Above table envisages the dimension-wise results of the multiple expectation models under the physical aspects. It is inferred that the expectation of customers about the modern equipment and fixtures changes by one unit there will be an increase of 0.62 units in the perception of customers when other expectation variables in physical aspects and personal interaction were kept constant. Moreover, the t-ratio was significant for the regression coefficients of the expectation variables such as modern equipment and fixtures (0.62), physical facilities (-0.22), performing exact services (0.32) and performing prompt services (0.22) are statistically significant at one percent and five percent level. Like-wise, the expectation variables under the five dimensions explained more than 75 percent of variation in the dependent perception variables such as modern equipment and fixtures, good looking shopping materials and easy internal mobility respectively. The inferences are vice versa for the remaining dependent perception variables under dimension of physical aspects.

Results of Multiple Expectation Model

Contribution of Independent Expectation Variables to Perception Variables- Physical Aspects

Dependent Perception Variables	Best Set of Independent Expectation Variables – Dimension Wise				
	Physical Aspects	Reliability	Personal Interaction	Problem Solving	Policy
Modern Equipment and Fixtures[a]	Modern Equipment and Fixtures(0.62)*	-	Performing Exact Services(0.32)*	-	-
	Physical Facilities (-0.22)**		Performing Prompt Services(0.22)**		

Physical Facilities	-	Time Promising Services(0.58)* Promising Services(0.28)**	Performing Exact Services(0.24)* Courteous Communication (-0.21)**	-	-
Good Looking Shopping Materials[a]	Modern Equipment and Fixtures(0.24)** Easy Accessibility (0.21)** Easy Internal Mobility(0.23)* Good Looking Shopping Materials (0.21)**	-	-	-	Offering Quality Products (0.22)**
Attractive and Convenient Public Areas	Attractive and Convenient Public Areas(0.30)* Easy Internal Mobility(0.45)*	-	-	-	Convenient Operating Hours (0.24)*
Easy Accessibility	Easy Accessibility(0.38)*	-	Employees Knowledge (0.34)*	-	Offering Membership Cards(0.18)*
Easy Internal Mobility[a]	Attractive and Convenient Public Areas(0.22)* Easy Internal Mobility (0.24)*	Time Promising Services(0.16)	Performing Prompt Services(0.29)*	-	Offering Membership Cards(0.11)

* t- ratio significant at 1% level

** t- ratio significant at 5% level

[a] R-Square >0.75

Variance Components of Perception, Expectation and Gap – Physical Aspect

Dependent Perception Variables	V(P)	Explained Variance by best set of Independent Expectation Variables	V(G)
Modern Equipment and Fixtures	1.179	1.007	0.172
Physical Facilities	1.729	1.287	0.442
Good Looking Shopping Materials	1.455	1.183	0.272
Attractive & Public convenient Public Areas	1.138	0.746	0.393
Easy Accessibility	1.107	0.668	0.440
Easy Internal Mobility	1.147	0.896	0.251

The table shows the variance of the variables in physical aspects, explained variance of best set independent expectation variables and variance of GAP. It is worth noted that the total variance of the dependent perception variables was divided into two additive components which explained variance and unexplained variance of (G). The researcher found that the explained variance by the finest set of independent exception variables under five dimensions were greater than the variance of GAP, this shows the expectation variables under the five dimension elaborates maximum variance in the dependent perception variables. So, the researcher concludes the superlative set of independent expectation variables keenly predicted the perception variables in physical aspects.

Results of Multiple Expectation Model

Contribution of Independent Expectation Variables to Perception Variables-Reliability

Dependent Perception Variables	Best Set of Independent Expectation Variables – Dimension Wise				
	Physical Aspects	Reliability	Personal Interaction	Problem Solving	Policy
Promising Services[a]	Modern Equipment and Fixtures (0.18)** Easy Internal Mobility(0.19)*	Time Promising services(0.41)* Supply of Right Products(0.26)*	-	-	Convenient Parking Facilities (0.14)**
Time promising services	-	Error Free Transactions (0.53)*	Employees Confidential Behaviour(0.28)*	-	-
Doing it right	Modern Equipment and Fixtures(0.53)*	Doing it Right(0.45)*	Courteousness of Employees (-0.30)**	-	-
Supply of Right Products	-	-	Employees Confidential Behaviour(0.50)* Individual Caretaking(0.07)*	-	-
Error free Transactions	Modern Equipment and Fixtures(0.29)*	-	Employees Knowledge(0.50)* Security in Transactions(0.19)*	-	-

* t- ratio significant at 1% level
** t- ratio significant at 5% level

[a] R-Square >0.75

The table exhibits the dimension-wise results of the multiple expectation models under the reliability. It is inferred that the expectation of customers about the promising services changes by one unit there will be an increase of 0.53 units in the perception of customers when other expectation variables in physical aspects, reliability and policy were kept constant. Moreover, the t-ratio was significant for the regression coefficients of the expectation variables such as modern equipment and fixtures (0.18), easy internal mobility (0.19), time promising services (0.41), supply of right products (0.26) and convenient parking facilities (0.14) are statistically significant at one percent and five percent level. Likewise, the expectation variables under the five dimension explained more than 75 percent of variation in the dependent perception variables such as promising services. The inferences are vice versa for the remaining dependent perception variables under dimension of reliability.

Variance Components of Perception, Expectation and Gap – Reliability

Dependent Perception Variables	V(P)	Explained Variance by best set of Independent Expectation Variables	V(G)
Promising Services	1.474	1.294	0.180
Time Promising Services	1.081	0.606	0.476
Doing it Right	1.305	0.678	0.626
Supply of Right Products	2.057	0.654	1.403
Error Free Transactions	1.368	0.968	0.399

Above table explains the variance of the variables in Reliability, explained variance of best set independent expectation variables and variance of GAP. It is worth noted that the total variance of the dependent perception variables was divided into two additive components they are explained variance and unexplained variance of (G). The researcher found that the explained variance by the finest set of independent exception variables under five dimensions were greater than the variance of GAP, this shows the expectation variables under the five dimension elaborates maximum variance in the dependent perception variables. So, the researcher concludes the superlative set of independent expectation variables keenly predicted the perception variables in Reliability.

Results of Multiple Expectation Model

Contribution of Independent Expectation Variables to Perception Variables- Personal Interaction

Dependent Perception Variables	Best Set of Independent Expectation Variables – Dimension Wise				
	Physical Aspects	Reliability	Personal Interaction	Problem Solving	Policy
Employees Knowledge [a]	-	Time Promising Services(0.35)*	Performing Prompt Services(0.37)* Doing it Right(0.25)* Courteous Communication (-0.21)**	Returns and Exchanges(0.27)*	-
Employees Confidential behaviour [a]	Modern Equipment and Fixtures(0.42)*	Time Promising Services(0.36)*	Employees Knowledge(0.43)*	-	Convenient Operating Hours (-0.25)**
Security in Transactions	Attractive and Convenient Public Areas (0.43)* Physical Facilities(0.65)*	Promising Services (-1.09)* Time Promising Services(0.72)**	Employees Confidential Behaviour (0.38)* Performing Exact Services (-0.82)*	-	-

Performing Prompt Services[a]	-	-	Performing Prompt Services (0.92)*	-	-
Performing Exact Services	Good Looking Shopping Materials (-0.63)*	Promising Services(0.55)*	Immediate Response to Customer Request(0.84)*	-	-
Immediate Response to Customer Request	Modern Equipment and Fixtures (0.37)*	-	Courteousness of Employees (0.33)*	-	Offering quality products (0.31)*
Individual Care Taking	Attractive and Convenient Public Areas(0.42)* Easy Internal Mobility(0.43)*	-	Employees Knowledge (-0.22)**	-	Convenient Operating Hours(0.46)* Convenient Parking Facilities (-0.17)**
Courteousness of Employees	Convenient Operating Hours (0.28)* Attractive and Convenient Public Areas(0.19)** Easy Accessibility (0.34)*	Supply of Right Products (-0.20)**	Courteous Communication (0.33)*	-	-
Courteous Communication	-	Promising Services (-0.43)*	Security in Transactions (0.23)*	Returns and Exchanges (0.87)*	Acceptance of Credit Cards (0.15)**

* t- ratio significant at 1% level

** t- ratio significant at 5% level

[a] R-Square >0.75

The table visualizes the dimension-wise results of the multiple expectation models under the Personal Interaction. It is inferred that the expectation of patrons about the employees' knowledge changes by one unit there will be an increase of 0.37 units in the perception of customers when other expectation variables in reliability, personal interaction and problem solving were kept constant. Moreover, the t-ratio was significant for the regression coefficients of the expectation variables such as time promising services (0.35), performing prompt services (0.37) doing it right (0.25), courteous communication (-0.21) and returns and exchanges (0.27) are statistically significant at one percent and five percent level. Moreover, the expectation variables under the five dimensions explained more than 75 percent of variation in the dependent perception variables such as Employees Knowledge, Employees Confidential Behaviour and Performing Prompt Services respectively. The inferences are vice versa for the remaining dependent perception variables under element of Personal Interaction.

Variance Components of Perception, Expectation and Gap – Personal Interaction

Dependent Perception Variables	V(P)	Explained Variance by best set of Independent Expectation Variables	V(G)
Employees Knowledge	1.454	1.119	0.335
Employees Confidential Behaviour	1.390	1.065	0.326
Security in Transactions	2.960	1.457	1.503
Performing Prompt Services	1.062	0.824	0.238
Performing Exact Services	1.525	0.986	0.538
Immediate Response to Customer Request	1.387	0.930	0.457
Individual Care Taking	1.043	0.736	0.307
Courteousness of Employees	1.033	0.605	0.428
Courteous Communication	1.178	0.874	0.304

The table explains the variance of the variables in Personal Interaction, explained variance of best set independent expectation variables and variance of GAP. It is worth noted that the total variance of the dependent perception variables was divided into two additive components they are explained variance and unexplained variance of (G). The researcher found that the explained variance by the finest set of independent exception variables under five dimensions were greater than the variance of GAP, this shows the expectation variables under the five dimension elaborates maximum variance in the dependent perception variables. So, the researcher concludes the superlative set of independent expectation variables keenly predicted the perception variables in Personal Interaction.

Results of Multiple Expectation Model

Contribution of Independent Expectation Variables to Perception Variables- Problem Solving

Dependent Perception Variables	Best Set of Independent Expectation Variables – Dimension-wise				
	Physical Aspects	Reliability	Personal Interaction	Problem Solving	Policy
Returns and Exchanges [a]	Modern Equipment and Fixtures (0.25)*	-	Courteousness of Employees (0.20)*	Sincerity in Problem Solving(0.29)*	-
			Immediate Response to Customer Request (0.15)**	Returns and Exchanges (0.16)**	
Sincerity in Problem Solving	-	Promising Services (-0.35)*	Employees Confidential Behaviour(0.18)**	Sincerity in Problem Solving (0.59)*	Convenient Parking Facilities(0.26)*

Handling Customer Compliance	Supply of Right Products(0.35)*	-	Courteousness of Employees (-0.37)*	Sincerity in Problem Solving (0.31)**	-
	Easy Internal Mobility(0.22)**				

* t- ratio significant at 1% level

** t- ratio significant at 5% level

[a] R-Square >0.75

The table picturises the factor-wise results of the multiple expectations model under the Problem Solving. It is inferred that the expectation of customers about the returns and exchanges by one unit there will be an increase of 0.29 units in the perception of customers when other expectation variables in physical aspects, personal interaction and problem solving were kept constant. Moreover, the t-ratio was significant for the regression coefficients of the expectation variables such as modern equipment and fixtures (0.25), courteousness of employees (0.20), immediate response to customer request (0.15), sincerity in problem solving (0.29) and returns and exchanges (0.16) are statistically significant at one percent and five percent level. Like-wise, the expectation variables under the five dimensions explained more than 75 percent of variation in the dependent perception variables such as returns and exchanges. The inferences are vice versa for the remaining dependent perception variables under dimension of Problem Solving.

Variance Components of Perception, Expectation and Gap – Problem Solving

Dependent Perception Variables	V(P)	Explained Variance by best set of Independent Expectation Variables	V(G)
Returns and Exchanges	1.268	1.086	0.182
Sincerity in Problem Solving	0.903	0.394	0.509
Handling Customer Compliance	1.079	0.501	0.578

The table explains the variance of the variables in Problem Solving, explained variance of best set independent expectation variables and variance of GAP. It is significantly noted that the total variance of the dependent perception variables was divided into two additive components they are explained variance and unexplained variance of (G). The investigator originate that the explained variance by the optimum set of independent exception variables under five dimensions were greater than the variance of GAP. This is evidence for the expectation variable under the five aspects elaborates maximum variance in the dependent perception variables. So, the researcher concludes the superlative set of independent expectation variables ardently predicted the perception variables in Problem Solving.

Results of Multiple Expectation Model
Contribution of Independent Expectation Variables to Perception Variables- Policy

Dependent Perception Variables	Best Set of Independent Expectation Variables – Dimension-wise				
	Physical Aspects	Reliability	Personal Interaction	Problem Solving	Policy

Offering Quality Products	-	-	-	-	Acceptance of Credit Cards(0.36)**
Convenient Parking Facilities	-	-	-	Handling Customer Compliance (0.27)*	Convenient Operating Hours(0.31)* Offering Membership Cards (0.17)** Convenient Parking Facilities(0.27)*
Convenient Operating Hours	Modern Equipment and Fixtures(0.42)* Easy Accessibility (0.30)**	-	-	Returns and Exchanges(0.30)*	-
Acceptance of Credit Cards	Physical Facilities (0.30)*	Time Promising Services(0.35)*	Courteous Communication (0.17)**	-	Convenient Parking Facilities(0.17)**
Offering Membership Cards	Attractive and Convenient Public Areas (0.58)*	Promising Services (-1.00)* Time Promising Services(0.77)*	-	Handling Customer Compliance (0.56)*	Offering Quality Products (-0.62)*

* t- ratio significant at 1% level

[a] R-Square >0.75

** t- ratio significant at 5% level

The table put on view the factor-wise results of the multiple expectation models under the Policy. It is inferred that the expectation of customers about the offering quality products changes by one unit there will be an increase of 0.36 units in the perception of customers when other expectation variable in policy were kept constant. Moreover, the t-ratio was significant for the regression coefficients of the expectation variables such as acceptance of credit cards (0.36) is statistically significant at five percent level. Like-wise, the expectation variables under the five dimensions explained less than 75 percent of variation in the dependent perception variables such as offering quality products, convenient operating hours, acceptance of credit cards and offering membership cards. The inferences are vice versa for the remaining dependent perception variables under dimension of Policy.

The table explains the variance of the variables in Policy, explained variance of best set independent expectation variables and variance of GAP. It is worth noted that the total variance of the dependent perception variables was divided into two additive components they are explained variance and unexplained variance of (G). The researcher found that the explained variance by the finest set of independent exception variables under five dimensions were greater than the variance of GAP. This illustrates

Variance Components of Perception, Expectation and Gap – Policy

Dependent Perception Variables	V(P)	Explained Variance by best set of Independent Expectation Variables	V(G)
Offering Quality Products	1.012	0.193	0.819
Convenient Parking Facilities	1.094	0.708	0.387
Convenient Operating Hours	1.568	1.083	0.485
Acceptance of Credit Cards	1.235	0.833	0.402
Offering Membership Cards	2.711	1.250	1.461

the expectation variables under the five facet elaborates maximum variance in the dependent perception variables. So, the researcher concludes the superlative set of independent expectation variables intensely predicted the perception variables in Policy.

Discussion

In this research article we analysed the five dimensions of the retail services quality of retail stores namely Physical Aspects, Reliability, Personal Interaction and Policy. We found the perception of shoppers in retail formats was not only influenced by single expectations in their minds but the perception was trigged by multiple expectations about different aspects of the retail stores. Let we enter into the discussion dimensions-wise.

Physical Aspects

Physical Aspects is the most important dimension of the retail stores in attracting the existing shoppers as well as the new shoppers. Under this dimension the shoppers expected more about the modern equipment and fixtures, exact services and prompt services. Their expectations purely influenced the modern equipment and fixtures. The managers of the retail stores should concentrate to enhance the modern equipment and fixtures. While enhancing the managers should also give importance to trigger the exact service and prompt services. The retail authorities must concentrate on the other services in order to augment the retail service effectiveness.

Reliability

Reliability is the most vital dimension of the retail stores in attracting the customers. Based on this facet the customers expected more about the easy internal mobility, supply of right products, convenient parking facilities, error free transactions, employee confidential behaviour etc. The prospects anticipation motivated the time promising services. The authorities of the retail formats should concentrate to improve the time promising services offered by the retail stores. While improving the retail authorities should also give importance to target on the error free transactions and employee confidential behaviour. The managers must also focus on the other services in order to augment the effectiveness of the retail stores.

Personal Interaction

Personal Interaction is the most essential dimension of the retail stores in attracting the customers. According to this dimension the customers expected more about the time promising services, returns and exchanges, prompt services, employee's knowledge, attractive and convenient public areas, physical facilities. The customer's keenness motivated the employee's knowledge and other services. The powers that be of the retail formats should concentrate to improve the time promising services and attractive convenient public areas offered by the retail stores. While improving the retailers should also give value to target on the physical facilities and employee confidential behaviour. They must also focus on the other services in order to supplement the efficacy of the retail stores.

Problem Solving

Problem Solving is the most imperative aspect of the retail stores in attracting the retail shoppers. Based on this element the customers expected more about the courteousness of employees, immediate response to customer request, sincerity in problem solving, returns and exchanges, convenient parking facilities. The customers hope motivated the courteousness of employees. The powers that be of the retail formats should concentrate to improve the employee's confidential behaviour offered by the retail stores. While improving the retail authorities should also give value to target on the modern equipment and fixtures. The retail managers must also spotlight on the other services in order to complement the effectiveness of the retail stores.

Policy

Policy is one of the service quality dimensions of the retail stores in order to magnetize the existing shoppers as well as the new shoppers. Under this facet the shoppers expected more about the acceptance of credit cards, handling customer compliance, offering membership cards, convenient parking facilities, returns and exchanges. Their potential purely influenced the handling customer compliance. The human resources of the retail stores should contemplate to enhance the acceptance of credit cards. While improving the services quality the managers should also give importance to elicit the handling customer compliance. The retail manpower must concentrate on the other dimensions in order to augment the retail service effectiveness.

Keywords: Gap Modeling, Food Retailing, Single Expectation, Multiple Expectation Model and Retail Service Quality.

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Instrument

Physical Aspects

1. This store has modern looking equipment and fixtures.
2. The physical facilities at this store are visually appealing
3. Materials associated with this store's service (such as shopping bags, catalogs, Or statements) are visually appealing.
4. This store is clean attractive, and convenient public areas (rest rooms, fitting Rooms.)
5. The store layout at this store makes is easy for customers to find what they need.
6. The store layout at this store makes it easy for customers to move around in the store.

Reliability

7. When this store promises to do something by a certain time, it will do so.
8. This store provides its services at the time it promises to do so
9. This store performs the service right the first time
10. This store has merchandise available when the customers want it.
11. This store insists on error-free sales transactions and records.

Personal Interaction

12. Employees in this store have the knowledge to answer customer's questions.
13. The behaviour of employees in this store instills confidence in customers.
14. Customers feel safe in their transactions with this store.
15. Employees in this store give prompt service to customers.
16. Employees in this store tell customers exactly when services will be performed.
17. Employees in this store are never too busy to respond to customer's requests.
18. This store gives customers individual attention.
19. Employees in this store are consistently courteous with customers
20. Employees of this store treat customers courteously on the telephone.

Problem Solving

21. This store willingly handles returns and exchanges.
22. When a customer has a problem, this store shows a sincere interest in solving it.
23. Employees of this store are able to handle customer complaints directly and immediately.

Policy

24. This store offers high quality merchandise.
25. This store provides plenty of convenient parking for customers
26. This store has operating hours convenient to all their customers.
27. This store accepts most major credit cards.
28. Offering membership cards.

Ownership Structure in Iran: Firms' Responsibility

Vahideh Hoseini Nodeh and Aisha M.Sheriff

Abstract

Structuring

This study examines the effects of ownership structure on corporate profitability of Automobile firms in Iran through the period 2005 to 2007. The ownership structure is considered in terms of (i) controlling ownership,(ii)managerial ownership, including managerial financial firm ownership and managerial-non-financial firm ownership. Using accounting profitability: Return on Assets (ROA) and Sales to Assets (S\A) as measure of profitability, the overall findings confirm that there is a positive association between controlling ownership and firms' profitability. The firms with controlling ownership are more profitable than those with non-controlling ownership in Automobile firms in Iran. There is a positive relationship between managerial ownership and firms' profitability, and firms with managerial-financial firm ownership are more profitable than those with managerial-non-financial firm ownership.

Monday, December 28, 2009 Berle and Means (1932) in their path-breaking study expected an inverse correlation between the diffuseness of share-holdings and corporate performance. This analytical framework is based upon the view that shareholder diffusion makes it difficult for them to act collectively and hence to influence management to any great extent. Can the Board of Directors help rescue this situation? In some cases they might not have much influence and they also suffer from the same information problems that shareholders have that is, management typically has much more information about the company than either board members of shareholders. And as in any principle-agent problem, managers can use their superior information to extract rents, to the detrimental effect of shareholder value. Moreover, large compensation for board service may have actually acted as a disincentive for active management monitoring, given management control over the director appointment and retention process. Numerous legal reforms have been proposed for the development of strengthened board fiduciary duties or the stimulation of effective institutional shareholder activism. This is the theoretical under pinning underlying the

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current move towards equity-based compensation for corporate directors so as to provide them with a powerful personal incentive to exercise effective oversight (Bhagat *et al.* 1999).

Demsetz (1983) and Demsetz and Lehn (1985), among others, have documented that, when examining the effect that ownership structure has on firm profitability, the endogeneity of ownership structure should be accounted for. The work by Demsetz and Villalonga (2001) is motivated by the need to re-examine the relationship between ownership structure and firm performance taking into account corporate value and insiders' ownership. However, their sample includes relatively few firms and they do not take into account the possible endogeneity of both ownership as well as performance.

The most diffused firms are financial services companies (49.9 percent), construction companies (48.3 percent) and health services companies (39.1 percent). The less diffused firms are the media sector (14.5 percent) and public sector companies (19.2 percent). Dispersion is measured as the percentage of shares owned by shareholders that hold stakes less than one and at least five percent respectively.

In particular, they propose the fraction of shares owned by outside shareholders and by management should be measured separately because they reflect different groups of persons who may have different interests.

As there is little empirical evidence as yet to be found on the significance of the relationship between ownership structure and firm's profitability in the Automobile industry in Iran, this study attempts to fill this gap and therefore examines the effects of controlling ownership and managerial ownership on firm's profitability.

Literature Review

Berle and Means (1932) are among the first to consider the relationship between a firm's ownership structure and its performance. They assert that as the diffuseness of ownership increases, shareholders become powerless to control professional managers. Further, they argue that, given the interests of management and shareholders are not generally aligned, corporate resources are not used efficiently in maximizing corporate profit. Therefore, Berle and Means (1932) suggest that the relationship between ownership concentration and performance should be a negative one.

Chen (2001) examines the relationship between ownership structure and firm value in the case of China. The results show that there is a strong positive relationship between concentrated ownership and corporate value (Tobin's Q). A positive relationship between corporate value and domestic institutional shareholders is also reported. Moreover, he mentions that managerial share holders are positively and state shareholders are negatively related to firm value respectively (Chen, 2001).

In addition, Wiwattanakantung (2001) tests the impact of ownership structure on firm performance of Thai non -financial firms. The study argues that there is no evidence to support that controlling shareholders extract corporate assets away from the firm for their own benefits. That is, firms with controlling shareholders have higher profitability (as measured by the return on assets and sales-to-asset) than those with non-controlling shareholders. The results also report that firms with family and foreign-controlling shareholders, as well as firms with more than one controlling shareholder, have higher profitability than do firms with non -controlling shareholders.

McConnell and Servaes (1990) investigate the effects of managerial ownership on the firm's value. In their study, instead of fixing the level of managerial ownership they adopt managerial shareholding and managerial shareholding square as ownership variables. The results report that a positive relationship exists between managerial ownership holding at 0 percent to approximately 50 percent of shareholding and firm performance. Beyond 50 percent, a negative relationship between them is found. McConnell and Servaes therefore suggest that the impact of managerial ownership on the firm's value is non-linear. Short and Keasy (1999) also investigate whether there is a non-linear relationship between managerial ownership and firm performance, based on return on shareholders' equity and market value, in the case of UK. Short and Keasy also suggest that the performance (as measured by return on shareholders' equity) is positively related to managerial shareholding in the 0 percent to 15.58 percent range, negatively related in the 15.58 percent to 41.84 percent range, and becoming positively related again beyond 41.48 percent . In the market return (as measured by

Tobin' s Q) regression, they suggest that Tobin' s Q is positively related to managerial shareholding in the 0 percent to 12.99 percent range, negatively related in the 12.99 percent to 41.99 percent range, and turning positive again when managerial shareholding exceeds 41.99 percent .

Demsetz and Villalonga (2001) consider both the endogeneity problem and the different dimensions of ownership structures. By estimating an equation model for the US firms, they find that ownership is negatively related to debt ratio, unsystematic risk and performance. However, performance (defined as Tobin's Q or the accounting profit rate) is not found to be influenced by ownership [defined as managerial ownership (CEO, board of directors, top management) or ownership by the five largest shareholders]. Welch (2003) applies the Demsetz and Villalonga (2001) model to Australian listed firms. Using a single equation model, she also considers a generalized non-linear model specification for the equation of firm performance similar to that used by Morck *et al.* (1988). She finds limited evidence of a non-linear relationship between managerial share ownership and firm performance. Villalonga and Amit (2004) examine the impact of family ownership, control and management on firm value. They conclude that family ownership creates value only when it is combined with certain forms of control and management. Finally, in a study of Taiwan's electronics industry, Sheu and Yang (2005) find that insider ownership (executives, board members and large shareholders) has no influence on total factor productivity.

Data and Methodology

Data Sample

The data set for this study is determined by analyzing Automobile firms in Iran through the period 2005 to 2007. The sample size compromises all of automobile firms listed on the Tehran Stock Exchange (TSE) which includes 28 firms. The main source of data used in this study is derived from annual financial statements that are obtained from the Tehran Stock Exchange.

Profitability Variables Measure

Regarding the profitability measures, this study obtains the return on assets (ROA) and the sales-asset (S/A) from the sample firms' financial reports. A simple reason of choosing the ROA is because it is well known that the ROA is one of the most useful measures of the firm's efficiency and profitability. In terms of the S/A ratio it could probably reflect the effectiveness of management in utilizing the assets of the firm to the sales revenues and sales also are less affected from manipulation by management. The return on assets ratio (ROA) is calculated by dividing earnings before interests and income taxes (EBIT) by average total assets. The sales-asset ratio is measured from the total sales divided by average total assets.

Ownership Variables Measures

Ownership structure in this study will be categorized as (1) controlling ownership, (2) managerial ownership, including managerial-financial firm ownership and managerial-non-financial firm ownership.

Controlling Ownership Variable

The variable of controlling ownership (Ctlown) is defined as the percentage of Shares, at least 25 percent, held by the largest shareholder. The dummy variable of Ctlown is set to be one for firm controlled by controlling shareholders, and zero for those controlled by non-controlling shareholders.

Managerial Ownership Variables

The variable of managerial ownership (MOWN) is defined as the percentage of shares held by members of the board of directors. The dummy variable of MOWN is set to be one for firms with managerial ownership, and zero for firms with non-managerial ownership. This study aims to differentiate the firm profitability that may be influenced by managerial-financial firm ownership and managerial-non-financial ownership. The variable of managerial-financial ownership (MOWN*FINANCIAL) is defined as the percentage of shares held by managerial shareholder(s) that have financial firm shareholders involved. The dummy variable of MOWN*FINANCIAL is set to be one for the firms with managerial-financial firm ownership, and zero for the firms with non-managerial ownership. The variable of managerial-non-financial ownership (MOWN*NONFINANCIAL) is defined as the percentage of shares held by managerial shareholder(s) that do not have financial firm shareholders involved. The dummy variable of MOWN*NONFINANCIAL is set to be one for the firms with managerial-non-financial firm ownership, and zero for the firms with non-managerial ownership.

Control Variables Measures

This study will employ a number of control variables such as (1) total risk (RISK), (2) earnings-price ratio (E/P), (3) debt (DEBT), (4) firm's size (SIZE), and (5) age of firm (AGE).

The control variables are measured as follows:

RISK is measured from the standard deviation of returns.
E/P is measured by dividing earnings per share at the end of the year by outstanding share prices.
DEBT is measured by dividing total liability by total asset.
SIZE is measured by the logarithm of sales.
AGE is measured by the logarithm of the number of years since the firms were set up.

This study therefore attempts to analyse the model as follows:
Ownership Structure and Firm Profitability

$$Y = \beta_0 + \beta_1 \text{Ownership Structure}_{i,t} + \beta_2 \text{RISK}_{i,t} + \beta_3 \text{E/P}_{i,t} + \beta_4 \text{DEBT}_{i,t} + \beta_5 \text{SIZE}_{i,t} + (\text{Profitability})\ \beta_6 \text{AGE}_{i,t} + \varepsilon_{i,t}$$

Empirical Results

Effects of Controlling Ownership on Firm Profitability

The effects of controlling ownership on firm profitability are captured by the Ctlown variable (indicating the percentage of shares, at least 25 percent, held by the largest shareholders).

Table No. 1

Independent Variables	Dependent Variables			
	ROA (a)	S/A (b)	ROA (c)	S/A (d)
RISK	0.004 (0.13)	-0.5*** (-2.9)	0.014** (0.15)	0.45** -(-2.8)
E/P	0.07*** (4.15)	-0.24 (-1.65)	0.014** (2.4)	-0.03 (-0.87)
DEBT	-0.16*** (-10.05)	-0.26*** (-3.0)	-0.16*** (-9.95)	-0.25*** (-2.82)
SIZE	0.05*** (7.39)	0.51*** (13.71)	0.049*** (7.28)	0.50*** (13.47)
Ctlown	0.070*** (2.84)	0.59*** (4.34)	0.018*** (2.58)	0.19*** (4.84)
Intercept	-0.0057 (-0.25)	-0.91*** (-7.47)	0.0031 (0.15)	-0.85*** (-7.2)
R-squared	0.18	0.20	0.18	0.20
F-statistic	27.75	44.92	27.42	46.04
P-Value	0.000	0.000	0.000	0.000

Table 1, columns (a) and (b) present the effects of controlling ownership on profitability. The results show that the coefficients of Ctlown are positive and significant to the ROA and S/A at the one percent level. The difference between the profitability of firms with controlling ownership and firms with non-controlling ownership is reported in Table 1, columns (c) and (d).The results show that the coefficient of Ctlown are positively related to both ROA and S/A at the one percent level.

This study suggests that the controlling ownership has a strong incentive to increase corporate profitability based on accounting measures in Iran. As well, firms with controlling ownership significantly are more profitable than those with non-controlling ownership. These results show that controlling shareholders do not seem to expropriate firm's benefits but have high incentive to increase firm profitability.

The Effects of Controlling Ownership on Profitability

In this table, columns (a) and (b) present the results of the effects of controlling ownership on profitability (ROA and S/A). Columns (c) and (d) present the results of the comparisons between the profitability of firms with controlling ownership and non-controlling ownership.

Influence of Managerial Ownership on Firm Profitability

The influence of managerial ownership on its corporate profitability is examined. It is captured by the Mown variable, which represents the percentage of shares held by members of the board of directors.

Based on profitability measures, the effects of managerial ownership on firm performance are presented in Table 2, columns (a) and (b). The results illustrate that the coefficients of Mown are positive and significant to ROA and the S/A at

Table No.2

Independent Variables	Dependent Variables			
	ROA (a)	S/A (b)	ROA (c)	S/A (d)
RISK	-0.01 (-2.1)	-0.39* (-1.94)	-0.01 (-0.38)	-0.28** (-2.29)
E/P	0.0002 (0.34)	-0.036 (-0.8)	0.2*** (3.1)	-0.004 (1.33)
DEBT	-0.18*** (-8.63)	-0.25** (-2.19)	-0.16*** (-9.07)	-0.27*** (-2.75)
SIZE	0.055*** (5.60)	0.52*** (9.69)	0.05*** (7.06)	0.52*** (13.17)
MOWN	0.11*** (3.45)	0.42** (2.43)	-0.0028 (-0.33)	0.026 (0.57)
Intercept	-0.025 (-0.77)	-0.80 (-4.48)	0.02 (0.89)	-0.76*** (-5.64)
R-squared	0.16	0.15	0.11	0.17
F-statistic	21.35	21.00	21.75	36.11
P-Value	0.000	0.000	0.000	0.00

* Indicate significant at the 10% level.
* * Indicate significance at the 5% level.
* * * Indicate significance at the 1% level.

the one percent and five percent levels respectively. The differentiated between the profitability of firms with managerial ownership and non-managerial ownership is showed in Table 2, column (c) and (d). It is found that the coefficient of Mown are significant to the ROA and S/A respectively.

The Effects of Managerial Ownership on Profitability

In this table, column (a) and (b), present the results of the effects of managerial ownership on profitability (ROA and S/A). Column (c) and (d) present the results of the comparisons between the profitability of firms with managerial ownership and non-managerial ownership. The *t* statistic is reported in parentheses.

Table 3, column (a) and (b), present the effects of managerial-financial ownership and managerial-non-financial ownership on the profitability. It is found that the coefficients of MOWN*FINANCIAL are positive and significant to the ROA and the S/A at the five percent level. The results in column (c) and (d), however, show that the coefficients of MOWN*NONFINANCIAL are positive, but not significant to the profitability measures. Comparing the profitability of firms with these two ownership categories and firms with non-managerial ownership, Table 3, columns (e), and (f), show that the coefficient of MOWN*NONFINANCIAL is negative and significant at the 10 percent level to the ROA, while those of MOWN*FINANCIAL are insignificant to the profitability.

The Effects of Managerial-Financial Ownership, Managerial-Non-Financial Ownership on Profitability

In this table, column (a) to (d), present the results of the effects of managerial-financial ownership, managerial-non-

Table No.3

Independent Variables	Dependent Variables					
	ROA (a)	S/A (b)	ROA (c)	S/A (d)	ROA (e)	S/A (f)
RISK	-0.05**	0.4*	-0.017	-0.09	-0.01	-0.28**
	(-2.1)	-(-2.01)	(-0.18)	(-0.35)	(-0.48)	(-2.33)
E/P	0.001	-0.031	0.1***	0.1	0.021***	-0.005
	(0.34)	(-1.07)	(2.62)	(0.88)	(3.29)	(-0.2)
DEBT	-0.24***	-0.5***	-0.062	-0.13	-0.14***	-0.27***
	(-11.4)	(-2.5)	(-0.75)	(0.57)	(-7.5)	(-2.67)
SIZE	0.06***	0.61***	0.048	0.4***	0.043***	0.52***
	(6.62)	(7.69)	(1.5)	(4.26)	(6.06)	(13.03)
MOWN*FINANCIAL	0.072**	0.51**			0.0086	0.06
	(2.31)	(1.80)			(1.02)	(1.16)
MOWN*NONFINANCIAL			0.13	0.83	-0.018*	-0.022
			(0.58)	(1.08)	(-1.85)	(-1.13)
Intercept	0.012	-1.1***	-0.12	-0.71**	0.020	-0.76***
	(0.91)	(-3.5)	(-1.12)	(-2.28)	(0.93)	(-5.62)
R-squared	0.37	0.15	0.1	0.12	0.13	0.18
F-statistic	26.3	10.56	5.31	6.88	18.53	26.94
P-Value	0.000	0.000	0.000	0.000	0.000	0.000

* Indicate significant at the 10% level.

* * Indicate significance at the 5% level.

* * * Indicate significance at the 1% level.

financial ownership, on profitability (ROA and S/A). Columns (e) and (f) present the results of the comparisons between the profitability of firms with managerial financial ownership, managerial-non-financial ownership and non-managerial ownership. The *t*-statistic is reported in parentheses.

Summary and Conclusion

This study examines the effects of ownership structure on firm's profitability based on the data sample from Iranian Automobile listed firms during the period 2005-2007. The paper is primarily motivated by a lack of evidence regarding the relationship between the ownership structure and firm profitability in Iranian firms. The ownership structure is classified as (i) controlling ownership,(ii) managerial ownership, including managerial financial firm ownership and managerial-non-financial firm ownership.

Firm's profitability measures are represented by Return on Assets and Sales to Assets. Based on the analysis, the results of the relationship between ownership structure and firm profitability in the case of Iranian Automobile firms reveals that: Controlling ownership has a strong positive relationship to the profitability and firms with controlling ownership have higher profitability than those with non-controlling ownership The results suggest that the greater the degree to which shares are concentrated in the hands of outside or inside shareholders, the more effectively management behaviour is monitored and disciplined, thus resulting in better profitability.

Secondly, there is a positive relationship between managerial ownership and firm's profitability. In comparison, firms with managerial ownership are more profitable than those with non-managerial ownership.

This study suggests that the different types of managerial ownership effect firm's profitability in different ways, but firms with managerial–financial firm ownership are more profitable than those with managerial–non–financial firm ownership.

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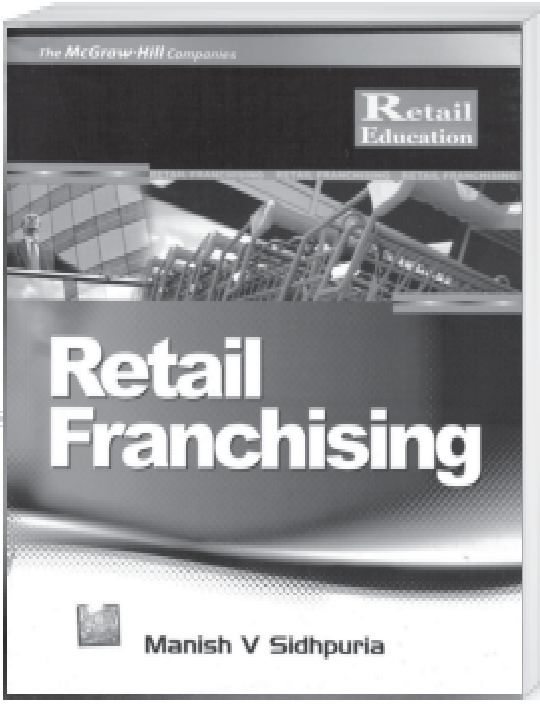
Skimming and Scanning



Book Title	:	***Retail Franchising***
Author	:	**Manish V. Sidhpuria**
Edition	:	**2009**
ISBN-13	:	**978-0-07-014503-0**
Pages	:	**180**
Publisher	:	**Tata McGraw-Hills Publg. Co. Ltd., New Delhi.**

Retail Franchising has been the most successful model in the Indian retail industry since the mid 80's. In addition to providing low cost entry into high ambience international levels of retailing, franchising has also encouraged more and more entrepreneurs to try out the franchising model in various verticals from retailing sugar cane juice and dahi–vada to exclusive watches and fashion accessories.

This book is an ideal reference book for the student and teacher of retail management as well as for any person interested in franchising as a retail format. Manish Sidhpuria has taken extra efforts to provide sufficient market information on the current Indian retail industry following the franchising format. From "Jumbo king" to "McDonalds" and from "Titan" to "Levis," the author has provided enough examples in the form of interesting snippets to keep the reader engrossed as well as informed.

Personally I found the Part 1 of the book most useful for my class. The sections on "Franchising in India" and "Internationalisation of Franchise operations by US Franchisors" were extremely useful for getting a better understanding of the current Indian franchising scene which is dominated by American players such as McDonalds, KFC, Nike and Levis, among others.

The second part of the book deals with "developing and evaluating a franchise system" and understandingly has lesser Indian examples but I would still rate the section as useful and informative.

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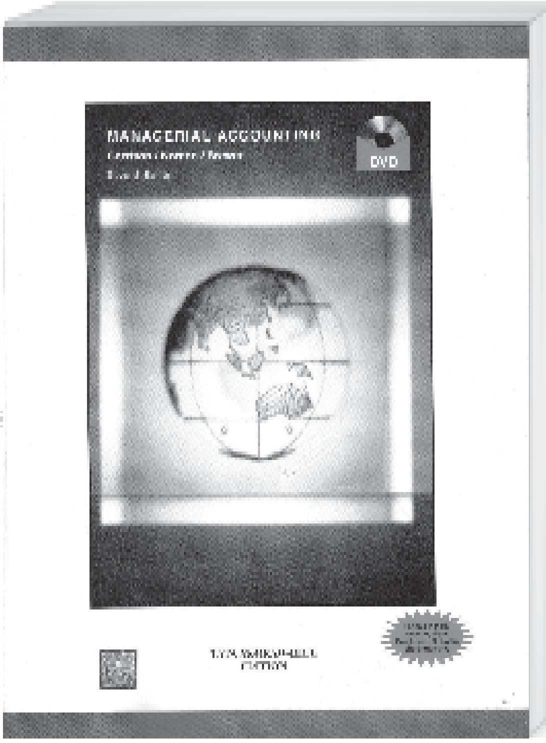
The author has chosen to tread the familiar and much used path of retail theory which is in fact useful in a text book on franchising for a student of retail management, since it saves time and the effort of referring a couple of text books normally used.

I would rate the Part 3 of the book closely behind the first part in terms of utility. The part has been well researched and presented. The sections on "Preparing for franchising" and "Investigating and evaluating a Franchise" have been done with care and conviction. Information provided as examples in tabular form has made the section interesting as well as self-explanatory.

As a teacher of retail management I have been trying to Indianise my core retail classes and it has given me immense joy and satisfaction to see five cases in the Indian context out of the total of six cases presented in the last part of this book. All the Indian cases have been based on topics of value and current interest. I am determined to use a couple of these cases for the coming trimester when we will be teaching Retail Franchising to the students entering retail specialization courses. The summary provided at the end of each section along with the questions, makes life easier for the facilitator who is in a hurry.

So how would I rate this book as a facilitator of Retail management classes? I have always been happy to pick up any book on Retailing but I have not been always fortunate to put it down with the same sentiment. However in this case I am happy to say that what Manish V. Sidhpuria has provided in this book has created sufficient enthusiasm and trust in this publication and I am pleased to express here my appreciation of this book and the fact that I will be recommending the same for my students.

Skimming and Scanning



Book Title : *Managerial Accounting*
Authors : Ray H. Garrison, Eric W. Noreen and Peter C. Brewer
Edition : Eleventh
ISBN 13 : 978-0-07-070040-6
Pages : 863
Publisher : Tata McGraw – Hill Education Pvt. Ltd., New Delhi.

Every business organization, irrespective of its size and nature of operations, has to have managers – people responsible of doing things right. They carry out three very basic activities: planning, directing and controlling. There are managers who engage themselves in the corporate facets of human resource, marketing, sales, operations etc.; and then, there are managers who engage in accounts and finance. The end result of managers' activities will be evidenced in many details that mark the difference between a very successful and a very unviable business.

All activities of managers involve either decision-making or aiding decision-making. Accounting and Financial Managers deal with the actual and probable financial environment of business, requiring such financial information that is profoundly deep and innately relevant. Managerial Accounting, which is a very vital sphere in management, is concerned with providing financial information to managers to plan and control activities. Not only would it reveal how the business has performed, but also would it reveal the comparative performance against benchmarks. Cost concepts and costing techniques, profit planning and budgeting, financing pattern and capital budgeting, financial statement analysis and performance reporting etc. are a few within the very pervasive scope of the subject of

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managerial accounting. Since it is manager-oriented, any content on managerial accounting should preferably discuss what managers do, what information managers require, what tools managers use, and the meaning and relevance of the results of analysis, ideally set against a real life-like corporate setting. And that is what Garrison, Noreen and Brewer deliver through the Eleventh Edition of their book *Managerial Accounting.*

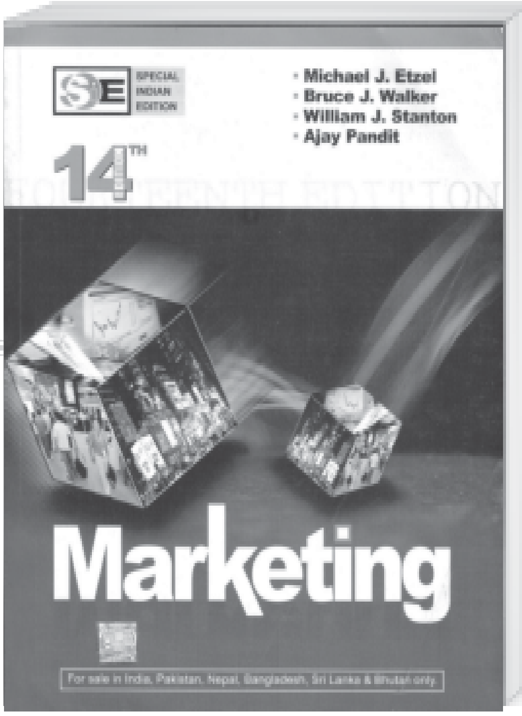
No doubt, the outer look of the volume is quite impressive. It is even more so, in the inner side. The book starts with a very informative Student Supplement, talking about topic tackler, homework manager, online learning centre, study guide, student lecture aid, excel templates etc. The content page details chapter-wise, the coverage of topics, with each chapter sub-titled into major and minor sub-topics. The book is divided into seventeen chapters, ending with appendices dealing with finance-related topics relating to a wider perspective. Preliminary chapters exhaustively deal with very minute detailing of cost concepts, behaviour and classifications like job-order costing, process costing, activity-based costing, variable costing and standard costing. These contents provide a perfect setting to the introduction of the concepts of Cost-Volume Profit Analysis, Break-Even Analysis, Balanced Score Card, Budgeting, Overhead Analysis, Profit Planning and Segment Reporting. The mainstay follows, with avid discussion on Capital Budgeting Decisions. Cash Flow Analysis and Financial Statement Analysis are the topics with which the book concludes. Appendices deal with concepts relating to price elasticity, and profitability analysis in a broader perspective of business decision-making.

Laudable is the format in which each chapter is constructed. Chapter starts with learning objectives being listed out. A snippet follows, taken from real-life corporate background, serving as a Point-to-Ponder, which really sweeps an overview into what the chapter deals with. Margins are extensively made use of for two purposes: One, to introduce references to technology-assisted student supplements, where students can access quick reinforcements through slide shows, video presentations, interactive numerical exercises and links to other information on the World Wide Web; Two, to list out the learning objectives attached to its relevant content. Exhibits and numerical explanations are in plenty, its visibility being positively added by grey-coloured background. Mini-Cases are inter-twined into the theoretical discussions, with separate sub-titles. Limited use of photographs to add wealth to appearance and visibility is remarkably decisive. Each chapter ends with a summary, review numerical, glossary, questions, exercises, cases and group and internet exercises.

The delivery of content is coherent and logical. Each term is defined and introduced, with the chapter flowing to deeper topics, gathering momentum with appropriately sequenced sub-headings. Theoretical discussions are forthwith followed by exhibits and numerical examples, allowing better and easier comprehension. In most chapters, the theoretical deliberations include a sequel under a minor title Managerial Accounting in Action, where the theory is put under a corporate context, with personal discussions exploring further avenues in a very simple and diluted context.

The book *Managerial Accounting* is perfect nourishment for serious management graduates aspiring for careers in finance. It certainly is not for the novice and the desultory. Beginners might feel let off by its very erudite and scholarly style. For those with iron-mettle, this book delivers what they aspire for from a finance text book. For those without, there are others in plenty. But management – financial, in particular - is not meant for the feeble.

Skimming and Scanning



Book Title	:	*Marketing*
Author	:	**Michael J.Etzel, Bruce J.Walker, Wiliam J.Stantion and Ajay Pandit**
Edition	:	**14th 2009**
Price	:	**Rs.450/-**
ISBN-13	:	**978-0-07-015156-7**
Pages	:	**880**
Publisher	:	**Tata McGraw-Hills Publg. Co. Ltd., New Delhi.**

The 14th edition of *Marketing* authored by Michael J. Etzel, William Stanton, Bruce Walker and Ajay Pandit, has ample coverage on the fundamental marketing concepts, strategies, and techni-ques that serve as the corner-stones of marketing programmes. The book carries four themes throughout global marketing, ethical challenges, the marketer as decision maker, and the impact of technology on marketing. Perspectives from the business world, direct from the practi-tioners and indirect by examining periodicals and trade journals have made this book rich in information. It is evident by the opening cases introduced before each chapter that highlights the key concepts discussed in the chapter. Also the companies featured in the opening chapter cases are revisited at the end of the chapter in the 'more about feature.' There are eight additional cases in the Indian context that will help the readers in applying the concepts to conditions in India.

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This new edition of 'Marketing' examines the growing role that technology has in marketing. The book enlightens us on how the technological advances affect business in ways such as people and organizations communicate. Another very significant trend covered in this book is about internationalization of business; how corporations are now thinking and acting globally in selecting suppliers and seeking customers.

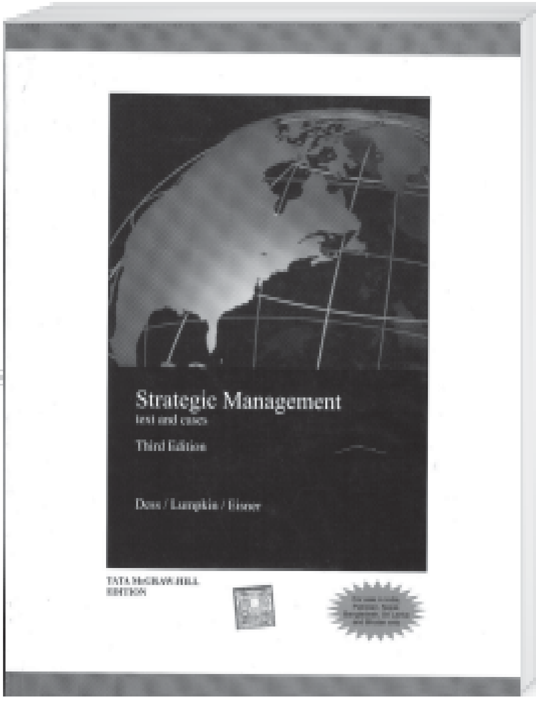
The topics are organized around seven themes that are logically built from the fundamental concepts, strategies and techniques through the major tasks associated with marketing to the strategic role of marketing in an organization. The themes are nature and scope of marketing, identifying and selecting markets, product, price, distribution, promotion and managing the marketing effort.

In the book there two perspectives that need special mention there is physical environment reflected in topics such as global warming, air and water quality, and waste disposal, and influence marketing with regards to the use of natural resources, proliferation of products and the efficiency of how products are distributed. There is also a greater interest in ethical and socially responsible behaviour by exhibiting concerns on health and nutrition, product safety, advertising claims, brand protection and understandable pricing. These ideas further concrete the belief that marketing can and should be applied to every situation.

Other noteworthy features of this book include the apt reflection of the internet's role using examples, web addresses and vignettes. The chapter opening and part ending cases, within chapter boxes and interactive marketing exercises at the end of each chapter are useful instruments for stimulating active learning through project, classroom discussions and debates. When compared with the previous editions this text has been shortened without reducing the number of topics covered.

Finally, this book has come as a package that will not only help the students to prepare themselves for a challenging, dynamic and exciting future but also providing the instructors with practical material that can be integrated into the course.

Skimming and Scanning



Book Title	:	***Strategic Management*** *Text and Cases*
Author	:	**Gregory G. Dess, G.T. Lumpkin, and Alan B. Eisner**
Edition	:	**Third - 2009**
ISBN-13	:	**978-0-07-067740-1**
Pages	:	**984**
Publisher	:	**Tata McGraw-Hill Hill Education Pvt. Ltd., New Delhi.**

A study of strategic management is an interesting one as it can make a struggling firm become a highflying one. Given the many opportunities and challenges faced by organisation in the global environment, 'incremental' decision making has given way to managing organisations 'strategically.' This has ensured long term success to organisations.

The book *Strategic Management Text and Cases* authored by Gregory G. Dess, G.T. Lumpkin and Alan B. Eisner, is the third edition by the same authors. The present edition carries many new features along with the existing ones from the earlier edition. The book has four parts.

Reviewed by Dr.Susan Abraham, Assistant Professor, SCMS School of Technology and Management (SSTM), Pratap Nagar, Muttom, Aluva-683106, Cochin, E-mail: susan abraham@scmsgroup.org

Part 1 involves Strategic Analysis. Chapter one has the bases of strategic management along with discussion on stakeholder analysis and chapter two discusses the dynamic nature of industries building on the work of Anita McGahan dealing with evolutionary trajectories of industries based on two threats of obsolescence. The chapter three on internal analysis includes a discussion on balanced scorecard and preparation of strategy map. Chapter four is on analysis of intellectual assets incorporates a discussion on e-teams, diverse workforce and the importance of both human capital and social capital.

Part two examines Strategic Formulation which discusses business-level strategy in chapter five with focus on developing competitive strategies. Corporate level strategy formulation is discussed in chapter six with a focus on consolidation efforts. The role of managerial conceit is discussed in real options analysis. The potential benefits and pitfalls of off-shoring as part of formulation of international strategy are covered in chapter seven. The disruptive impact and also the opportunities created by internet and digital technologies are described in chapter eight.

Part 3 discusses Strategic Implementation. This part has five chapters with focus mainly on corporate governance in an international perspective (chapter nine), the dilemma between opportunities and structure leading to the formation of 'ambidextrous' organisations (chapter ten), the role of Emotional Intelligence of leaders in today's organisations, ethics and learning organisations (chapter eleven), the application of blue ocean strategy in fostering a viable innovation strategy (chapter twelve) and the role of strategic alliances of young and small firms (chapter thirteen).

Part 4 involves Case Analysis. This part has an outstanding collection of 41 case studies dealing with various industry segments. There are short, medium length and long case studies that deal with the success stories and failures of these companies. These cases also provide an understanding regarding the pitfalls in not using a strategic framework in managing these enterprises to the readers.

There are certain additional features in the third edition as compared to the earlier editions. First, chapters are arranged from traditional concepts to the most modern strategic activities of a firm. Second, 10 of the 13 opening mini cases are new. These cases are meant to lay a firm foundation of the need to understand to be discussed in the chapter in the minds of the reader. Third, each chapter is laid out to add value and create an enhanced learning experience. Each chapter begins with an overview and learning objectives followed by an opening case, questions / exercises at the end of the chapter. Fourth, short examples from business practice to illustrate every concept and more detailed examples to explain key points. Fifth, inclusion of 110 Strategy Spotlights illustrates key points of the concept. Sixth, application of each concept to start-up firms and smaller businesses is justified. Seventh, inclusion of cases from The Harvard Business School and The Harvard Business Review reinforces the text. Overall, the third edition of *Strategic Management Text and Cases* is written in a simple and readable manner illustrated by exhibits, mini cases, examples and application exercises.

The book is a valuable one for students of Business Administration at the Post Graduate level. For the instructors, this book provides immense help through supplementary materials for class preparation and delivery.

Among the authors, Gregory G. Dess is a Chair Professor at University of Texas at Dallas. G.T. Lumpkin is Associate Professor of Management and Entrepreneurship at the University of Illinois at Chicago. Alan B. Eisner is Associate Professor of Management and Graduate Management Programme Chair at the Lubin School of Business, Pace University.

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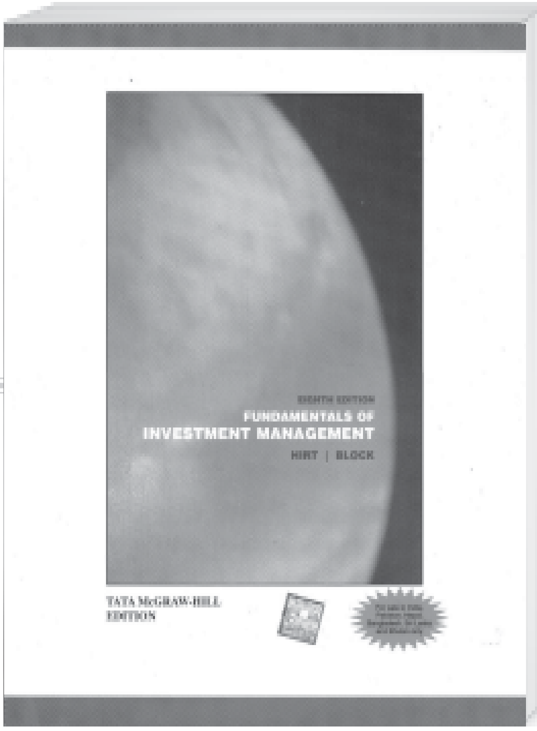


Book Title : ***Fundamentals of Investment Management***

Author : **Geoffrey A. Hirt and Stanley B.Block**

Edition : **Eighth - 2009**

ISBN-13 : **978-0-07-067739-5**

Pages : **710**

Publisher : **Tata McGraw-Hills Publishing-Co. Ltd., New Delhi.**

Investment management is the professional management of various financial instruments like securities, assets etc. to meet specified investment goals for the benefit of the investor/s. It is a large global industry responsible for managing of billions of dollars and many of the world's large companies are at least in part investment managers and employ millions of staff and create billions in revenue.

As a corollary to today's fast changing technology driven world, financial markets also have undergone unprecedented changes. To be successful an investment manager, be it for oneself or as a professional, need to have a reasonably good knowledge of the nuances of the current financial markets, instruments in place and tools available for the evaluation.

This book was reviewed by Mr.P.Sudhakara Menon, a Chartered Accountant having long industrial experience. He retired from the services of FACT Ltd., as General Manager (Marketing). He has also worked in TCC Ltd. as Director (Finance), Email: s.menon@vsnl.net

The book attempts to provide a broad spectrum of investment management concepts and principles, divided into 22 chapters covering inter alia security markets, derivative products, portfolio management and financial statement analysis. The added attraction of the book is inclusion of examples to facilitate easy understanding of the concepts and to drive home key factors.

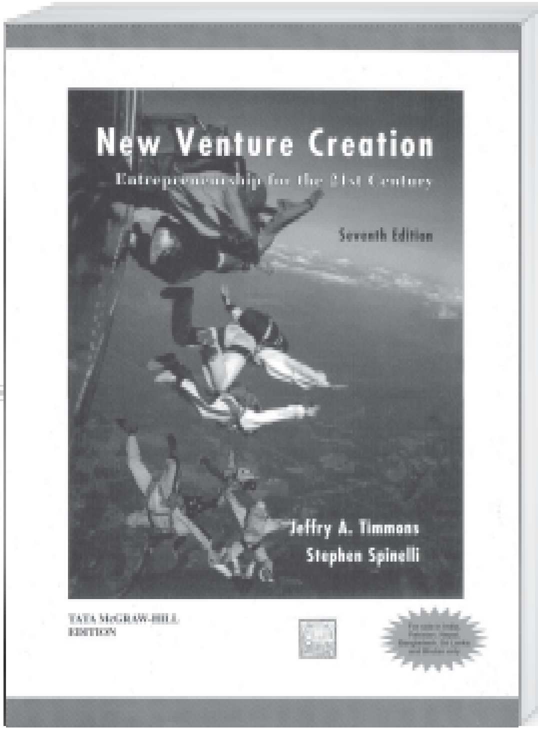
The book deals with the financial market in USA as the authors are professionals from USA. The economic policy and activity seen discussed in this book are those of the Federal Govt. However, barring a few examples & data, regulatory provisions and statutory codes, most of the principles and concepts discussed are having universal application particularly in the contemporary global market.

The discussion questions given at the end of each chapter enable an avid learner to ensure adequate assimilation of the techniques discussed in each chapter. The glossary and idex presented in the last pages would serve as a quick reference guide. However the authors do not seem to have thought of charting comparison of the merits, demerits and risks of each instrument available for investment, which would have served to highlight the points to be focussed before taking investment decisions.

Chapter 22 is on 'measuring risks and returns of portfolio managers.' No detailed discussion is seen on the techniques available for risk audit and analysis and also on how to use them before each investment decision. Any investment decision can be catastrophic unless sound risk analysis tools are applied and risk assessed before the investment. This chapter could have been made more serious by including some real life examples also, which may be in plenty in the recent past.

Despite the above, this book would be useful for those prospective investors or students to understand the basics of investment management. This book would also serve to know the opportunities and financial products available in the financial landscape, to understand the financial statements of an organisation and assess its financial health before taking an investment decision.

Skimming and Scanning



Book Title	:	***New Venture Creation***
Author	:	**Jeffry A.Timmons and Stephen Spinelli**
Edition	:	**Seventh - 2009**
ISBN-13	:	**978-0-07-067738-8**
Pages	:	**658**
Publisher	:	**Tata McGraw-Hills Publishing- Co. Ltd., New Delhi.**

New Venture Creation is an apt title for a book on Entrepreneurship, that too, for one authored by two eminent personalities, each with his own proven track record in the field of Entrepreneurship Education. (This is what of the former students of Dr. Timmons has to say about the latter's lectures on Entrepreneurship: "When going to his classes, I couldn't wait to get there; and when I got there, I didn't ever want to leave!" Dr.Spinelli has been defined as a "Pracademic" in Entrepreneurship: a business practitioner turned academic).

As the authors rightly claim the book forms a basis for curriculum for a course on Entrepreneurship at the MBA level. It addresses the challenges of uncertainties and opportunities thrown up by the new millennium. It is a product if "experience in the field, rooted in the real world application and refined in the classroom."

The book is divided into five parts: Part I deals with the Entrepreneurial Mind and the Entrepreneurial Society, in the context of globalization. It touches upon aspects such as leadership, Entrepreneurial traits and strategy formulation. At the end of Chapter I, there is a detailed exercise which will enable a prospective entre-preneur to formulate a personal strategy. Chapter II touches upon venture capital, philanthropy and 'women and youth' in business.

Part II deals with the Entrepreneurial Process, starting with identifying/ creating/seizing/screening oppor-tunities and ending with the preparation of a Business Plan. The

Reviewed by Prof.K.J.Paulose, Dean, Management Studies, SCMS-COCHIN, Pratap Nagar, Muttom, Aluva-683106, Cochin, Email: kjpaulose@scmsgroup.org

'B.P.guide' given at the end of this section can be of immense help to any budding entrepreneur. Issues related to the creation of an Entrepreneurial team are dealt with in Part III. The topics covered include Culture, Decision Making, Managerial Competencies, Team work, Conflict Management and role of IT & Systems Management.

In Part IV, the Financing aspects are dealt with. Issues such as Estimation of Resource Requirements, Venture Capital, Franchising, Valuation and Debt Capital are covered in great detail. Start-up and growth strategies are covered in Part V. Best practices of high growth companies, Family and Entrepreneurship, Gestation Period Crisis and Organizational Decline are the main themes covered under this section. The last chapter, "Harvest and Beyond" deals with exit strategies, such as divestment, mergers/acquisition/strategic alliances, and concludes with "The Seven Secrets of Success."

The most impressive aspect of the book is that almost all the chapters are supplemented by case studies quite relevant to the topics covered. Internet links have been provided for each chapter. Another interesting feature is the inclusion of 'Mind Stretchers' and Exercises under each chapter, which challenges the readers / students to think well beyond themes covered by the text. The 7th edition which is under review contains several new data, chapters' cases, and revisions as compared to the previous ones.

The book can be classified as a 'must-read' for Teachers, Students, Consultants and Researchers in the field of Entrepreneurship as well as for aspiring Entrepreneurs. The quality of presentation does full justice to the richness of the contents, although the 'photocopied look' leaves a jarring note in the mind of the reader, especially with regard to charts, graphs and diagrams.

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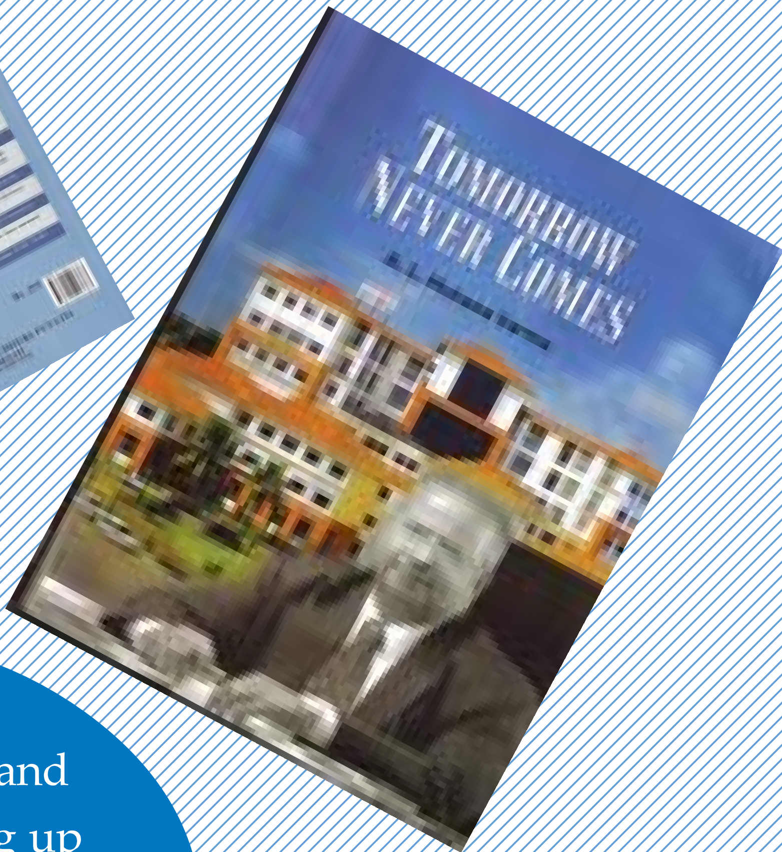

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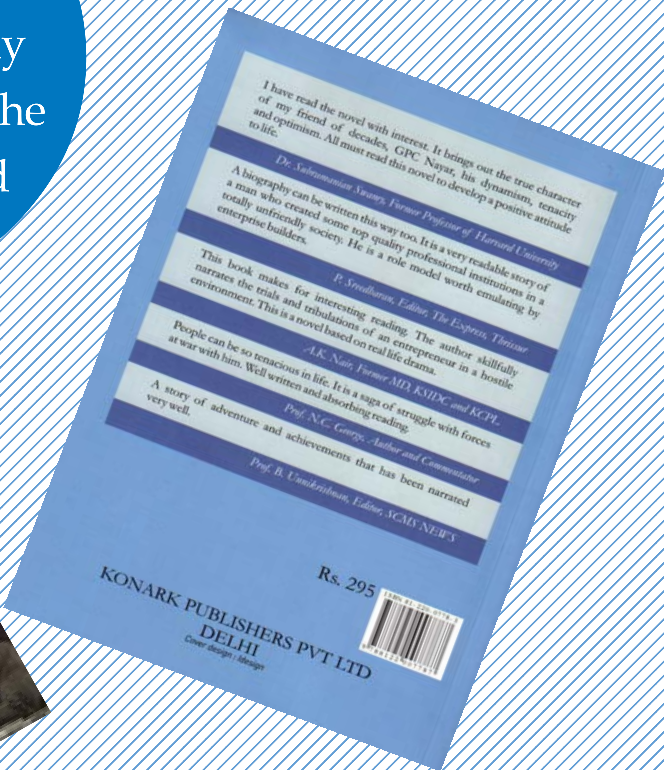

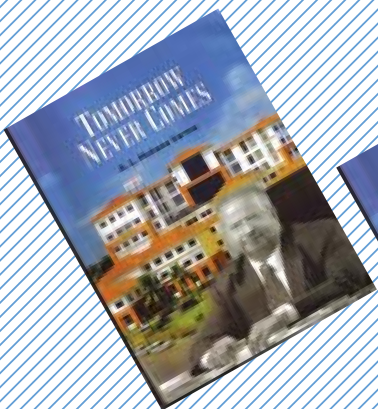

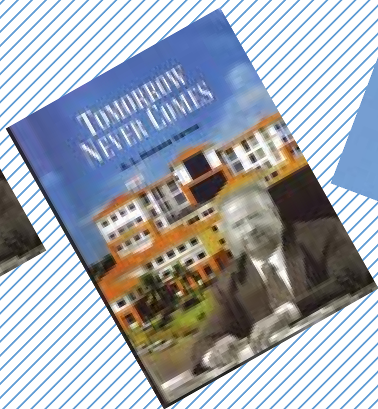

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