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A Study on ICT Awareness for Business Expansion among SMEs of GIDC, VitthalUdyognagar

**Nikhil Zaveri, Nishrin Pathan**



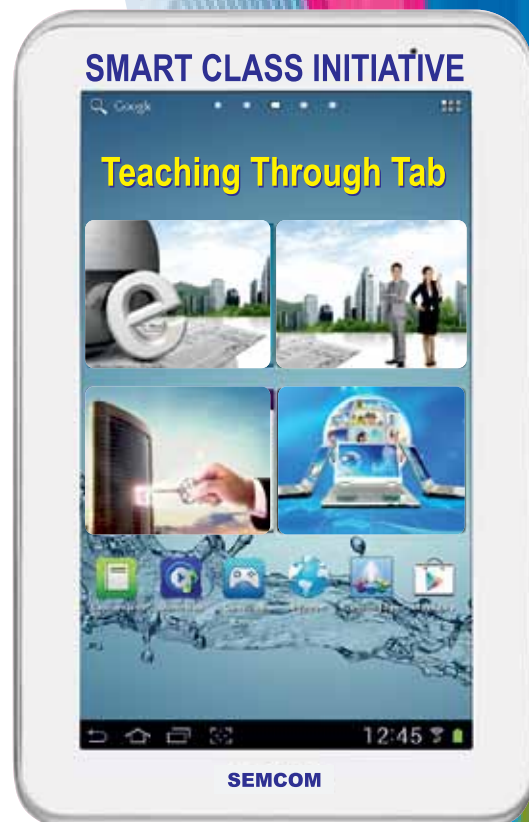
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## Editorial

I am delighted to present before you this issue of SEMCOM Management & Technology Review. It is really a matter of gratification as this edition contains contributions from distinguished and experienced researchers endorsing an attempt by SEMCOM to promote research activities in academia.

As, we all know in the competitive business world it is inevitable to innovate constantly. One needs to be aware about the customer needs and their choices. Consumer behavior is the area of research which is extremely useful in overcoming marketing challenges and developing strategies against them. Hence, it becomes important to understand the behaviour of the buyers. The current issue consists of four scholarly research articles on consumer behavior. These articles are on variety of research areas like media influence and media habits on buying behavior of rural versus urban consumers, needs and preferences to broadband services among rural communities, rural consumer's buying behavior for agricultural inputs and impact of fear appeal in advertisement on consumer buying decisions. Among these first three focus on rural communities and that shows our concerns for rural regeneration.

The issue also consists articles on political service marketing and a study on customer satisfaction in health care service. A theoretical review on HRM practices is a study with a focus on HR practices in an organization and its impact on business performance.

Developing case study is equally an important pedagogical effort as it offers real life examples and practices on concerned subjects. This issue also comprises three case studies on Credibility Governance Model for NGO, Niche Marketing for Small Scale Company and Women Empowerment in Gujarat. Students' perception on the use of ICT in teaching learning process is paving the ways towards future academic scenario where Indian academic world is slowly digitizing. While ICT awareness among SMEs of semi-urban area of Gujarat is alarming revelation.

On finance front there are three articles on studies related to financial assessment of selective banks, capital structure of selected pharmaceutical companies and discriminant analysis of a specific company. I hope readers will have a wonderful reading experience.

I take this opportunity to thank all these researchers for their profuse contributions towards the regular publication of SMTR.

Nikhil Zaveri  
Chief Editor



## About **SEMCOM**

Sardar Gunj Mercantile Cooperative Bank Ltd. (Anand) English Medium College of Commerce and Management (S G M English Medium College of Commerce and Management) popularly known as **SEMCOM** was established in the year 1997 with the aim/vision to impart quality education to students who desire to graduate in commerce, management and IT. The college has successfully completed 16 years. Its alumni has established themselves in various walks of life across the globe. The college has been established by Charutar Vidya Mandal (CVM), an educational trust with a vision to regenerate society through education. **SEMCOM** was set up with the generous donation of Rs. 35 lakhs against the total project cost of Rs. 150 lakhs by Sardar Gunj Cooperative Bank Ltd. (Anand) on self-finance basis keeping in mind the changing policy of the government in inviting private institutions to supplement the government's efforts in higher education. The college has an ISO Quality System since 2004, which is upgraded to 9001:2008 in September 2009. The college is accredited grade "A" by NAAC with a CGPA of 3.18 on 4 point scale. The college, within a short span of time has made its presence felt in India and abroad.

*The college is affiliated to Sardar Patel University, Vallabh Vidyanagar.*

### Objectives / Goals

- To focus on integral development of students.
- To offer courses and programs in tune with changing trends in the society as a whole.
- To update the curriculum as per the need of the business and industry.
- To create unique identity in the educational world at the national as well as international level.
- To institutionalize quality in imparting education.
- To incorporate innovations on a continuous basis in the entire process of education at institutional level.
- To create platform for the students for exhibiting their talent and for development of their potentials.
- To generate stimulating learning environment for students as well as teachers.
- To build cutting edge amongst the students to withstand and grow in the competitive environment at the global level.





# A Comparative Experiential Examination of Media Influences & Media Habits on Buying Decisions of Rural Versus Urban Consumers

Parimal Vyas, Madhusudan Pandya, Parag Shukla

## Introduction

### Abstract

The rural markets of India lure and attract Indian marketers' considering its huge untapped market potential. With more than five hundred thousand villages across India with nearly 50 per cent of them lives in rural India which offers a huge consumer market for products and services. The rural markets of India has become increasingly competitive with rise in awareness and income levels of rural consumers who are influenced by diverse socio-economic changes coupled with changes in the rural marketing environment of India (Velayudhan, 2002). Besides, escalating aspirations of rural consumers, improved quality of life considering access and availability of connectivity, communication and interactivity have led to remarkable growth of rural markets of India (Bijapurkar, Rama, 2000; Kotler et al., 2009). It has called for formulation of customised marketing strategies by Indian marketers, and need to understand critical issues concerning rural buying and consumer behaviour.

One-sixth of the world's population lives in India making it an attractive market (Ling and Dawn, 2004). Indian economy witnesses increased potential for consumption, increased competition, and availability of products both in terms of quality and quantity, and increased level of awareness among consumers. A large urban middle class and upper class, which constitutes one-third of the population, is a huge market for branded goods. The market for branded goods is increasing at 8 per cent per annum and in certain consumer goods, it is increasing at even 12 percent. It is the third largest in Asia and is expected to grow at 7 per cent. The decrease in import tariffs has allowed large inflow of products from the other nations. Besides, the Indian companies are entering into strategic alliances with the foreign reputed brands (Kinra, 2006). According to Sinha (2005), rural India in which more than 74 per cent of the population of the country resides; generates one-third of India's GDP, and accounts for 38 per cent of two-wheelers sales of the country. There are several reasons to believe that rural markets in India are blossoming. The success of a brand in the Indian rural market is as unpredictable as rain. It has always been difficult to judge the rural market. Many brands, which should have been successful elsewhere, have failed miserably in rural markets. The majority of marketers attribute luck for the success in rural market. But, the Indian marketers need to understand the social dynamics and attitude variations within each village though nationally it follows a consistent pattern. While the rural market certainly offers a big attraction to them, it would be immature to think that any company can easily enter the market and can enjoy considerable share. Actually, the market is not as simple as one thinks (Naik et al, 2007). The size of the prize in India's rural hinterlands is growing bigger than many businesses initially thought. More companies are expanding their base in India's rural markets than at any other time in history and for good reason. For one thing, the business environment is improving, thanks to better infrastructure and the growing number of consumers who are earning more and snapping up products and services that support their aspirations. The confluence of these forces is changing the rules of the game.

As the rural market opportunity becomes more attractive, companies are experimenting with different go-to market models with varied degrees of success. Despite improvements in India's rural business environment, many companies are still struggling to generate sustained, profitable growth in these markets.

A key challenge is how to establish effective sales and distribution networks in rural areas.

Those Companies who shall master that master this challenge are likely set the growth benchmarks for their industries in near future.

Clearly, just “being there” is no longer enough to succeed with India’s rural consumers. More than ever, companies now need transformational strategies to master these markets.

As always, such strategies will hinge on deep customer and market insight. But, the unprecedented speed of change in rural markets also demands unprecedented agility. As competition intensifies, companies will have to devise compelling value propositions that not only meet rural consumers’ needs but also drive robust revenue growth and profits. In today’s volatile business environment, India’s rural market represents an opportunity no company can afford to ignore. Since 2000, per-capita Gross Domestic Product (GDP) has grown faster in India’s rural areas than in its urban centres: 6.2 percent CAGR versus 4.7 percent. Rural incomes are growing, and consumers are buying discretionary goods and lifestyle products including mobile phones, television sets and two wheelers. Between 2009 and 2012, spending in rural India reached US\$69 Billion, significantly higher than the US\$55 Billion spent by urban populations. 19.2 Per cent increase in monthly per capita expenditure in rural markets during 2009 and 2012, surpassing urban consumption growth by two percentage points [Accenture Report on Masters of Rural Markets: Profitably Selling to India’s Rural Consumers, 2012]

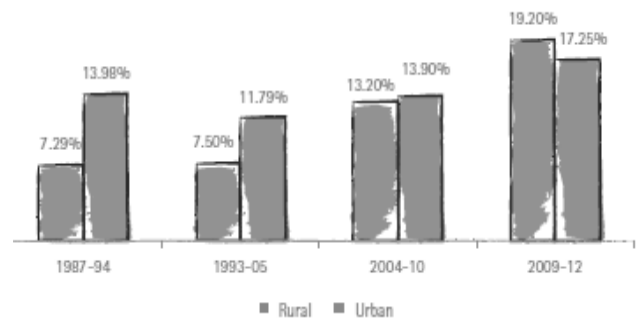
The rural consumers have been trading up, and their consumption basket is beginning to mirror that of the urban consumer. The premium products are replacing entry-level versions, and commodities are giving way to branded products. According to A C Nielsen estimates, the fast moving consumer goods market in rural India will hit US\$100 Billion by the year 2025, up from current figure of US\$12 Billion. Moreover, the Government’s efforts to improve the efficiency of welfare programs with cash transfers will further boost rural consumption; it plans to deposit US\$570 Billion in the accounts of 100 Million poor families by 2014. [ibid]

The introduction of new media brings an intense competition between print and electronic media for capturing consumers’ time and attention. The new players of electronic media have become the time eating machines and all are thriving with one another for their supremacy (Loan, 2009). Moreover, Internet is the most formidable challenge to the print media like print sources, print reading and libraries.

**Rural consumption growth is outpacing urban consumption**

The percentage increase in monthly per capita expenditure in rural markets surpassed its urban counterparts during 2009 and 2012, indicating increased consumption in rural markets.

Figure No: 01: Percentage increase in monthly per capita expenditure Rural and Urban



Source: NSSO

The researchers have discovered that use of the online sources is increasing at a rapid pace and at the same rate the use of traditional sources is decreasing (Rogers, 2001; Pierce, 2009). The newer forms of online sources like wikis and blogs which are written and updated daily by worldwide readers catch the attention of readers more frequently. In this media mix, the survival of traditional reading is considered in danger. Furthermore, the Internet has introduced a galaxy of new services like chatting, electronic games and social network services. We have a wide range of media ranging from satellite broad casting to the print media. These media includes Newspaper, Magazines, Books, Radio, and Television etc. Mass media could enter the calculus of development and offer the great possibilities for effective action through its capability of disseminating technical expertise and useful knowledge among millions of villagers, particularly cultivators living in far flung areas. It aims at promoting national integration, dissemination of message, educating people, providing healthy entertainment, and dissemination of essential knowledge to stimulate agricultural production.

Media is undoubtedly an important tool for marketers in bringing about large scale directed social change and modernization in developing nation for transmitting knowledge, disseminating facts and directing various emotional appeals to influence consumer’s opinion. The media has assumed vital importance in the economic, social development of the nation. The simplest effect of the mass media is to make people aware of the

events, persons or possibilities beyond their direct experiences.

Efforts with all the possible media of communication are being made in order to reach rural masses with varied characteristics, living in different parts of India. Television is now a very popular and effective means of information, communication, entertainment and instruction. Companies marketing FMCG to rural consumers cannot merely extend their general marketing strategies to rural markets. Instead, they need to devise rural specific strategies.

In this process, they need to understand crucial issues relating to rural consumer behaviour and more specifically relating to different geographic regions of the country.

### **Review of literature**

It has outlined in brief earlier research studies to understand media habits and its influences on buying decisions of selected rural and urban consumers.

The findings of a Study conducted by Hasan and Sharma A, (2011) revealed that 90 per cent of urban women read newspaper for taking information, news and for the entertainment. 65 per cent of the respondents read magazine sometimes and 10 per cent read it regularly. The study conducted by Roy et. al (2010) brought out that more than half of the respondents were found to view television regularly, 38 per cent and 44 per cent of the rural youth listened to all India Radio programmes regularly and occasionally respectively. Farm demonstration, extension materials (leaflets, posters) and farm journals were rarely consulted by rural youth.

Emmanuel (2010) concluded that among the rice farmers, radio was used by 83 per cent, T.V. was used by 39 per cent and mobile phones were used by 55 per cent of the respondents. Singh (2002) reported that channels which were most utilized by the farmers were group discussion, television, radio and newspaper respectively. Majority of farmers used neighbours (83 per cent), private agencies (25 per cent) and friends (50 per cent) as source of information.

A study done by Mittal (2002) revealed that there was a significant impact of age on viewer ship of T.V. and duration of viewing. There was also significant impact of type of family and type of house on T.V. viewing pattern and frequency of T.V. viewing.

Prameela and Ravichandran (2001) had found that lack of interest (68.66 per cent), domestic responsibility (61.33 per cent), small type farms (58.66 per cent), and cultural norms (53.33 per cent) were expressed as barriers for not using the mass media. Lack of skill in operating T.V. and radio (18.66 per cent), lack of communication amenities (13.33 per cent), lack of regularity in getting farm magazines (15.33 per cent) and lack of education (8.66 per cent) were the barriers for less than one-third of the respondents.

The results of a study by Shukla (2000) showed that the major source of information for rural people was Radio (87 per cent). 95 per cent people reported that they are used to listening the Radio either regularly or occasionally, urban masses use all types of channels of information but television and newspapers are the most important but television and newspapers are the two most important sources of information.

Jangir (1999) had stated that the personal characterization viz, age, education and size of land holding were significantly associated with the knowledge of level of respondents, whereas size of family was found to be associated non-significantly with knowledge level of respondents.

Khurana and Kapoor (1998), while studying "Krishi Darshan" (Rural telecast) had found that rural women did not let their household work suffer at the cost of T.V. viewing. Evening social interaction of the respondents (84.4 per cent) was a deep rooted habit and Krishi Darshan was not appealing enough to alter their daily routine. Srivastava et. al (1996) had concluded that most of the respondents were daily reader of Newspapers and Magazines, listeners of Radio and viewing of T.V. mass media exposure had helped in changing old values of women and improving their social status.

The findings of a study by Gupta (1992) on "Mass Media and Social Change", revealed that the maximum number of respondents preferred to listen the Radio (73.33 per cent), than reading of the Newspapers (66.67 per cent) and Television viewing respectively (60.00 per cent).

According to a study done by Patil and Namasivayam (1990), it was found that about 83 per cent of the respondents had subscribed Newspaper, and 17 per cent had not subscribed it. The high percentage of Newspaper purchase indicates that the level of literacy is high.

A Study done by Bette et al. (1990) had reported that Radio broadcasts and general farm Magazines were the two marketing information sources most

frequently cited as useful. Radio and T.V. broadcasts were more frequently cited as the most useful source of marketing information by older farmers and operators of small farms.

Malagar Geeta (2007) had concluded that majority of the respondents had listened and viewed only entertainment programmes. Rural women said that Radio and Television programmes are in simple language and helpful for adoption of technologies and give more information.

Oby Maureen Nwafor and Felicia N. Akubue (2008) stated that oral media that is informal face-to-face contacts are the most popular sources of information for women. Their level of education and type of occupation do not have any influence on their use of oral media.

Oakbrook Terrace (2009) had found that 84 per cent of women still read hard copy versions of their local Newspapers, and one out of three women (34 per cent) read the newspaper daily. This compares to 53 per cent of women who go online for news with only one in ten (12 per cent) doing so on a daily basis, and 47 per cent had never gone to read online news.

Hasan Shamsul and Sharma Arpita (2011) had revealed that majority of the homemakers are regular reader of newspapers. The women read Newspaper for taking information, news and for the entertainment. Majority of them reported that they sometimes read the Magazine. Print media like Magazine and Newspapers are powerful media to give the information among the homemakers. Laldinliana (2012) had indicated that more than half of the respondents watch TV commercials every day and nearly 40 per cent watch it occasionally (3 days a week). Only about 10 per cent of them were not in the habit of watching TV commercials. It was concluded that advertisements had moderate influence over the urban consumer and less influence over the rural consumer in terms of their buying of Television and Refrigerator. Advertisements had little influence in buying of Automobiles on both that is rural or urban consumers respectively. The influence in this case is further significantly less among rural consumers as compared to urban consumers probably due to less ability of rural consumers to comprehend the implied messages depicted in the advertisements (Sun and Wu, 2004).

In case of Automobiles and Refrigerators, the differences in the influences of advertisements between rural and urban consumers were found to be different among their income levels. Manufacturer's Pamphlets and or Brochures had

considerable influence on the urban consumer in buying of Television and Refrigerators. These differences between rural and urban consumers varied amongst different income groups in case of buying of Television and Refrigerators respectively (ibid). The influence of family and friends was probably experienced in terms of informational or utilitarian or value expressive or all in all forms particularly in case of the urban consumers (Kelman, 1961).

## **Research methodology**

The researchers have applied survey research based on descriptive research design to know the media habits and influence of selected media on purchase decision of selected rural and urban consumers being residents of the Baroda city and its surrounding villages who were conveniently drawn to assess the influence on their purchase decisions from information attained by them from different advertisement and communication efforts made by marketers of different products and services.

The primary data were collected from using structured-non disguised questionnaire supported with personal interviewing from total number of 212 respondents, out of which 106 are rural respondents and another 106 were from urban areas respectively.

An attempt has been made to offer the results, findings and implications concerning modifications in strategies for using most effective media for reaching the target consumers for persuading them to favour a particular marketer while making buying decision.

## **Objectives of the Research Study**

The major objectives of the research study were as follows.

To examine the sources of information considered by selected rural and urban consumers while making a buying decision;

To assess role being played by media in influencing buying decisions of selected rural and urban consumers, and

To identify and assess media habits of the selected rural and urban consumers for measuring measure their satisfaction/dissatisfaction form information provided by the information provided by preferred media.

### **Key terms of the research study**

The key terms of the research study has been described as follows:

#### **Media Influence**

The media influence is a marketing term that describes an individual's ability to affect other people's thinking in a society. The more influence a person has, the more appeal that individual has to companies or other individuals who want to promote an idea or sell a product [<http://searchcrm.techtarget.com/definition/media-influence>].

#### **Media Habits**

The media habits has been defined as media consumption or media diet which is the sum of information and entertainment media taken in by an individual or group. It includes activities such as viz., interacting with new media; reading books and magazines; watching television and film; listening to radio; and so on [[en.wikipedia.org/wiki/Media\\_consumption\\_habits](http://en.wikipedia.org/wiki/Media_consumption_habits)]. Rural Consumers:

The rural consumers' means those consumers who are living in the towns with population up to 15,000 are regarded as rural. The rural market structure is based on many factors which includes viz., demographic environment, house holding pattern, occupational pattern, and consumption patterns respectively. The socio-economic aspects of the rural areas of the India are more responsible for the rural consumer behaviour.

Indian rural consumers are also affected by the cultural and sub-cultural factors to greater extent [Planning Commission of India].

#### **Urban Consumers**

The urban consumers are a complex segment representing overlap in traditional demographic psychographic measures. These are the consumer segments having the Metro-Politian mind-set and ethnic youth culture [[http://s3.amazonaws.com/thearf-org-aux-assets/downloads/cnc/multicultural/2007-02-07\\_ARF\\_Multicultural\\_OMobolade.pdf](http://s3.amazonaws.com/thearf-org-aux-assets/downloads/cnc/multicultural/2007-02-07_ARF_Multicultural_OMobolade.pdf)].

#### **Customer Satisfaction**

Customer Satisfaction is an entry level qualification which is known as an evaluation of a service offering. It's a state of mind in which the

customer's needs, wants, and expectations throughout the product of service life haven been met or exceeded, resulting in future repurchase and loyalty [Bolton and Drew, 1991].

#### **The Reliability Test of the Structured Non-disguised Questionnaire**

The reliability test was applied to determine how strongly the opinion of rural and urban consumers were related to each other and also to compare its composite score. The Cronbach's Alpha score of 0.704 showed internal reliability of the scale and reflected the degree of cohesiveness among the given below items (Naresh K. Malhotra, 2007 and Jum C. Nunnally, 1981). [Please Refer Appendix-Table No. 01].

### **Data analysis and interpretation**

As the present research study is based on primary data from selected respondents from Baroda city and its surrounding villages, the researchers have used descriptive statistics for analysing data making use of SPSS 15.0. The Z test was applied to test the significant differences in mean values of the rural and urban customers for selected items viz., advertisement through different media; sales promotion; dealer promotion; word of mouth; sponsored events; attractive packaging; internet and mobile message respectively.

### **Results & Findings**

#### **Demographic Profile of Respondents**

Out of total number 106 respondents, 14 per cent of the respondents were males and 86 per cent were females in urban area whereas 86 per cent were males and 14 per cent were females in rural areas; 78 per cent respondents were found as belonging to age-group of below 30 years and 22 per cent were above 30 years in urban area whereas in case of rural area, 39 per cent were found as belonging to the age-group of below 30 years, and 61 per cent were above 30 years. In case of urban consumers, 4 per cent were under graduates and 96 per cent were graduates and above graduates.

In case of rural consumers, 94 were under graduates and 6 per cent were graduates and above graduates. The occupational profile revealed that in case of urban consumers, 74 per cent were student, 23 per cent were from service class, and 2 per cent were home makers. In case of rural consumers, 55 per cent were farmers, 3 per cent were from service, 29 per cent were from business, and 13 per cent were students respectively. In case of monthly

family income, 72 per cent urban consumers were earning more than RS. 10,000 and 28 per cent of them were having income of less than Rs. 10,000 in urban area, whereas 77 per cent of rural consumers were earning less than Rs. 10,000, and only 23 per cent of them had earnings of more than Rs.10,000 [Please Refer Appendix- Table No. 02].

### **Reading Habits of News Papers**

62 per cent were reading Gujarat Samachar, followed by 59 per cent who were reading the Times of India, 47 per cent were reading Divya Bhasker, and 41 per cent were reading Sandesh in case of urban consumers whereas 59 per cent were reading Sandesh, 53 per cent were reading Divyabhaskar, 41 per cent were reading the Times of India and 39 per cent were reading Gujarat Samachar in case of rural consumers [Please Refer Appendix-Table No. 03].

### **TV Viewing Habits**

50 to 60 per cent of selected urban consumers' preferred channels of TV were viz., Music Channels, Sony, Star Plus, Colours, ETV Gujarati, Door Darshan, Sports, Life OK, Discovery, Cinema/Movies and Sab respectively. 40 to 50 per cent of rural consumers' preferred the selected TV channels were viz., Sab, Cinema/Movies, Discovery, Life OK, Sports, DoorDarshan, ETV Gujarati, Star Plus, Colours, Sony and Music Channels respectively [Please Refer Appendix-Table No. 04].

### **Listening Habits of Radio Channels**

The listening habits of Radio channels revealed that 61 per cent of urban consumers' most preferred Radio channels were Radio Mirchi and Big FM followed by Radio City and Red FM whereas in case of rural consumers, 73 per cent of them expressed that Vividhbharti was the most preferred channel followed with 64 per cent had preferred Radio City and Red FM and 39 per cent had preferred Radio Mirchi and Big FM respectively. [Please Refer Appendix-Table No. 05].

### **Overall Satisfaction Experienced from Purchase Decision based on Information & Influence of Preferred Media Vehicles**

Overall satisfaction from Purchase Decision based on information & influence of media vehicle preferred revealed that 53 per cent of rural consumers and 47 per cent of urban consumers had expressed their satisfaction whereas 55 percent of urban and 45 percent of rural consumers expressed

their dissatisfaction respectively. [Please Refer Appendix-Table No. 06].

### **Application of the 'Z' TEST**

In order to determine the motivating factors for urban and rural consumers, the researchers have applied the 'Z' test to test the hypotheses as follows.

### **Influence of Advertisement on Selected Rural and Urban Consumers**

**Hypothesis: 01:** There is no significant difference in the mean score of influences of most preferred advertisement through different media vehicles on decision regarding selection of a particular product and or brand amongst selected rural and urban consumers.

We have rejected the null hypothesis as the critical value (1.96) is less than calculated value for all the 7 items and the results of two items i.e. TV ads and advertisements on buses and vehicles found non-significant and therefore the hypothesis is accepted for these two items. [Please Refer Appendix-Table No. 07].

### **Influence of Sales Promotion on Selected Rural and Urban Consumers**

**Hypothesis: 02:** There is no significant difference in the mean score of influence of most preferred sales promotion efforts made by marketers' on decision regarding selection of a particular product and or brand amongst selected rural and urban consumers.

We have rejected the null hypothesis as the critical value (1.96) is less than calculated value for all the 3 items and the results of one item i.e. offering Additional Unit or Quantity found non-significant and therefore the hypothesis is accepted for the same. [Please Refer Appendix-Table No. 08].

### **Influence of Dealers' Promotion on Selected Rural and Urban Consumers**

**Hypothesis: 03:** There is no significant difference in the mean score of influence of most preferred dealers' promotion efforts on decision regarding selection of a particular product and or brand amongst selected rural and urban consumers.

We have rejected the null hypothesis as the critical value (1.96) is less than calculated value for

selected two items i.e. gifts from dealer on purchase of products and past good experiences with dealers. [Please Refer Appendix-Table No. 09].

#### **Influence of Word of Mouth on Selected Rural and Urban Consumers:**

**Hypothesis: 04:** There is no significant difference in the mean score of influence of word of mouth on decision regarding selection of a particular product and or brand amongst selected rural and urban consumers.

We have rejected the null hypothesis as the critical value (1.96) is less than calculated value for 2 items and the results of one item that is 'Suggestions from Friends & Relatives found as non-significant, and therefore the hypothesis is accepted for the same. [Please Refer Appendix-Table No. 10].

#### **Influence of Marketers' Sponsored Events on Selected Rural and Urban Consumers**

**Hypothesis: 05:** There is no significant difference in the mean score of influence of marketers' sponsored events on decision regarding selection of a particular product and or brand amongst selected rural and urban consumers.

We have rejected the null hypothesis as the critical value (1.96) is less than calculated value for selected three items i.e. Advertisements in the Rural 'Haats', 'Melas' & 'Fairs/Exhibitions', participation in events and religious activities and Sponsoring Events such as cricket matches, beauty contests, etc. [Please Refer Appendix-Table No. 11].

#### **Influence of Attractive Packaging on Selected Rural and Urban Consumers**

**Hypothesis: 06:** There is no significant difference in the mean score of influence of attractive packaging on decision regarding selection of a particular product and or brand amongst selected rural and urban consumers.

We have rejected the null hypothesis as the critical value (1.96) is less than calculated value for selected three items that is advertisements through influence of Attractive Colourful Packaging, Advertisements through influence of Safe Packaging, Product Labels in Local Languages. [Please Refer Appendix-Table No. 12].

#### **Influence of Advertisement through Internet and Mobile phone Messages on Selected Rural and Urban Consumers**

**Hypothesis: 07:** There is no significant difference in the mean score of influence of advertisement through Internet and mobile message on decision regarding selection of a particular product and or brand amongst selected rural and urban consumers.

We have rejected the null hypothesis as the critical value (1.96) is less than calculated value for selected three items Advertisements on Internet and Advertisements on Mobile Phones. [Please Refer Appendix-Table No. 13].

#### **Discussions and managerial implications**

The findings about newspaper reading habits revealed that Gujarat Samachar and the Times of India were most preferred newspapers amongst selected urban consumers whereas Sandesh and Divyabhaskar were found as the most preferred newspapers among selected rural consumers respectively. It means information provided by print media are capable to influence the urban as well as rural population though the newspaper popularity in urban and rural areas was found as different and marketers need to consider the newspaper choice of rural and urban consumers while delivering communication message through newspapers.

The results of the research study related to preferred TV channel shows that first four most preferred channels of urban consumers included viz., Music Channels, Sony, Star Plus, and Colours, whereas Sab, Cinema/Movies, Discovery, and Life OK were found as most preferred amongst rural consumers. It implies that while choosing specific TV channels for communicating to urban and rural population about the products which need demonstration with the support of motion, colour and sound the marketers need not only to understand preferences of urban and rural population for different TV channels but they should also have the knowledge of potentialities of each channels in terms of demonstration through combination of colour, motion and sound respectively.

The preferences for different Radio channels had revealed that the most preferred Radio channel for urban consumers is radio Mirchi and Big FM whereas most preferred radio channel for rural consumers is Vividhbharti followed by Radio City and Red FM respectively. It gives clear understanding to marketers that rural and urban consumers preferences varies in terms of their

listening most preferred Radio channels. Thus, for small musical ads the choice of Radio channel by marketer need to consider different combination of preferred channels at different time period to reach rural and urban consumers with desired messages for maximum communication impact related to their products and or services.

The results related to selected rural and urban consumers' overall satisfaction or dissatisfaction had implied that information about products or services provided through different media had provided satisfaction to 70 per cent of the rural and urban consumers. But, still dissatisfaction of 30 per cent amongst consumers indicates that there exist a need on the part of marketer to improve the content of the messages and make the use of right combination of media vehicles to improve the overall quality of communication to them.

The research study implied that the different advertising media create varying influences on rural and urban consumers. Hence, the use of particular media vehicle needs continuous monitoring and understanding of the reach and impact of each media vehicle to urban and rural consumers separately so as to target and segment the rural and urban consumers distinctively. Though results of the advertisement in TV and on Buses and Vehicles found as non-significant, the marketer need to use in a different manner considering revision of its communication message for each village and each city so as to generate more impact and coverage of target population.

The sales promotion schemes such as discount offers, credit facility at zero interest rate and discounts on redemption of Product Package or Wrapper is having an impact and act as an incentive for buying on rural and urban consumers respectively. But, it is important to note that these tools of sales promotion mix have short term influence and the significant result indicated that its impact was not found to be uniform on rural and urban consumers. Therefore, introducing sales promotion scheme need a periodical monitoring of each sales promotion scheme and at the same time marketers need to come out with unique schemes at different points of time to attract the buyers so that it increases the sales volume and satisfy the rational need of the rural and urban consumers respectively.

The relationships maintained by the dealers and shopkeepers and the past good experiences of the customers' with them plays a vital role in influencing the intention of the rural and urban consumers while choosing a product or service. The marketers therefore need to focus on motivating the dealers for promoting their products

considering the specific needs of urban and rural consumers so as to influence their buying intentions.

The urban and rural consumers believe in references and suggestions given by the opinion leaders and influential people of their areas as well as the general perception about product performance and the brand as a whole prevailing in the society which is also having an impact on reinforcing their pre-dispositions about different products and services.

Therefore, the communication effort of the marketers need to be channelized on improving the overall brand image and positive word- of- mouth publicity. The marketers can also consider making the opinion leaders as brand ambassadors. Given that most brands having a relatively short history in rural India; word of mouth plays a much stronger role in brand building there than it does in urban markets. Engaging people with high standing in rural communities can reinforce key strategic messages consistently and emphatically. In general, credible third parties speaking for the company can help win market share without requiring additional marketing spending.

The marketers need to focus on promoting the products and services by conducting and sponsoring such public events as they play a significant role in influencing the buying intentions of the rural consumers. Further, the marketers' should adopt a Glocal approach that is a local touch with a global perspective so as to attract and retain such consumers. The marketers must strive for excellence by implementing such novel strategies to serve rural consumers and drawing on a deep understanding of consumers' cultures and needs. It will enable the marketer to build a comprehensive, multidimensional picture of target segments. The marketers by conducting such events as Rural 'Haats', 'Melas' & 'Fairs/Exhibitions', participation in events and religious activities and sponsoring events such as cricket matches, beauty contests, etc. will be able to reach these rural customers as it promotes the understanding the cultural, economic and demographic dimensions that define these rural consumers.

The influence of attractive colorful packaging, safety of products in the container and packaging and attractive and informative labels leads to ease and convenience of the typical rural consumers. It will also help the marketer to catch the attention of the rural and urban consumers through proper display of merchandise at the point of purchase. The catchy labels in the local language will act as an additional support for targeting the rural consumers specifically as it facilitates fast and easy understanding and comprehension of the products and justify their choice. The significant results of



the research study highlighted the fact that influences of advertisement through Internet and mobile phone messages on selected rural respondents had only a less impact whereas its impact is high in case of urban respondents. Thus, marketers must conduct research to approach only those rural consumers who regularly use the internet and refer the promotional messages sent to mobile phone while making a choice of the product. The marketers must consider it as an imperative to explore SMS feature of mobile communication and use of internet for promotional and advertising purposes. Specifically, it is imperative of having adequate analysis of demographic variables of mobile phone users before sending SMS to them, and seeking their consent probably through voice call. The promotional messages that will be sent to a mobile phone user per day should be determined in terms of frequency, time and analysed demographic details.

### **Concluding remarks**

The marketers are operating their business in the era of competition and therefore understanding the consumers in terms of their needs, media habits and behaviour patterns is a necessity. The needs and preferences of consumers are changing continuously due to changes in demographic and lifestyle factors.

Understanding the needs of consumer results into development of right product but communicating about product plays an important role for creating the demand and requires the knowledge of media habits of target customers.

As the rural areas are scattered and it is next to impossible to ensure the availability of a brand all over the country and to get idea about media habits of rural population. An attempt in this research study was made to understand media habits and influence of promotional efforts on buying decisions of urban and rural consumers. Its findings gives idea that urban consumers most preferred newspaper was Gujarat Samachar and Times of India whereas Sandesh and Divyabhaskar were found as most preferred newspapers among selected rural consumers. Similarly the varied response was found for preferences for TV channels and Radio channels amongst rural and urban consumers. The use of particular media for communicating promotional messages need careful consideration of media habits of rural and urban consumers and accordingly the strategies for communication should be formulated, altered and changed. The need for conducting research on

understanding media habits becomes necessary in an environment of changing role of media in today's business. The use of media in rural areas needs special efforts on the part of marketer as most preferred media in rural area includes advertisement through TV, wall paintings, hoardings, buses and mobile vans, use of local brand ambassadors, most preferred sales promotion schemes like discounts offers, and in terms of word of mouth the opinion of friends and relatives as well as influential persons opinion is important.

The sponsorship of events like 'Hari Katha', 'contest', cricket matches; melas, and fairs plays an important role in rural areas. The emergence of rural market as a viable proposition has sparked a new interest among marketers to explore and understand them. Whether a company is planning to enter India's rural markets or trying to expand its existing business there, success will require a well thought out approach, a long-term vision and innovative media management tactics for maximizing revenues and minimizing costs. Companies will also need to target the right consumer segments and adopt novel approaches to reach them, acquire them and retain them. Exceptional leadership support vision and a commitment to making the necessary investments to grow the rural business will also prove critical. Localization and Collaboration will play a central role as well. To expand their reach while optimizing resources, companies will have to pursue non-traditional partnerships, even with competitors, and work with local organizations as channel partners to capture scale opportunities early on. After all, competitive pressures will only intensify in the years to come.

By embracing fresh ways to reach, acquire and retain India's rural consumers, companies can tap into these markets in ways that protect their margins and grow their revenue thereby accelerating their pursuit of high performance. Organizations often make the mistake of treating rural consumers as a homogeneous market and offer them the same value proposition they offer to urban markets. These value propositions usually focus on a product's functional benefits and pay little attention to how the product meets the unique needs and wants of specific rural customer segments. Given the strong social fabric in rural areas and the pivotal role that fabric plays in influencing purchase decisions, companies must integrate into its promotional and marketing efforts. Only then can they successfully promote their products and establish credibility. By identifying and engaging the right media influencers, companies can shape rural customers' perceptions of their business and offerings and build up a repository of local market knowledge. Smart use of

influencers and media mix can become a powerful means for boosting brand image and customer satisfaction. Over the next few years, various new approaches will emerge. Companies will have to look for new media models to harness this opportunity in ways that protect their margins while growing in terms of revenue and reach. Speed will be important, but so will be planning and then executing on the plan with regular recalibration.

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**APPENDIX**

**Table Number: 01:**

**Table Showing Summary of Indicators and Reliability Alpha Score**

Sr. No.	Grouped Indicator Items	Cronbach's Alpha Coefficient
01	Advertisement through Different Medias	<b>0.704</b>
02	Sales Promotion	
03	Dealer Promotion	
04	Word of Mouth	
05	Sponsored Events	
06	Attractive Packaging	
07	Internet	
08	Mobile Message	

**Table Number: 02:**

**Profile of Selected Urban and Rural Consumers**

Sr. No.	Selected Background Variables of Selected Respondents		City or Rural Area (Number and Percentages of Selected Respondents)		
			Urban Area	Rural Area	Total
<b>01</b>	<b>Gender</b>	Males	15 (14.0)	92 (86.0)	107 (100.0)
		Females	91 (86.7)	14 (13.3)	105 (100.0)
<b>02</b>	<b>Age Group</b>	Up to 30	83 (66.9)	41 (33.1)	124 (100.0)
		31 to 50	16 (21.9)	57 (78.1)	73 (100.0)
		Over 50	7 (46.7)	8 (53.3)	15 (100.0)
<b>03</b>	<b>Educational Qualification</b>	Under Graduate	4 (03.9)	100 (96.1)	104 (100)
		Graduate	73 (93.6)	5 (06.4)	78 (100.0)
		Post-Graduate	29 (96.7)	1 (03.3)	30 (100.0)
<b>04</b>	<b>Occupation</b>	Service	25 (89.3)	3 (10.7)	28 (100.0)
		Business	0 (00.0)	31 (100.0)	31 (100.0)
		House Maker	2 (100.0)	0 (00.0)	2 (100.0)
		Student	79 (84.9)	14 (15.1)	93 (100.0)
		Farmer	0 (00.0)	58 (100.0)	58 (100.0)
<b>05</b>	<b>Monthly Family Income</b>	Up to Rs. 5,000	8 (15.4)	44 (84.6)	52 (100.0)
		Rs. 5,001 to 10,000	22 (37.3)	37 (62.7)	59 (100.0)
		Rs. 10,001 to 20,000	43 (69.4)	19 (30.6)	62 (100.0)
		Above 20,000	33 (84.6)	6 (15.4)	39 (100.0)

**Table Number: 03:**

**Table Showing News Papers Reading Habits of the Consumers**

Sr. No.	Name of the News Papers	City or Village (Reading News Paper)		City or Village (Not-Reading News Paper)	
		(Number and Percentages of Selected Respondents)			
		Urban Area	Rural Area	Urban Area	Rural Area
01	Times of India	34 (58.6)	24 (41.4)	72 (46.8)	82 (53.2)
02	Gujarat Samachar	48 (61.5)	30 (38.5)	58 (43.3)	76 (56.7)
03	DivyaBhaskar	30 (46.9)	34 (53.1)	76 (51.4)	72 (48.6)
04	Sandesh	35 (41.2)	50 (58.80)	71 (55.9)	56 (44.1)

Table Number: 04:

Table Showing TV Watching Habits of the Consumers

Sr. No.	Name of the TV Channel	City or Village (Watching TV Channel)		City or Village (Not-Watching TV Channel)	
		(Number and Percentages of Selected Respondents)			
		Urban Area	Rural Area	Urban Area	Rural Area
01	Star Plus	81 (55.9)	64 (44.1)	25 (37.3)	42 (62.7)
02	Colours	81 (55.9)	64 (44.1)	25 (37.3)	42 (62.7)
03	Music Channels	89 (58.2)	64 (41.8)	17 (28.8)	42 (71.2)
04	Life OK	77 (54.6)	64 (45.4)	29 (40.8)	42 (59.2)
05	Cinema/Movies	57 (53.3)	50 (46.7)	49 (46.7)	56 (53.3)
06	Sab	66 (52.8)	59 (47.2)	40 (46.0)	47 (54.0)
07	Sony	75 (56.0)	59 (44.0)	31 (39.7)	47 (60.3)
08	Door Darshan	75 (55.6)	60 (44.4)	31 (40.3)	46 (59.7)
09	Discovery	73 (54.1)	62 (45.9)	33 (42.9)	44 (57.1)
10	ETV Gujarati	77 (55.8)	61 (44.2)	29 (39.2)	45 (60.8)
11	Sports	72 (55.0)	59 (45.0)	34 (42.0)	47 (58.0)

Table Number: 05:

Table Showing Radio Channel Listening Habits of the Consumers

Sr. No.	Name of the Radio Channel	City or Village (Listening Radio Channel)		City or Village (Not-Listening Radio Channel)	
		(Number and Percentages of Selected Respondents)			
		Urban Area	Rural Area	Urban Area	Rural Area
01	Mirchi	60 (60.6)	39 (39.4)	46 (40.7)	67 (59.3)
02	Radio City	16 (35.6)	29 (64.4)	90 (53.9)	77 (46.1)
03	Vividh Bharti	13 (27.1)	35 (72.9)	93 (56.7)	71 (43.3)
04	RED FM	16 (35.6)	29 (64.4)	90 (53.9)	77 (46.1)
05	BIG	60 (60.6)	39 (39.4)	46 (40.7)	67 (59.3)

Table Number: 06:

Table Showing the Overall Satisfaction from purchase decision based on information and influence of media vehicle preferred by the Consumers

Sr. No.	Overall Satisfaction/ Dissatisfaction	City or Village (Listening Radio Channel)		Total
		Urban Area	Rural Area	
		(Number and Percentages of Selected Respondents)		
01	Dis-satisfied	7 (35.0)	13 (65.0)	20 (100.0)
02	Somewhat Satisfied	29 (64.4)	16 (35.6)	45 (100.0)
03	Satisfied	68 (50.4)	67 (49.6)	135 (100.0)
04	Highly Satisfied	2 (16.7)	10 (83.3)	12 (100.0)

**Table No. 07:**  
**Table Showing the Results of Z Test Considering Influences of Advertisement on Selected Rural and Urban Consumers**

Selected Criteria (Advertisement)	Urban Consumers Selected as Sample		Rural Consumers' Selected as Sample		Calculated Value of Z Test	Critical Value at 5 Per cent of Significance	Result (Significant or Not Significant)
	Mean	Standard Deviations	Mean	Standard Deviation			
Newspapers	3.55	1.353	3.08	0.847	3.964	1.96	S
TV ADS	3.63	1.237	3.61	0.823	0.170	1.96	NS
Wall Paintings	2.47	0.988	3.77	0.854	13.378	1.96	S
Hoardings	3.12	1.144	3.56	0.782	-4.202	1.96	S
Buses & Vehicles	2.83	1.142	2.93	0.897	-0.959	1.96	NS
Radio Channels	3.50	1.189	2.46	0.978	9.044	1.96	S
Mobile Vans with Announcement Systems	2.82	1.161	4.12	0.963	11.577	1.96	S
Local Brand Ambassadors	2.92	1.002	4.26	0.979	12.832	1.96	S
Local Languages	3.14	1.320	4.54	0.733	12.410	1.96	S

**Note: NS Not Significant, S= Significant**

**Table No. 08:**  
**Table Showing the Results of Z Test Considering Influences of Sales Promotion on Selected Rural and Urban Consumers**

Selected Criteria (Advertisement)	Urban Consumers' Selected as Sample		Rural Consumers' Selected as Sample		Calculated Value of Z Test	Critical Value at 5 Per cent of Significance	Result (Significant or Not Significant)
	Mean	Standard Deviations	Mean	Standard Deviation			
Advertisements through Sales Promotion & Discount Offers	3.05	1.158	3.92	0.880	-8.092	1.96	S
Advertisements by offering Additional Unit or Quantity	3.26	1.081	3.18	0.964	0.787	1.96	NS
Advertisements by offering Credit Facility & Zero Interest Rate	3.11	1.340	1.92	1.144	9.050	1.96	S
Advertisements by Discounts on returning Product Package or Wrapper	3.52	1.259	2.62	1.055	7.319	1.96	S

Table No. 09:

Table Showing the Results of Z Test Considering Influences of Dealers' Promotion on Selected Rural and Urban Consumers

Selected Criteria (Advertisement)	Urban Consumers' Selected as Sample		Rural Consumers' Selected as Sample		Calculated Value of Z Test	Critical Value at 5 Per cent of Significance	Result (Significant or Not Significant)
	Mean	Standard Deviations	Mean	Standard Deviation			
Gifts from Dealer on purchase of products	3.66	1.294	3.37	0.695	2.672	1.96	<b>S</b>
Past good experiences with dealers	3.80	1.018	3.58	0.689	2.471	1.96	<b>S</b>

Table No. 10:

Table Showing the Results of Z Test Considering Influences of Word of Mouth on Selected Rural and Urban Consumers

Selected Criteria (Advertisement)	Urban Consumers' Selected as Sample		Rural Consumers' Selected as Sample		Calculated Value of Z Test	Critical Value at 5 Per cent of Significance	Result (Significant or Not Significant)
	Mean	Standard Deviations	Mean	Standard Deviation			
Suggestions from Friends & Relatives	4.06	0.791	3.92	0.880	1.497	1.96	<b>NS</b>
Suggestions from Influential People in that area	3.32	1.321	4.06	0.954	-6.059	1.96	<b>S</b>
General Perception about Product Performance	3.56	1.235	3.06	1.031	4.169	1.96	<b>S</b>

Table No. 11:

Table Showing the Results of Z Test Considering Influences of Marketers' Sponsored Events on Selected Rural and Urban Consumers

Selected Criteria (Advertisement)	Urban Consumers' Selected as Sample		Rural Consumers' Selected as Sample		Calculated Value of Z Test	Critical Value at 5 Per cent of Significance	Result (Significant or Not Significant)
	Mean	Standard Deviations	Mean	Standard Deviation			
Advertisements in Rural 'Haats', 'Melas' & 'Fairs/Exhibitions'	2.90	1.234	4.40	0.973	-12.808	1.96	S
Participation in Events & Religious Activities	2.91	1.306	4.12	1.021	-9.851	1.96	S
Sponsoring Events such as cricket matches, beauty contests, etc.	3.00	1.352	3.98	0.743	-8.531	1.96	S

Table No. 12:

Table Showing the Results of Z Test Considering Influences of Attractive Packaging on Selected Rural and Urban Consumers

Selected Criteria (Advertisement)	Urban Consumers' Selected as Sample		Rural Consumers' Selected as Sample		Calculated Value of Z Test	Critical Value at 5 Per cent of Significance	Result (Significant or Not Significant)
	Mean	Standard Deviations	Mean	Standard Deviation			
Advertisements through influence of Attractive Colourful Packaging	3.05	1.230	3.46	0.783	-3.820	1.96	S
Advertisements through influence of Safe Packaging	3.65	1.113	3.49	0.886	1.512	1.96	S
Product Labels in Local Languages	3.10	1.077	4.19	1.172	-9.144	1.96	S



**Table No. 13:**

**Table Showing the Results of Z Test Considering Influences of Advertisement through Internet and Mobile Messages on Selected Rural and Urban Consumers**

<b>Selected Criteria (Advertisement)</b>	<b>Urban Consumers' Selected as Sample</b>		<b>as Rural Consumers' Selected Sample</b>		<b>Calculated Value of Z Test</b>	<b>Critical Value at 5 Per cent of Significance</b>	<b>Result (Significant or Not Significant)</b>
	<b>Mean</b>	<b>Standard Deviations</b>	<b>Mean</b>	<b>Standard Deviation</b>			
Advertisements on Internet	3.43	1.104	2.35	1.295	8.553	1.96	<b>S</b>
Advertisements on Mobile Phones	3.25	1.265	2.38	1.261	6.590	1.96	<b>S</b>

# Credibility Governance Model of Managing Non-Profit Organization through a Case Study of NGO of Blind People's Association

Jayrajsinh Jadeja, Kedar Shukla

## Abstract

Post 'Satyam' to 'Maytas' fraud case, Corporate Governance has remained a growing serious concern and has been discussed and debated a lot in to the corporate magazines as well as management academics. For the stock market listed companies with having a prime motive of the being in to the business 'to make profits' financial governing and regulatory institutions like Reserve Bank of India (RBI), SEBI (Security Exchange Board Of India), NSE (National Stock Exchange) etc. have undertaken a marathon measures to regulate the financial irregularities on the one hand and on the other hand organizations also have taken a necessary steps to build the moral binding and ethical organizations through the organizational development activities. Therefore the governance management of Non Profit Making organizations also have the different set of the issues and concerns as well as the challenges.

## Introduction

Less than 35 kilometers from the centre of Ahmedabad lies the dusty town of Motera, now made famous by one of India's best known spiritual gurus, self-styled philosopher and friend to the rich and the powerful known as Asaram Bapu, and his son Narayan Sai. Nearly 42 years ago, a developing friendship with the powers that be in Gujarat earned, the son a coal and wood seller, 10 acres of fertile agricultural land. The land did not come to him all at once, it accumulated over the years as friendships strengthened, set up a small ashram on the land, the first of over 400 ashrams that exist today across the world. He formed a non profit sector organization under the trust constitution, finally came under a scan with the charges of financial fraud, encroachment of lands, selling illegal medicines, and sexual assaults. The negative social impact of such occurrence is far more dangerous for the society than the only financial fraud cases of corporate governance in the corporate world. Operations of Corporate world are far more observed and scanned by many Governance mechanism but the fraud cases of Non profit organizations are socially dangerous and need to be addressed with very high attention.

The problem of corporate governance has been a conspicuous item on the agenda of public reform in recent years. Most of that attention has been focused on business corporations. But nonprofit firms have attracted attention as well. The cases like above mentioned are clear evidence that the current mechanism of the regulation is not the only solution and need the reforms to regulate the non profit sectors. Some of this has been drawn by scandals, the most conspicuous of which actually preceded the Enron-era scandals of the business sector – such as the scandalous behavior of William Aramony, CEO of United Way, and of Peter Diamantopoulos, President of Adelphi University etc from the western world. Some of the attention has also been drawn by the numerous conversions of nonprofit hospitals, insurance companies, temples etc. for-profit status, which often resulted in a large fraction of the institution's value being captured by the for-profit acquirer.

In the present research paper it has been attempted to understand key Governance issues of managing non profit sector in India and at the end, through the case study of Blind People's Association, an attempt has been made to build 'Credibility Governance' model as a solution to the key issues and challenges of Corporate Governance of Non Profit organizations in India.

## Research Objectives

To understand the scope nature and functions of Non Profit Making Organization in India

To understand Governance challenges in Non Profit Organization

To understand the Good Governance practice through a case study of Blind People Association's case.

## Research Methodology

To understand the functions and operations of the Nonprofit organization, secondary data review has been carried out, and the same has been also collected from the literature. Financial and audit reporting practices have been studied for the understanding of the legal aspect of the corporate governance for nonprofit organization in India. A case study method has been used to understand good governance practices of a Non-Profit Organization. A case of an NGO operating from Ahmedabad, Blind Peoples' Association has been referred for the understanding the key issues and challenges of the governance in NGO and attempt has been made to derive at the possible solution through the detailed analysis.

### **NPO (Non Profit Organizations) Or NGO (Non-Government Organizations )**

A nonprofit organization , NPO ( as stated in the US and UK), or not-for-profit organization (UK, India and Others), often called an NPO or simply a nonprofit and non-commercial organization (Russia) , often called an NCO, is an organization that uses surplus revenues to achieve its goals rather than distributing them as profit or dividends.

While not-for-profit organizations are permitted to generate surplus revenues, they must be retained by the organization for its self-preservation, expansion, or plans. NPOs have controlling members or boards. Many have paid staff including management, unpaid volunteers and even executives who work with or without compensation (occasionally nominal). Where there is a token fee, in general, it is used to meet legal requirements for establishing a contract between the executive and the organization. Designation as a nonprofit does not mean that the organization does not intend to make a profit, but rather that the organization has no owners and that the funds realized in the operation of the organization will not be used to benefit any owners. The extent to which an NPO can generate surplus revenues objectives and goals.

Some NPOs may also be a charity or service organization; they may be organized as a not-for-profit corporation or as a trust, a cooperative, or they exist informally. A very similar type of organization termed a supporting organization operates like a foundation, but they are more complicated to administer, hold more favorable tax status and are restricted in the public charities they support. Their goal is not to be successful in terms of wealth, but in terms of giving value to the groups of people they administer to.

## Functions and Governance of NPO or NGO

NPOs or NGOs have a wide diversity of structures and purposes in India. For legal classification, there are, nevertheless, some elements of importance:

- Economic activity.
- Supervision and management provisions.
- Representation.
- Accountability and auditing provisions.
- Provisions for the amendment of the statutes or articles of incorporation.
- Provisions for the dissolution of the entity.
- Tax status of corporate and private donors.
- Tax status of the foundation.

Some of the above must be, in most jurisdictions, expressed in the charter of establishment. Others may be provided by the supervising authority at each particular jurisdiction.

While affiliations will not affect a legal status, they may be taken into consideration by legal proceedings as an indication of purpose. Most countries have laws which regulate the establishment and management of NPOs, and which require compliance with corporate governance regimes. Larger organizations are required to publish their financial reports detailing their income and expenditure publicly. In many aspects they are similar to corporate business entities though there are often significant differences. Both not-for-profit and for-profit corporate entities must have board members, steering committee members, or trustees who owe the organization a fiduciary duty of loyalty and trust. A notable exception to this involves churches, which are often not required to disclose finances to anyone, including church members.

In India, NPOs are known commonly as Non-Governmental Organizations (NGOs).

They can be registered in three main ways:

### 1. Trust

The public charitable trust is a possible form of not-for-profit entity in India. Typically, public charitable trusts can be established for a number of purposes, including the relief of poverty, education, medical relief, provision of facilities for recreation, and any other object of general public utility. Indian public trusts are generally irrevocable. No national law governs public charitable trusts in

India, although many states (particularly Maharashtra, Gujarat, Rajasthan, and Madhya Pradesh) have Public Trusts Acts.

## 2. Society

Societies are membership organizations that may be registered for charitable purposes. Societies are usually managed by a governing council or a managing committee. Societies are governed by the Societies Registration Act 1860, which has been adapted by various states. Unlike trusts, societies may be dissolved. Societies are governed by the Societies Registration Act 1860, which is an all-India Act. Many states, however, have variants on the Act.

Societies are similar in character to trusts, although there are a few essential differences. While only two individuals are required to form a trust, a minimum of seven individuals are required to form a society. The applicants must register the society with the state Registrar of Societies having jurisdiction in order to be eligible to apply for tax-exempt status.

## 3. Section-25 Company

A section 25 company is a company with limited liability that may be formed for "promoting commerce, art, science, religion, charity or any other useful object," provided that no profits, if any, or other income derived through promoting the company's objects may be distributed in any form to its members.

The Indian Companies Act, 1956, which principally governs for-profit entities, permits certain companies to obtain not-for-profit status as "section 25 companies." A section 25 company may be formed for "promoting commerce, art, science, religion, charity or any other useful object." A section 25 company must apply its profits, if any, or other income to the promotion of its objects, and may not pay a dividend to its members. At least three individuals are required to form a section 25 company. The founders or promoters of a section 25 company must submit application materials to the Regional Director of the Company Law Board. The application must include copies of the memorandum and articles of association of the proposed company, as well as a number of other documents, including a statement of assets and a brief description of the work proposed to be done upon registration.

The internal governance of a section 25 company is similar to that of a society. It generally has members and is governed by directors or a managing committee or a governing council elected by its members.

Like a society (but unlike a trust), a section 25 company may be dissolved. Upon dissolution and after settlement of all debts and liabilities, the funds and property of the company may not be distributed among the members of the company. Rather, the remaining funds and property must be given or transferred to some other section 25 company, preferably one having similar objects as the dissolved entity.

The following laws or Constitutional Articles of the Republic of India are relevant to the NGOs:

- Articles 19(1) (c) and 30 of the Constitution of India
- Income Tax Act, 1961
- Public Trusts Acts of various states
- Societies Registration Act, 1860
- Section 25 of the Indian Companies Act, 1956
- Foreign Contribution (Regulation) Act, 1976

## India's Tax Laws with Reference to the NPO or NGO investments

India's tax laws affecting NGOs are similar to the tax laws of other Commonwealth nations. These laws may have some impact on U.S. grant makers, and thus are summarized here. India provides for exemption from corporate income taxes of the income of certain NGOs carrying out specific types of activities, with unrelated business income being subject to tax under certain circumstances. India also subjects certain sales of goods and services to VAT, with a fairly broad range of exempt activities. The rates range from 4 percent to 12 percent, with most goods and services taxed at 12 percent.

The income tax law and the corporate tax law provide tax benefits for donors, and these may be relevant to an American corporation doing business in India in deciding whether to engage in direct corporate grant making in India. The existence of a double taxation treaty between India and the United States may also affect gift planning decisions of U.S. corporate grant makers doing business in India.

Finally, not-for-profit organizations involved in relief work and in the distribution of relief supplies to the needy are 100% exempt from Indian customs duty on the import of items such as food, medicine, clothing and blankets.

Key Governance Issues in Managing Non Profit Sector

The problems in the nonprofit and for-profit sectors are rather similar: self-dealing by those in control, and managerially that leads to unresponsiveness. But the legal strategies that are used to control problems of corporate governance in the nonprofit sector are strikingly different from those used to police corporate governance in business corporations. The regulatory policies for the financial corporations are mainly Reserve Bank of India (RBI) and the active bodies for act as the controlling agents are Security Exchange Board of India (SEBI), Where for Non Profit Organizations are governed by Reserve Bank of India and Banking transactions. Another problem in Governance of Nonprofit organizations (specifically of spiritual trust) are large sum of donations in cash, which needs a strong controlling mechanism and has a high probability of towards to the financial irregularities and fraud, In USA for nonprofit corporations, everything is very different. First, the relevant law is largely federal law rather than state law. Although all states have nonprofit corporation statutes, they're largely unimportant. Rather, the real corporate law of nonprofits is found in the federal tax code, which contains extensive provisions concerning nonprofit corporate governance. Second, as benefits a tax code, the law takes the form of detailed statutory provisions that are refined over time, not through judicial decisions, but through detailed rules and regulations issued by the IRS, or adopted by the Congress as statutory amendments. Third, and finally, the law is enforced, not by private lawsuits, but by suits brought by government prosecutors and in particular by the IRS, in Indian legal system it has been widely followed by UK legal systems and major amendments are needed.

In India public charitable trusts, as distinguished from private trusts, are designed to benefit members of an uncertain and fluctuating class. In determining whether a trust is public or private, the key question is whether the class to be benefited constitutes a substantial segment of the public. There is no central law governing public charitable trusts, although most states have "Public Trusts Acts." Typically, a public charitable trust must register with the office of the Charity Commissioner having jurisdiction over the trust (generally the Charity Commissioner of the state in which the trustees register the trust) in order to be eligible to apply for tax-exemption.

Public charitable trusts must benefit a large class of beneficiaries and must be for the public benefit. Moreover, trustees of public charitable trusts may not engage in self-dealing. Despite the clear charitable intent of a public charitable trust, absent a provision in the trust deed specifically prohibiting private inurement, it is unclear whether public

charitable trusts satisfy the prohibition on private inurement in specified code section 501(c)(3).

The Societies Registration Act 1860 does not prohibit the inurement of any earnings of the society to any private shareholder or individual. The Indian Companies Act, 1956, section 25 specifically provides that no profits, if any, or other income may be distributed by way of dividends to its members.

The governance of societies also differs from that of trusts; societies are usually managed by a governing council or managing committee, whereas trusts are governed by their trustees.

Individuals or institutions or both may be members of a society. The general body of members delegates the management of day-to-day affairs to the managing committee, which is usually elected by the membership. Members of the general body of the society have voting rights and can demand the submission of accounts and the annual report of the society for inspection. Members of the managing committee may hold office for such period of time as may be specified under the bylaws of the society.

Societies, unlike trusts, must file annually, with the Register of Societies, a list of the names, addresses and occupations of their managing committee members. Furthermore, in a society, all property is held in the name of the society, whereas all of the property of a trust legally vests in the trustees. Unlike trusts, societies may be dissolved. Dissolution must be approved by at least three-fifths of the society's members. Upon dissolution, and after settlement of all debts and liabilities, the funds and property of the society may not be distributed among the members of the society. Rather, the remaining funds and property must be given or transferred to some other society, preferably one with similar objects as the dissolved entity.

The internal governance of a section 25 company is similar to that of a society. It generally has members and is governed by directors or a managing committee or a governing council elected by its members.

### **A Case Study of Good Governance of Blind People Organization (BPA)**

#### **About BPA**

BPA has been founded by Blind visionary Physiotherapist Mr. Jagdishbhai Patel. From one small room in the old city area of Ahmedabad, India. BPA has now 11 campuses in Gujarat, with theirheadquarter and largest site in Ahmedabad,

India. Each location provides unique services, including a boarding school for students with multiple disabilities, a charity shop selling wares made by vocational training students and an eye hospital where cataract surgeries are performed at no charge to the patient. BPA now works with Blind, Persons with low vision, deaf, deaf blind, mentally retarded, multiply disabled, mentally ill, physically handicapped & aged. BPA's campuses cover around 400 students, trainees and rehabilitees - from tiny tots to the aged people. BPA also reaches to thousands of people in the community through home based programmes. BPA provides Educational, Vocational and Health services to people with disabilities across the state of Gujarat. Operations of BPA India has been lead by Mr. Bhushan Punani, Executive Director, graduated from Indian Institute of Management since long.

**Mission**

BPA India's Mission is "Promoting comprehensive rehabilitation of persons with all categories of disabilities through education, training, employment, community based rehabilitation, integrated education, research, publications, human resource development and other innovative means."

The Blinds, Deaf, Mentally Retarded, Orthopaedically Impaired, Mentally Ill, Multiple

Disability, Aged peoples etc. are covered under mission of BPA

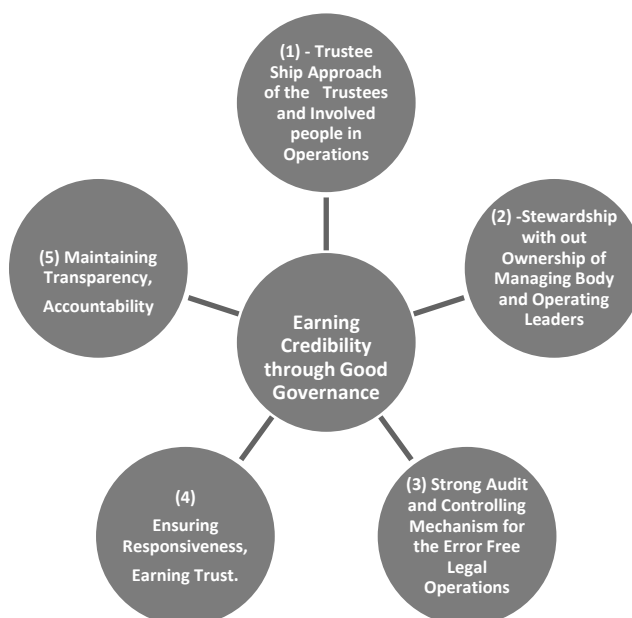
**Work Area of BPA India.**

BPA works for the following areas of concerns and the social challenges,

Providing services for persons from all categories of disabilities, To empower and encourage the disabled to be self-reliant , Encouraging human capital and development of research in the field of disabilities, Innovation in education and training for disabled, Disabled- Production training in simulated industrial settings , Production and free distribution of assistive devices like crutches, calipers, wheelchairs, mobility devices etc. Prevention of blindness and disability like cataract and polio surgery, Services for the aged in the slums of Ahmedabad , Services for the mentally retarded, mentally ill , Services for the multiply disabled and deaf blind, Community based rehabilitation services for the disabled in villages all over Gujarat, Education of disabled children with normal children all over Gujarat.

The Blinds, Deaf, Mentally Retarded, Orthopaedically Impaired, Mentally Ill, Multiple Disability, Aged peoples etc. are covered under mission of BPA.

**Philosophy of Corporate Governance at BPA.**



Source:

1.Presentation By Mr. Bhushan Punani , Executive Director , BPA ; at International Conference held at Gujarat Technological University , Ahmedabad ; 14th and 15th March 2014.

2. Website : [www.bpaindia.org](http://www.bpaindia.org)

Trustees and The Operating Heads Believes in the Philosophy of Good Governance Based on the Five important Principles at BPA , and they believes that the key growth driver of the organization across all phases from one room institute to the current state is the strong philosophy of the governance and credibility. The important dimensions they feel are,

#### 1. Trusteeship Approach

Essentially it means by Trusteeship approach is; "For managing charities, Trustee - holds property in trust believing trusteeship that is nothing but law of God to human society & institutions."

At BPA they attempt to ensure that the Trustees operates Not for private profit, but for greatest good of all , Trusts and Societies Laws adopted concept of Trusteeship and Each Trustee responsible for proper management of properties as well as program.

#### 2. Stewardship without Ownership of Managing Body and Operating Leaders

At BPA it is strongly ensured that no Trustee is an owner or beneficiary of Trust and having responsibility of managing activities properly without causing "Loss to the Trust". They are performer as merely custodians and caretakers of Trust

#### 3. Strong Audit and Controlling Mechanism for the Error Free Legal Operations

To ensure adequate, appropriate & prudent use of financial, material, intangible and human resources , in the best manner as well as an error free mechanism BPA goes beyond the regulatory requirements and have been ensuring that the data and records are maintained properly to enhance credibility by evolving and observing accounting procedures, disclosure standards , monitoring mechanisms etc. They have introduced the procedures in respect of extent of accountability, transparency, responsiveness, inclusiveness, effectiveness and participation of stakeholders.

#### 4. Ensuring Responsiveness, For Earning Trust.

BPA attempts to act responsive always in serving stakeholders within a reasonable timeframe, ensuring accountability of activities and accounts, Adopting maintaining adequate standards of accountability and ensuring of Projecting all activities to reflect that accountability.

#### 5. Maintaining Transparency and Accountability

Emphasis has been made to maintain transparency of activities, programs, appointments, payments, compensations, reimbursements, salaries, financial transactions, purchases, sales, receipts and payments through online details at BPA. BPA does ensure they include information in Annual Report and publications display material Summary of financial statements, with the details of accountability of an individual

#### Highlights of the Key Operating Decisions of Governance Practices at BPA India.

- To ensure complete transparency & accountability of all activities.
- Following disclosure policy as per Give India norms
- Uploading contributions, donations & grants on website
- Making all major purchases public by displaying details on website
- Displaying names of 5 major donors of month and 5 major donors of the year
- Issuing receipts on the spot for all donations and contributions
- Displaying names of volunteers on the website
- Depositing all the cash, cheques, drafts and other
- Making all payments through "account payee" cheques
- Releasing salaries, remunerations, reimbursements through bank transfer
- Public access to all the accounting entries,
- All bulk purchases s directly from the manufacturers or authorized dealers
- Unrestricted access to financial statements
- Regular and timely filing of returns to statutory departments & authorities
- Coverage of all the regular staff under EPF
- Payment of all salaries to regular staff as per 6th Pay Commission.
- Issuing of 16 A Certificates as per Income Tax Act to all the staff

- Investment of all funds and endowments as per statutory provisions
- Following Government rules in respect of leaves for the employees strictly
- 3 Members of Managing Committee visit every day
- Convening of quarterly meetings of all Managing Committees
- Convening Annual General Meeting every year before 30th September
- Providing access to all the donors, visitors to all the departments
- Following provisions of Industrial Dispute Act in case of any dismissal, discharge or termination & appointments.
- Accounting of all the donations received even in kind

Source: Presentation by Mr. Bhushan Punani, Executive Director, BPA; at International Conference held at Gujarat Technological University, Ahmedabad; 14th and 15th March 2014.

### **Major Results and Achievements through Strong Governance Mechanism of BPA India**

Impact on Operating Funds and Operations Regularities

- It receives regular and uninterrupted grants from Government.
- Functional and result-oriented partnership with Government.
- 80 % donations are made by walk in donors
- Global Giving, second all over world for mobilizing highest resources within of 30 days.
- Regular contribution from 3 on-line websites
- Donation of land of 5 acres for eye hospital; 22 acres for inclusive education; 1 acre for disaster management and 1 acre for inclusive schools.
- Land for 3 campuses as revenue free land from Govt.
- 50 persons provide their voluntary services
- Contributions from Corporate sector under Corporate Social Responsibility is on increase
- Funding from international statutory sources is increasing

- Assets growth at 20% per annum over last two decades
- Investment growing at 10% every year for last 2 decades

### **Key Memberships Earned By BPA**

Treasurer: Credibility Alliance of India

Member: Steering Committee of Planning Commission

Member: Working Committee of Planning Commission

Member: National Law Drafting Committee on Disability Law

Member: Central Executive Committee of the National Committee on Disability Act

Regional Chairperson: Rehabilitation Council of India

Advisor: Artificial Limbs Manufacturing Corporation of India

Member: Advisory Committee: CIMS Hospital Foundation

Member: Advisory Committee: Swasthaya

Member: Gujarat Chamber of Commerce and Industries, CSR Committee

Source: [www.bpaindia.org](http://www.bpaindia.org)

### **Important Finding and Credibility –Governance Model of NGO Management**

BPA India, is NGO which has grown in both the dimensions i.e., it's income through donations and planned expenses for development of mankind, exponentially under all the economic conditions. Even during the phase of economic recession or growth during the last decade. It has managed to grow it's donation at a very impressive double digit growth rate during the tough economic conditions , in spite of there is a stiff competitiveness even among the NGOs and other social caused based organizations. The Good Governance has been revealed as one of the 'key success factor' for the growth. Form the case it has been understood that the Good Governance in the Non Profit Sector means, "Growth oriented consistent management , cohesive policies, guidance, processes right decision, with a special focuses on fiduciary responsibility of trustees with the clear understanding of the mission and whom the organization serves". Governance can be termed as good governance only if it is growing the funds



constantly , consistently with the trust of the stake holders and it also has been used effectively for the causes in the line of the 'mission' of the organization.

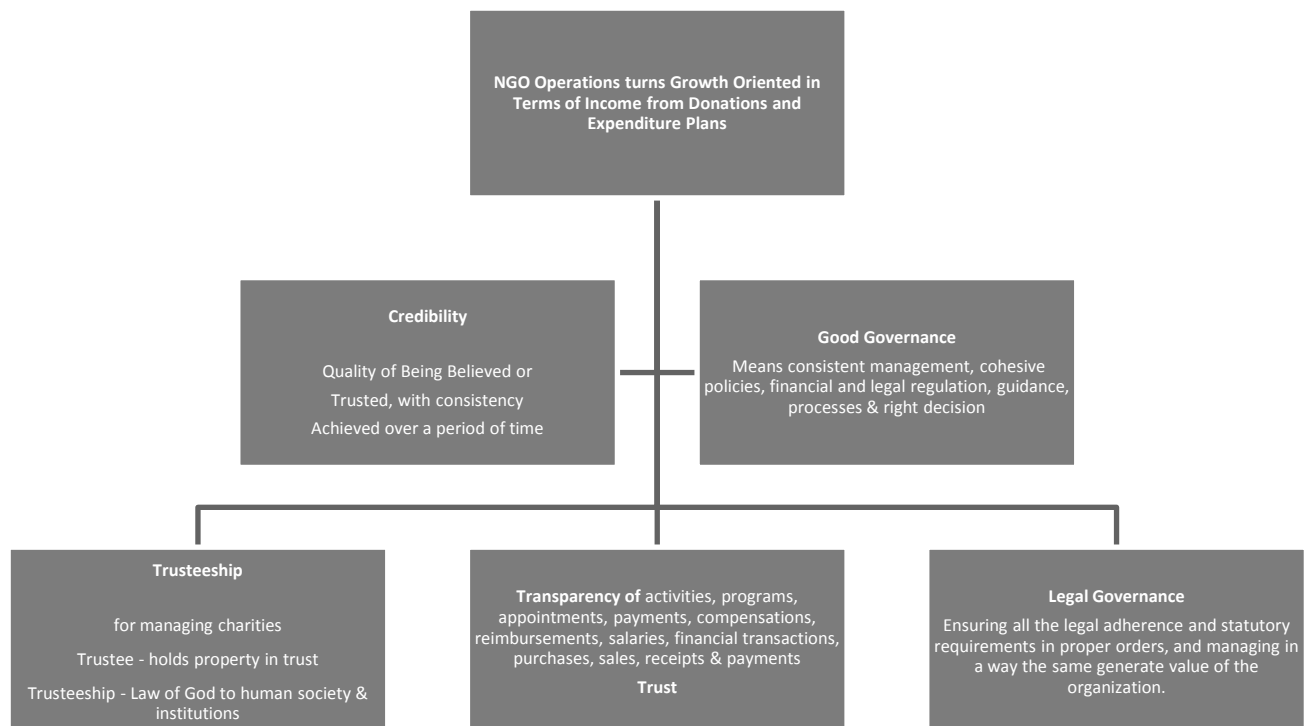
The relationship between Good Governance and Credibility is reversible, which means, Credibility is the result of Good Governance and Good Governance brings in the credibility for the organization specially the NGOs at the later stage. Credibility is nothing but 'being trusted' consistently for the long period of time. Credibility can be achieved through the 'Good Governance'. From the case and operating practices of BPA it is being concluded that, there are important three pillars of 'Good Governance' specifically with reference to an NGO are Trusteeship, Transparency and Legal Governance.

Trusteeship approach guides towards the ethical self-governance of the operating heads of the institution and to act them like a 'Trustee' of the funds and assets to optimize it's utilization towards

the best welfare. Along with that the Legal Governance pillar heads towards the performance of the organization under the legal bindings and frame work, and ensuring all the rules and regulations are followed strictly, to avoid any fraud or misshapeness. Transparency pillar suggest to go beyond the legal or judiciary requirements and winning confidence of stake holders by keeping information open and accessible for every one and maintaining all the records and procedures with extreme fairness so that trust association of the external and internal stakeholders is being maximized. Transparency will lead towards building 'trust'; trust will in turn leads to the building 'credibility'.

Good Governance will ensure credibility, and credibility will brings in funds and operation success as well as regularities and, again cycle will be continued towards the goal achievements as per the mission. Diagrammatic representation of the model has been shown below.

### Credibility – Governance Model of NGO Management



## Conclusion

This paper began by putting forth the premise that the management of non-profit organizations remains ill understood because our understanding of these organizations has not gone deep enough. We argued that the structural definition of the non-profit form still requires an explicit statement about the essential or distinctive features of this set of organizations. So is particular about non-profit organizations that would require special management models and techniques? Non-profit organizations are different from businesses not because they are simple, trivial organizations, but because they are more complex, having multiple bottom lines, they are in tendency also multiple organizations. The law and judiciary mechanism to control the operations of Non-Profit Organization has many limitations to regulate in India. As a result of the same there are many fraud cases as elaborated in the beginning of the research paper. Due to these fraud cases as well as known fact about the limitations and governance; many a times lead to doubt towards trustworthiness of NPOs. In the present paper the same has been seen as a challenge and managing Good Governance of NGO or NPO has concerned the authors. The challenge for management, then, is to develop models that identify these components, their cultures, goals and operating procedures in an effort to establish some coherence and identity between mission, activities and outcomes. The same has been attempted in the current paper with the help of the case study and the analysis of corporate governance practice of 'Blind Peoples Association (BPA India). The Credibility – Governance model having three important pillars of Trusteeship, Transparency, and Legal Governance has been developed after analyzing the practices, procedures and the achievements of the BPA India, which we believe that be will be helpful in the operations of NPO

and NGO as well as in managing good governance practices in the same.

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# A Study of Needs and Preferences of Rural Communities in Gujarat with respect to Wireline Broadband Services

P K Priyan, Kamal Kapoor

## Abstract

The adoption and usage of Information and Communication Technologies (ICTs) is changing the way people live and work. The Government of India has taken many policy initiatives to enable the rural population to share the fruits of information revolution. Yet the adoption of ICTs is excruciatingly slow. This paper analyses the needs and preferences of rural communities in Gujarat with respect to wireline Broadband services so as to identify the barriers to wireline Broadband subscription and to outline the possible policy interventions to overcome these barriers. The paper briefly describes the status of implementation of the Universal Service Obligation Fund's Rural Wireline Broadband Scheme in Gujarat. The informational needs of the target population are studied with a view to assess the gap between the needs and the USOF's Rural Wireline Broadband Scheme. The study also attempts to draw meaningful conclusions towards design and implementation of subsidy policies of USOF of India.

## Introduction

The Universal Service Obligation Fund (USOF) of India has implemented its Rural Wireline Broadband Scheme (RWBS) in all the states of India including Gujarat. The scheme aims at providing subsidized private and public access to wireline Broadband services to rural population. This scheme is a part of overall Universal Service Policy of Government of India which aims to bridge the Digital Divide so that the rural population can share the fruits of information revolution. The USOF has given subsidy support of thousands of crores to Universal Service Providers (USP) for providing wireline Broadband services under this scheme. However, the scheme seems to have limited impact (Jain 2012).

India is a developing country and can ill afford to allocate resources in a sub-optimal manner. In this context, it is necessary to analyze the needs and preferences of the target population in order to understand the barriers to adoption of Broadband services. This will also aid in drawing meaningful conclusions for better design and implementation of different USOF subsidized schemes including the Rural Wireline Broadband Scheme.

## Literature Review

It has been observed that too often Universal Service programs measure their success only on the dimension of teledensity. Teledensity measures can lead toward "line dumping" where operators and governments seek to meet teledensity targets regardless of the needs of specific locations, the commercial viability of service in those locations, and the needs of users in those locations (Ramirez & Richardson, 2005).

In recent times researchers have focused on assessing the impact of Universal Service policies on the lives and livelihoods of rural communities. The underlying assumption behind such studies is that if the goal of Universal Service policies and programs is, in fact to improve social and economic development, then there is a need to consider and review processes for selecting goals, objectives and measurement targets.

The notion of effective use has begun to emerge as an additional metric that goes beyond teledensity to address the extent to which people have access to the infrastructure and can put it to work in practical ways (Gurstein, 2003).

Gourova et al. (2001) observe that there is lack of consensus on how exactly to assess the impact of ICTs on the political, economic and social sphere.

ICTs permeate almost every aspect of society and life and their impact is usually assessed by looking at the way they are used, not how much they are used. Qualitative results instead of quantitative ones are required; this is a cause and effect relationship which cannot be expressed in hard numbers. There are soft barriers, processes and implications that cannot be isolated or pinpointed as individual entities.

Gomez and Martinez (2001) observe that there is evidence that the community and rural development potential of telecommunication services depends on much more than investments in infrastructure. The Digital Divide is not only about physical access to phone lines and computers, it is also about becoming aware of the potential values of telecommunication services, having access to training on a range of computer and information-related skills, and to having an occupation where the relevant uses for the technology yield added value or savings.

In the context of Broadband services, the World Bank Broadband Strategies Handbook observes that since Broadband is a platform used to access Internet content, applications, and services, and the relevance of such content offers an incentive to purchase a subscription. Conversely, the lack of cultural relevance could serve as a barrier to adoption (2012).

Alampay et. al, (2006) have evaluated the impact of different universal access models and state policies in ICTs on poor communities in Philippines. The same study proposed that the access to telecommunications and its use is a function of the effectiveness in the implementation of policies and strategies to make this possible. This issue of implementation can be analyzed at two levels. First is, at the policy implementation level, and second is, at the level of information needs of communities.

USOF in India commissioned and funded a study by Jain (2012) to analyze the socio-economic impact of subsidized Rural Wireline Broadband scheme. The study used the Cognition-Usage-Effect Cycle to study the effectiveness of Wireline Broadband Scheme.

### Research Gap

It can be concluded on the basis of literature review that empirical evidence on the needs and preferences of target population of different Universal Service policies and schemes in the Indian context is limited. This study aims to contribute to our present understanding of these crucial aspects related to Universal Service in the Indian context.

### Overview of Rural Wireline Broadband Scheme in Gujarat

This section presents a brief overview of the status of implementation of Rural Wireline Broadband Scheme in Gujarat.

#### Features of the Scheme

The key features of Rural Wire-line Broadband agreement signed between BSNL and USOF in 2009 are as under:

(i) Provision of subsidized wire-line Broadband services in 1988 rural exchanges of BSNL Gujarat Telecom Circle. A minimum speed of 512 Kbps has to be ensured.

(ii) Payment of Front Loaded Subsidy (FLS) and Equated Quarterly Subsidy (EQS) for 2 years by USOF to BSNL for providing wire-line Broadband connections. The FLS ranged from Rs. 4573/- to Rs. 5068/- and EQS ranged from Rs. 166/- to Rs. 184/-. Subsidy support was limited to 31 connections per Digital Subscriber Line Access Multiplexer (DSLAM). BSNL was also entitled to subsidy of Rs. 850/- for Consumer Premises Equipment (CPE) for up to 63 CPEs per DSLAM and Rs. 4500/- for Computers up to 31 connections per DSLAM. The aim of subsidy for Computers was to reduce the barrier of cost of Computers so as to promote subscription.

(iii) BSNL was not to charge customers towards installation, registration, security deposit for provision of Broadband connections up to 31 connections per DSLAM.

(iv) Provision of Kiosks with at least work station for internet browsing, Printer, Scanner, UPS, DG set and web camera. Kiosks have to provide public access to Broadband services like video chat, video conferencing, tele-medicine and tele-education. The hourly browsing charges are to be limited to Rs. 5/- per hour. USPs entitled to Equated Quarterly Subsidy for a period of 3 years. The EQS ranged from Rs. 19, 664/- to Rs. 21, 793/-. BSNL was free to adopt appropriate franchisee models so as to make the kiosks self-sustaining.

(v) BSNL was to give wide publicity to scheme by way of advertisements, road shows, banners, display boards, etc.

### 3.2 Status of Implementation

The Table 1 presents the status of implementation of the scheme in Gujarat.

**Table 1: Individual Broadband Connections under RWBS in Gujarat**

Q.E	No. of Connections at the beginning of the Quarter	No. of Connections added during the Quarter	No. of Connections permanently closed during the Quarter	No. of Connections at the end of Quarter
31-03-09	0	4867	21	4846
30-06-09	4853	2483	1455	5881
30.09.09	5876	2656	643	7889
31.12.09	7894	2305	752	9450
31.03.10	9456	4686	718	13424
30.06.10	13424	3145	1154	15415
30.09.10	15415	2515	1527	16402
31.12.10	17079	1697	871	17988
31.03.11	17256	1823	735	18298
30.06.11	18304	1367	722	18880
30.09.11	18431	1269	809	18891
31.12.11	18887	2201	766	19838
31.03.12	19861	2088	856	21093
30.06.12	28352	1600	548	29404
30.09.12	29404	2204	594	31014
31.12.12	31014	2536	445	33105
31.03.13	33105	3869	492	36482
30.06.13	36391	2410	1084	37717
30.09.13	37717	2811	1187	39341
31.12.13	39336	2660	823	41173
31.03.14	41169	2730	871	43028
30.06.14	43028	1746	2536	42238

Source: Reports of Controller of Communication Accounts, Gujarat

**Table 2: Loading of DSLAMs in Gujarat**

Sr No.	Number of Active Broadband Connections	Number of DSLAMs
1	0	183
2	1-10	955
3	11-31	499
4	32-63	208
5	Above 63	142
		<b>1987</b>

Source: Reports of Controller of Communication Accounts, Gujarat

It is evident that barely 42,000 individual Broadband connections are operational under the scheme although more than 4 years have elapsed since the scheme was rolled out in Gujarat. Another worrying feature has been the large number of disconnections in each quarter.

The Table 2 shows that the loading of rural DSLAMs i.e. number of active Broadband connections is very poor. Approximately 10% of DSLAMs had no active Broadband connections as on 31.3.2013 i.e. after 4 years of initiation of the scheme. About 50% DSLAMs had less than 10 active Broadband connections as on 31.3.2013.

USOF did not conduct any analysis of demand for Broadband services prior to implementation of the scheme. Poor loading after four years of implementation of the scheme indicates that there was need to have some additional criterion besides 'rural' nature of exchanges.

### Research Objectives

Identify the gaps between USOF's Rural Wireline Broadband Scheme and the needs and preferences of the target population in Gujarat.

Develop the concept of 'Universal Service' on the basis of field observations.

### Research Methodology and Data Sources

This study adopts an exploratory approach to study the needs and preferences of the target population in Gujarat with respect to wireline Broadband services. The study is based on primary as well as secondary sources of data. Primary Data of qualitative as well as quantitative nature was collected for the purpose of the study. Quantitative data was collected through field work in four telecom districts of Gujarat covering fifteen rural Telephone Exchanges. Data was collected from 200 individuals above 15 years of age through an Interviewer Administered Questionnaire. The data was collected on demographic profile, ownership

of assets, Broadband related preferences, usage of different channels of communication, perception about benefits, etc. Qualitative data was collected through unstructured and in-depth personal interviews held with senior management level executives of Bharat Sanchar Nigam Limited (BSNL) and senior officers of office of Controller of Communication Accounts (CCA), Gujarat Telecom Circle.

Secondary Data was obtained from sources like the office of CCA Gujarat Circle, the website of Universal Service Obligation Fund (USOF), Telecom Regulatory Authority of India (TRAI) and Department of Telecommunications (DoT).

### Sampling Method

The population for the purpose of the study was defined as those subscribers of BSNL wireline services who had not subscribed to subsidized wireline Broadband services. The Sampling Unit for the purpose of this study was the 'Household'.

A multi-stage cluster sampling method was used - selection of Telecom Districts in the first stage, selection of rural Telephone Exchanges in the second stage, selection of villages in the penultimate stage and selection of households in the last stage. While sacrificing for some accuracy (due to sampling error at each stage), this method allowed efficient data collection.

The Telecom Districts selected for the fieldwork were- Ahmedabad, Himmatnagar, Mahesana and Nadiad. Ahmedabad SSA includes Ahmedabad and Gandhinagar revenue districts, Himmatnagar SSA includes Sabarkantha revenue district, Mahesana SSA covers Mahesana revenue district and Nadiad SSA includes Kheda and Anand revenue districts. These four SSAs were selected as they have varying demographic and socio-economic characteristics.

The sample size was set at 200. The Table depicts the number of samples collected from the various Rural Telephone Exchanges of the area under study.

**Table 3: Sample Distribution**

Mahesana		Ahmedabad		Himmatnagar		Nadiad	
Exchange	Samples	Exchange	Samples	Exchange	Samples	Exchange	Samples
Jagudan	12	Kuha	15	Amrapur	10	Radhvani	12
Jhulasan	9	Kujad	21	Harsol	11	Navagam	16
Linch	9	Rakhial	19	Moyad	14	Traj	8
Nandasan	10			Salal	20		
Nardipur	14						
<b>Total</b>	54		55		55		36

## Data Analysis and Interpretation

The data collected through the questionnaire was analyzed by using Statistical Package for Social Sciences (SPSS) version 19.0. Hypothesis testing was done using various types of tests- Mann-Whitney U Test, Kruskal Wallis H Test, Friedman Test - as per applicability. The probability of less

than 0.05 has been taken to indicate a statistically significance relationship.

### Profile of Respondents

The demographic profile of the respondents is presented in Tables to 4 to 7 which is self explanatory as far as details are concerned.

**Table 4: Age Classification of Respondents**

Age Classification	Frequency	Percent
LESS THAN 20 YEARS	7	3.50%
20-30	45	22.50%
30-40	46	23.00%
40-50	58	29.00%
50-60	32	16.00%
60 AND ABOVE	12	6.00%
<b>Total</b>	<b>200</b>	<b>100.00%</b>

**Table 5: Educational Classification of Respondents**

Educational Level	Frequency	Percent
Class 1 to 4	2	1.00%
Class 5 to 9	16	8.00%
Class 10	46	23.00%
Class 12	50	25.00%
Graduate and above	86	43.00%
<b>Total</b>	<b>200</b>	<b>100.00%</b>

**Table 6: Occupational Classification of Respondents**

Occupation	Frequency	Percent
Agriculture	35	17.59%
Own Business	64	32.16%
Service	69	34.67%
Other	32	15.58%
<b>Total</b>	<b>200</b>	<b>100.00%</b>

**Table 7: Monthly Household Income Classification of Respondents**

Monthly Household Income	Frequency	Percent
Less than Rs. 5,000	13	6.74%
Rs. 5,000 - Rs. 9,999	79	40.93%
Rs. 10,000 - Rs. 19,999	71	36.79%
Rs. 20,000 – Rs. 24, 999	13	6.74%
Rs. 25,000 or above	17	8.81%
<b>Total</b>	<b>193</b>	<b>100.00%</b>

Besides, direct questions concerning Monthly Household Income a number of indicators were used to establish levels of prosperity in respondent's households. These included indirect questions concerning ownership of a variety of

assets (such as type of House, Television, Fridge, Scooter, Computer, etc).

The Tables 8 to 10 presents data on ownership of type of House, Household Assets and ICT Related Assets respectively.

**Table 8: House Type of Respondents**

House Type	Frequency	Percent
Pucca	198	99.00%
Missing	2	1.00%
<b>Total</b>	<b>200</b>	<b>100.00%</b>

**Table 9: Ownership of Household Assets**

Household Assets	Count	Percent of Total Respondents (200)
Car/Jeep	32	16.00%
Cycle	48	24.00%
Fridge	176	88.00%
Scooter/Bike	192	96.00%
Tractor	16	8.00%

The above tables suggest that the respondents are, in general, more affluent than the general population.

The Table 10 shows extremely high ownership of TV (98.50%) and Mobile Phones (98%). As many

as 68% respondents have a Cable/DTH connection in their residence. Radio is owned by just 41% of the households. This indicates that TV has supplanted Radio even in rural areas has the important source of information and entertainment.

**Table 10: Ownership of ICT Related Assets**

ICT Related Assets	Count	Percent of Total Respondents (200)
Cable/DTH	136	68.00%
Computer	70	35.00%
Mobile	196	98.00%
Radio/Transistor	82	41.00%
TV	197	98.50%

It is pertinent to note that neither Cable/DTH nor Mobile Phone services are subsidized. This implies that target population has purchasing power and people will subscribe to ICT related services as long as benefit can be derived from subscription.

## Research Findings

This section presents the summary of important research findings. An attempt is made to draw conclusions which could act as inputs for design and implementation of Universal Service policies in future. In order to maintain continuity and context, the suggestions for policy/scheme design

and implementation have been summarized below the relevant research finding. As the issues are interlinked some overlap could not be avoided.

### Means of Accessing & Sharing Information

ICTs, including Broadband, are facilitating technologies which enable individuals and communities to interact more or less effectively with one another. Any new technology that is introduced – such as mobile telephony or the Broadband – enters into an established pattern of information and communication flows. While the new technology may adapt to or disrupt these flows, its impact will be closely related to them,



and an understanding of established information and communication flows is critical to assessing the impact and implications of new ICTs. The Figure 1 shows the means used by respondents to share or access different types of information. The key findings are as under:

The telephone is by far the most important information channel for emergencies and to a lesser degree for social information/communications.

Newspapers are the most important channels for News, Education and Employment and Government Schemes related information.

Face-to-face communications is important channel for information regarding Agriculture.

The TV dominates all other channels in respect of Entertainment related information and plays a significant role in disseminating News.

The data suggests a very marginal role of Radio in fulfilling the informational needs of the people. This could be due to very high level of television

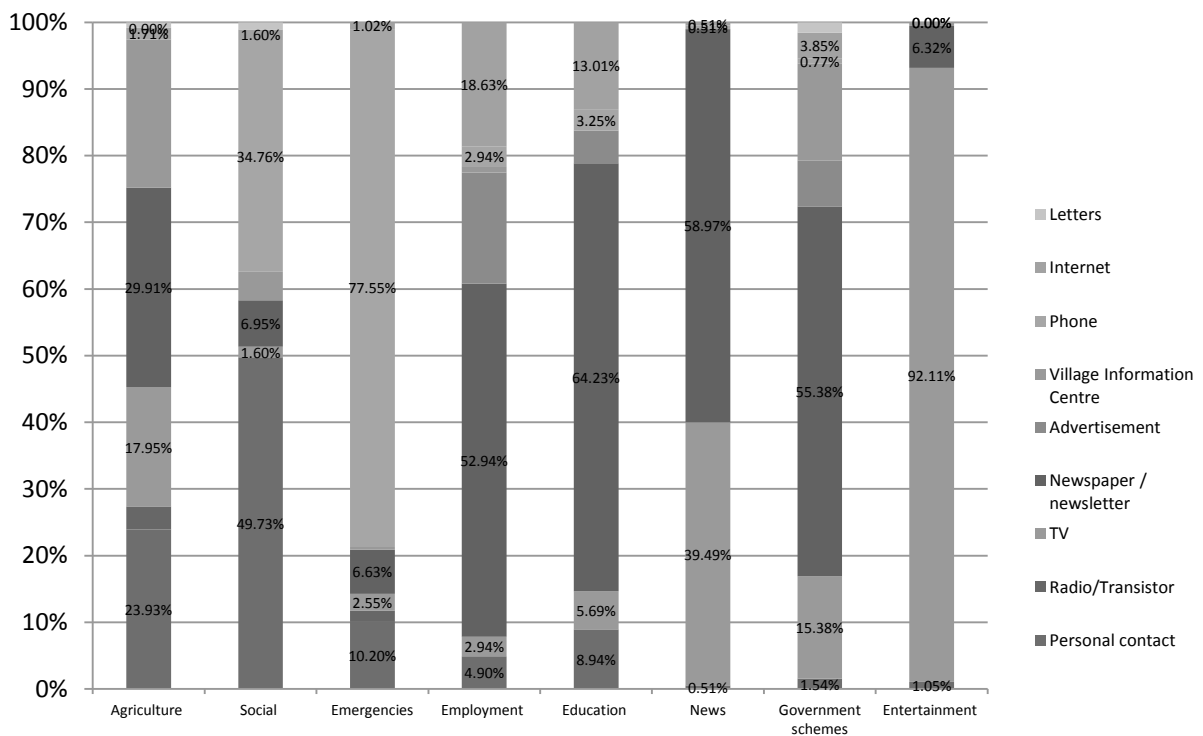
ownership in the sample. Another reason could be lack of local radio stations offering specifically local information which differs from that available on television.

Internet is playing a relatively important role in accessing and sharing information related to Education.

A key finding is that existing Village Information Centers are playing an insignificant role in accessing and sharing different types of information. This is a cause for serious concern as lot of expenditure was incurred in Gujarat on providing hardware and connectivity to the village level information centers.

Hypothesis testing was done to identify any significant difference among respondents of different demographic profiles in respect of means of accessing and sharing information. No significant variations were observed.

**Figure 1: Means of Accessing & Sharing Information**



**Awareness of Broadband Services**

(a) The following table (Table 11) shows high level of awareness about Broadband services among respondents. This indicates that at least the existence of this service is known to a large number of people. Whether this awareness is limited to having ‘heard’ about this service or the awareness extends to knowledge about potential benefits from using this service was ascertained from later questions.

(b) In order to examine the effect of demographic variables on awareness about Broadband services certain hypothesis were tested. Association was found between Education level and awareness levels of respondents about Broadband services. Findings indicate that respondents who are educated above Class 10 are more aware about Broadband services. Association was also found between Monthly Household Income and awareness levels of respondents about Broadband services. Findings indicate that respondents who are in higher income groups are more aware about Broadband services.

**Suggestions for Policy Design and Implementation:**  
The USOF should aim to increase the awareness about benefits of Broadband access in the target population to encourage uptake. As Newspapers and Television are the most important means of accessing and sharing information about government schemes in rural communities of Gujarat, the awareness campaign should focus on these two media.

**Table 11: Awareness of Broadband Services**

Awareness of Broadband	Frequency	%t
Yes	157	78.50
No	43	21.50
Total	200	100.00

**Barriers to Broadband Use**

(a) The Table 12 shows that the most common reasons cited by respondents for not using Broadband services were ‘Non-availability of content in Gujarati’ (44.59%), ‘Did not feel any need’ (42.04%) and ‘Non-availability of any relevant services/content’ (40.76%). It is important to note that only 20.38% of respondents cited ‘Affordability’ as the reason for non-use. The evidence suggests that ‘Affordability’ of Broadband services is not the main barrier for using Broadband services. A major portion of the demand gap is explained by the lack of relevant content and the language barrier.

(b) Hypothesis testing suggests that with increase in Education level, the barriers of ‘Lack of relevant content’ and ‘Language’ reduce in importance.

**Suggestions for Policy Design and Implementation:**  
The above findings indicate that despite the importance of sector specific initiatives, traditional education programs aimed at increasing literacy rates; will ultimately have a contribution in stimulating Broadband demand.

**Table 12: Reasons for Not Using Broadband Services**

Reasons for Not Using Broadband	Count	Percent of Respondents who know about Broadband
Not much knowledge of	33	21.02%
No Telephone Connection	5	3.18%
Not Affordable	32	20.38%
Non-availability of any relevant	64	40.76%
Non-availability of content in	70	44.59%
Non-literacy	0	0.00%
Did not feel any need	66	42.04%
Others	38	24.20%

**Barriers to Broadband Subscription**

- (a) The Table 13 lists the reasons given by respondents for not acquiring Broadband connection. About two-thirds of the respondents do not wish to subscribe to Broadband connection because they think that they may not use it too often. The reasons for expecting low usage could be lack of time, lack of skills to use Broadband services, lack of relevant content, lack of content in local language, etc.

**Table 13: Reasons for Not Subscribing to Broadband Services**

Reasons for Not Acquiring Broadband Connection	Percent of Respondents who would not like to acquire an individual Broadband connection
Cannot Afford it	45.76%
May find it more convenient to use broadband from a public facility	33.90%
Not use it too often	67.80%
Other	30.50%

‘Affordability’ as a barrier to Broadband subscription was cited by 45.76% of the respondents. While 67.80% of the respondents said that the main reason for non-subscription is that they would not ‘Use Broadband too often’.

**Suggestions for Policy/Scheme Design:** The implication from policy standpoint is that exclusive focus on reducing the price of Broadband services may not result in increase in adoption of Broadband services. It is important to address barriers related to language and relevance if USOF wishes to increase uptake of Broadband usage and subscription. The ‘Lack of Relevance’ offers two interpretation options to policy makers. One option is that the consumer has evaluated the offerings in terms of applications, services and content and has not found them relevant to his/her needs. Under this premise, policy initiatives should be oriented towards increasing the perceived value of Broadband by expanding the range and utility of offerings (these are called “demand pull” policies). In the present context this calls for higher priority to creation and dissemination of relevant content in local languages.

The second option is that the consumer does not have enough information to make a decision of adopting broadband. The policy implication in this case is that the consumer needs to be made aware of the potential of the technology (called “awareness” policies). This calls for launching awareness campaigns.

The Agreement between USOF and BSNL obliged BSNL to give wide publicity to the Broadband subsidy scheme by way of advertisements, road shows, banners, display boards, etc. However, BSNL’s marketing efforts were constrained by lack of funds as no funds were specifically earmarked for publicity of the scheme. The results indicate that almost 73% of respondents are unaware of the existence of USOF Rural Wireline Broadband Subsidy scheme. Research findings also indicate that a person is more likely to acquire a Broadband connection if he/she is aware of subsidized Broadband connection scheme of USOF. Similarly, awareness of benefits of Broadband services also promotes subscription.

**Suggestions for Policy Design and Implementation:** USOF should take a pro-active approach in creating awareness about its subsidy schemes instead of relying on the efforts of the Universal Service Providers.

**Preference for Wireless Broadband Services**

About 25% of respondents who did not wish to subscribe to individual wireline Broadband connection said that they would like to access Internet through wireless technology (Dongle and Mobile) rather than wireline Broadband connection. This implies that wireless Internet access is emerging as an alternate to wireline Internet access even in rural areas.

**Suggestions for Policy Design:** Traditionally USOF schemes have focused more on wireline access (VPT, RCP, RHDEL, OFC and Rural Wireline Broadband) with only about 3% of subsidy disbursements till 31.3.2014 going to Mobile Infrastructure Scheme. However, mobile penetration (wireless teledensity is 56.55% as on 31.3.2014) today is far more than wireline penetration (wireline teledensity is 0.89% as on 31.3.2014) in rural areas of Gujarat. This overwhelming evidence in shift of consumer preference towards wireless Broadband access should be factored in by USOF in design of its schemes.

**Information Accessed through Broadband Services**

As shown in Table 14 a high proportion of respondents would like to use Broadband for accessing Email (71.03%), Education related information (66.96%) and Employment related information (57.39%). Very few respondents have

expressed the desire to use Broadband for e-commerce applications like On-line Banking (20%) and On-line Trading (16.52%), and for accessing information related to Agriculture (13.04%) and Government Schemes (17.39%).

**Table 14: Information Accessed through Broadband Services**

Purpose	Frequency	Percent of Respondents who would like to use Broadband in Future
Searching agriculture related information e.g. weather/prices etc	15	13.04%
Email	82	71.30%
Employment related information	66	57.39%
Education Related Information	77	66.96%
Ticketing	24	20.87%
Information about Government Schemes	20	17.39%
Entertainment - Downloading Movies/Music	43	37.39%
Online Banking	23	20.00%
Online Trading	19	16.52%
Other	49	42.60%

**Table 15: Perception of Benefits**

					Student Respondents		
	Reduced Travel Costs	Increased Job Opportunities	Increased Business Opportunities	Increased Access to Govt. Services	Increased Access to Study Material	Increased Access to E-Courses	Made Access to Results Easier
Mean	3.61	3.54	3.36	2.42	3.87	2.65	3.96
Median	4	4	3	2	4	3	5

**Suggestions for Policy Design:** The intention of high percentage of respondents to use Broadband for accessing Education and Employment related information indicates that there is a need to develop applications and databases to address this need. At the same time limited intention to use the available bouquet of services indicates that respondents are either unaware of potential benefits of Broadband services or do not perceive benefits.

**Perception of Benefits**

(a) The mean and median data in Table 15 shows that respondents perceive that users of Broadband have benefitted much in respect of ‘Reduction in Travel Costs’ and increase in ‘Job Opportunities’. However very little benefit in terms of increased ‘Business Opportunities’ to users is perceived by the respondents. Interestingly, Median value of 2

indicates that respondents do not perceive any benefits to users in terms of increased 'Access to Government Services'. This is a cause for concern as Broadband access is expected to make 'Government Services' more accessible to users.

(b) The respondents who have higher perception of benefits like 'Increased Job Opportunities' and 'Reduction in Travel Costs' accruing to Users are more likely to use Broadband services than those having lower perception. Similarly, present student respondents who have higher perception of benefits like better 'Access to Study Material' accruing to student Users are more likely to use Broadband services than those having lower perception.

**Suggestions for Policy Design:** The above findings imply that Broadband subscription can be increased if present non-users can be convinced of the real benefits that can accrue to them from use of Broadband services.

#### Preference for Location of Public Access Facilities

(a) Kiosks are an important component of the USOF's Rural Wireline Broadband Scheme. The Agreement provided for installation of Kiosks to enable public to access Broadband services at subsidized rates. BSNL was constrained by the problem of finding suitable Franchisees that were willing to invest large amount of money; as the Kiosks were to be equipped with Generators, Battery, Computer, etc. Consequently, BSNL found it more convenient to install Kiosks inside Telephone Exchange premises to avoid expenditure on Generator and Battery. USOF allowed BSNL to install Kiosks in Telephone Exchanges as long as they fulfilled other conditions.

GIL agreed to assign the local execution of data entry projects to the franchisees on case to case basis on mutually accepted terms. The income from these works was to supplement the income of franchisees from providing Broadband related services. Therefore the workstations installed in the Kiosks were not available for public access to Broadband services. BSNL's contention was that Kiosks could be made financially sustainable only by allowing franchisee to engage in such services as the USOF approved tariff of Rs. 5/- per hour was too less. Thus the franchise model built by BSNL Gujarat Circle in partnership with GIL was loaded against the village level entrepreneur i.e. the Kiosk Franchisee.

**Suggestions for Policy Design and Implementation:** It is obvious that the manner in which the Kiosk component of the scheme was

implemented rendered Kiosks ineffective in fulfilling the objectives of the scheme. USOF may review its scheme to ensure that the Kiosks actually provide access to Broadband services to the public. There is also need to review the approach towards financial viability of the Kiosks.

(b) The research findings indicate that the Telephone Exchange is the least preferred location for installation of public Broadband facilities (Kiosks) among respondents. The respondents considered Schools / Colleges as the most preferred location for locating public Broadband facility.

**Suggestions for Policy/Scheme Design:** USOF should take into account the preferences of target population before designing its schemes. In the Rural Wireline Broadband Scheme, USOF has allowed BSNL to install Kiosks inside Telephone Exchanges as long as they meet other conditions. As there is overwhelming evidence that Kiosks installed in Telephone Exchanges are not preferred by the target population, USOF may review its decision. Provision of subsidized public access at Schools and Colleges is likely to encourage use of Broadband services.

(c) Panchayat Offices are the least preferred locations for installing public Broadband access centers amongst women respondents.

**Suggestions for Policy/Scheme Design:** This low preference for Panchayat Office among women for using Broadband facility questions the effectiveness of the Village Public Telephone (VPT) scheme of USOF in removing Digital Divide on gender fault lines; as a large number of VPTs were installed in Panchayat Offices. USOF should give special attention to gender issues while designing and implementing schemes.

#### Digital Divide along Gender Fault-lines

The Table 16 shows that 73.25% of respondents intend to use Broadband services in future. This indicates that significantly high demand for Broadband services exists in rural areas.

**Table 16: Intention to Use Broadband in Future**

Would you like to use the Broadband in Future	Freq	%
Yes	115	73.25
No	42	26.75
<b>Total</b>	<b>157</b>	<b>100.00</b>

In order to better understand the effect of demographic variables on intention to use Broadband in future certain hypothesis were tested. The findings indicate that the female respondents are less likely to use Broadband services in future than male respondents. This may lead to increase in Digital Divide along gender fault lines.

**Suggestions for Policy Design:** This again highlights the importance of according higher priority to gender issues in design and implementation of schemes. Overlooking gender issues may result in increasing the Digital Divide.

### Limitations of the Study

The study suffers from following limitations:

1. The sampling was non-random in nature.
2. The sample under-represents women and has limited value for gender disaggregation.

### Conclusion

There is overwhelming evidence that there are major gaps between the needs and preferences of the target population and the design and implementation of USOF's Rural Wireline Broadband Scheme. Dissonance between the needs and preferences of the target population and the scheme is likely to result in sub-optimal achievement of scheme objectives. The insights developed from this study can contribute towards better design and implementation of USOF schemes. The research findings suggest that in order to increase uptake of Broadband services USOF should look beyond the affordability barrier. The barriers of relevant content and language pose a greater challenge and moving forward USOF should address these issues.

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## Factors Affecting Patients' Satisfaction and Health Care Service Quality: A Study on Selected Private Hospitals of Gujarat

Darshana Dave, Rina Dave

### Abstract

Health care is playing very important role in the country's economy. In India we find mixed economy. Where there is public and private participation in health care sector. Particularly in case of Gujarat, it is growing at the faster rate. The government is also promoting medical tourism. It becoming important to measure the patients view points with regard to private health care. Cure is a fundamental health service expectation. Heterogeneity, inseparability life of service are some of the important dimensions of services. In this research study an attempt is made to measure factors affecting patients' satisfaction and their perceptions with regard to selected private hospitals of Gujarat.

### Introduction

In India, indigenous systems like ayurveda, unani and siddha were largely the domain of individual practitioners who provided services for a price which was paid mostly in kind. Accounts of ayurvedic practice during the nineteenth century indicate that kings patronized ayurvedic practitioners by offering large sums of money. The rest of the population depended on a variety of healers and paid for their services (Baru 1997). The state played a minimal role in assuming responsibility in providing services to the people.

The origins of private practice can be traced to the seventeenth century with the establishment of the East India Company, following which European doctors were employed on a regular basis in India. Allopathic medicine was introduced by the British during the late eighteenth century in order to protect and treat the employees of the East India Company.

It should be understood that Modern management does not imply profit maximization. Good management involves getting the best "Result" out of "Resources". It is, therefore neither profit maximization nor cost minimization. Rather the management concepts and techniques are concerned with cost benefit optimization. Various resources (medical and others, staff, medicines, medical equipment, Hospital facilities, etc.) are the costs. The patients' health and satisfaction are the benefits. Those institutions and countries which are short of resources need better management from this point of view.

There are two main ways of defining health; the positive approach, where health is viewed as a capacity or an asset to be possessed, and the negative approach, which emphasis the absence of specific illnesses, diseases or disorders.

The world health Organisation (WHO) has defined health as 'a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity' (1946). This definition is significant in stressing mental as well as physical aspect of health, and social as well as individual well-being. This definition has been criticized for being Utopian, though it is perhaps more appropriately viewed as an ideal towards which health care and other social actions may be orientated (Twaddle, 1974).

Health care system has been challenged in recent years to deliver high quality services with limited resources.

Service quality is characterized by the customer perception of service. In services, what counts is the quality as it is perceived by the customers, i.e. that customers are the sole judge of quality (Berry, 1988) conceptualized a service quality model where he identified the two variables of service quality as expected service and perceived service. He observed that the discrepancy between expectations and perceptions is the primary determinant of customer's service quality assessment.

### Literature Review

The main objective of any healthcare system is to facilitate the achievement of optimal level of health to the community through the delivery of services of appropriate quality and quantity.

One another objective of health reform worldwide is to hold healthcare accountable for its resource use and the way healthcare services are delivered.

**Dennish J Scotti and Joel Harmon (2009)** assessed the importance of customer-contact intensity at the service encounter level as a determinant of service quality assessments. It showed that performance-driven human resources practices play an important role as determinants of employee customer orientation and service capability in both high-contact (outpatient healthcare) and low-contact (benefits claim processing) human service contexts. However, there existed significant differences across service delivery settings in the customer orientation and the similarity between employee and customer perceptions of service quality, depending on the intensity of customer contact. In both contexts, it was found that managerial attention to high-performance work systems and customer-orientation has the potential to favorably impact perceptions of service quality, amplify consumer satisfaction, and enhance operational efficiency.

**Johan Hellings, Ward Schrooten and NiekKlazinga (2007)** measured patient safety culture in five Belgian general hospitals. Safety culture played an important role in hospitals. The dimensional positive scores were found to be low to average in all the hospitals. The lowest scores were "hospital management support for patient safety", "non-punitive response to error", "hospital transfers and transitions", "staffing", and "teamwork across hospital units". The dimension "teamwork within hospital units" generated the highest score. Although the same dimensions were considered problematic in the different hospitals, important variations between the five hospitals were observed.

**Peter Hensen, Meinhard Schiller, Dieter Metzger and Thomas Luger (2008)** evaluated the perception of hospital services by referring physicians and clinicians for quality improvement. Referring physicians in private practice and hospital clinicians at a large dermatology academic department providing inpatient and outpatient services at secondary and tertiary care levels were surveyed to determine their perceptions of service quality. A comparative questionnaire survey was established to identify improvement areas and factors that drove referral rates using descriptive and inferential statistics. Referring physicians' (n = 53) and clinicians' (n = 22) survey results concordantly revealed that timely and significant information about hospital stay as well as accessibility to hospital staff were major points for improvement. Significant differences between both samples were found with respect to inpatient services and patient commendation. Clinicians tended to rate their services and offerings higher than referring physicians (p = 0.019). Geographic range was correlated with the frequency of patient

commendation (p = 0.005) and the perception of friendliness (p = 0.039). The number of referred patients was correlated with medical reports' informational value (p = 0.042).

Nurses heavily influence patient care quality and safety. **Ari Mawachofi and Stephen L. Walston (2011)** attempted to find factors affecting nurses' perceptions of patient safety. This paper aimed to examine socioeconomic and organizational/system factors affecting patient safety and quality perceptions. They found that improved patient safety and the likelihood that nurses use their own facility include: fewer visible errors; ability to communicate suggestions; information technology support and training; and a confidential error reporting system. Furthermore, nursing in these hospitals was dominated by foreign nationals. The high positive patient safety perceptions may be influenced by either individual or peer biases.

## **Research Methodology**

Evaluating service quality becomes more difficult than evaluating the quality of goods. Therefore, service quality measurements are, in general, made by means of using consumers' (patients) perception about the quality of the services. Consumer's perception is the main indicator of quality in health care service. Quality of health care is the most optimal degree of health outcomes by delivery of cost effective and efficient professional health services to people. Hence, this study has focused the service quality perception of consumers from health care service providers.

The descriptive research design was used to collect data using survey method. To collect data for present study the population is divided in four zones like East, West, South and North. From each zone, two cities were selected. The sampling design used non-probability convenient sampling.

The sample was drawn from Anand, Vadodara, Surat, Ahmedabad, Rajkot, Junagadh Visnagar and Himmatnagar of Gujarat. From each selected hospital one hundred (100) respondents are selected using "non probability convenience sampling and their interview were taken. Thus the sample size for the study turned out to be 811. The data collection instrument used in this study was pretested, structured, closed ended questionnaire.

## **Objectives of the study**

To examine perception of patients / relatives towards private hospitals.



To analyze factors affecting selection of hospitals by patients / relatives.

**Hypothesis**

Attitude and behavior of staff positively influence the satisfaction and relation with patients.

The expectations and perception of selected respondents of selected hospitals of Gujarat are equal.

**Profile of Respondents**

In present study out of 811 respondents, 12.70% respondents were from Junagadh, Surat and Visnagar whereas 12.33% were from Anand, Himatnagar, Rajkot and Vadodara respectively. There were 12.58% respondents from Ahmedabad. Thus it can be observed that there was equal proportion of respondents was equal in all the cities across the state. 68.6% were male and 31.4% were female where as 71.76% were married and 28.24% were unmarried. Looking at age , 236 (29.10%) were of 21 to 30 years of age, 381 (46.98%) were of 31 to 40 years, 118 (14.55%) were of 41 to 50 years, 48 (5.92%) were of 51 to 60 years whereas 28 (3.45%) were having more than 60 years of age. Among total respondents, 481 (59.32%) were graduates, 215 (26.51%) were post graduate, 62 (7.64%) were higher secondary passed, 13 (1.60%) having professional degree whereas 36 (4.44%) having other qualification like Diploma, Doctorate, etc. 158 (19.48%) were farmers, 122 (15.04%) were businessmen, 85 (10.48%) were government servants, 179 (22.07%) were employees of private firm / company, 154 (18.99%) female respondents were house wives, 44 (5.43%) were self employed (i.e. running tuition classes, technician, labour, etc), 53 (6.54%) were unemployed and remaining 16 (1.97%) were either retired, students or having other occupation.

480 (59.19%) had monthly family income of Rs. 10,000 to 20,000; 168 (20.72%) had Rs. 20,001 to 30,000; 82 (10.11%) had Rs. 30,001 to 50,000; 45 (5.55%) had Rs. 50,001 to 1,00,000 and 36 (4.43%) had more than Rs. 1,00,000/-. Thus it can be depicted that majority of the respondents had monthly family income between ten to twenty thousand rupees only.

When the respondents were asked about the source of knowledge regarding various hospitals nearby them, 397 (49.0%) told that they got the information about the hospitals from their family members. There were 190 (23.43%) respondents who got this information from their friends, 105 (12.95 %) got it from advertisement / news, 67 (8.26%) followed

advice of their family doctors whereas 52 (6.41%) got the knowledge about hospitals from some other sources.

**Factor Analysis**

Factor analysis is a multivariate statistical technique that is used to summarize the information contained in a large number of variables into a smaller number of subsets or factors.

For the present study factor analysis is performed on the 23 SERVQUAL statements of perception about the services offered by hospitals. The responses of the respondents for these statements were measured on a continuum ranging from one to seven (1-strongly disagree to 5-strongly agree).

**Kaiser-Meyer-Olkin (KMO) test for sampling adequacy**

In present study the KMO statistics is 0.803 which is more than 0.5 and hence the value is acceptable and justifies the appropriateness of factor analysis.

**Table – 1.1: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.803	
Bartlett's Test of Sphericity	Approx. Chi-Square	1.014x10 <sup>4</sup>
	Df	253
	P-value	0.000

**Communalities**

The initial communalities for PCA are 1. However, the primary concern is the extracted communalities, which are achieved after extract of factors. Here extraction was done using Principal Component Analysis.

**Variance Explained:** Only those factors are extracted for which the Eigen values are greater than one. These factors are five in number and together contribute 64.159% of total variance. This is fair percentage of variance to be explained and assumes of the appropriateness of the factor analysis.

Thus extracting five dimensions from a total of 23 items for measuring the Service Quality Construct is good by all means.

Further table 1.2 shows the extraction sum of square loadings for the scale for measuring the service quality construct. However, it can be infer

from table 1.2 that total variance explained (64.159%) is not uniformly distributed across all components. Only first component accounts for 30.921% of variance. In order to distribute variance

uniformly across all the components, a rotation of the components matrix is required. Components matrix is the loadings of various variables to the extracted components.

**Table – 1.2 :Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.112	30.921	30.921	7.112	30.921	30.921	4.972	21.616	21.616
2	2.746	11.941	42.862	2.746	11.941	42.862	2.761	12.006	33.622
3	2.091	9.092	51.954	2.091	9.092	51.954	2.612	11.358	44.981
4	1.612	7.008	58.962	1.612	7.008	58.962	2.333	10.142	55.123
5	1.195	5.197	64.159	1.195	5.197	64.159	2.078	9.035	64.159
6	.958	4.164	68.323						
7	.888	3.862	72.185						
8	.780	3.393	75.577						
9	.749	3.255	78.832						
10	.664	2.886	81.718						
11	.609	2.646	84.365						
12	.499	2.171	86.536						
13	.479	2.081	88.617						
14	.433	1.881	90.498						
15	.355	1.545	92.043						
16	.312	1.356	93.400						
17	.298	1.294	94.693						
18	.274	1.190	95.884						
19	.248	1.079	96.963						
20	.224	.975	97.938						
21	.172	.747	98.685						
22	.169	.734	99.419						
23	.134	.581	100.000						

Note : - Component no. 1 to 23 are as mentioned in above table.  
 - Extraction Method: Principal Component Analysis.

VARIMAX method of rotation was used in present study to analyze data. The variance explained by each component after the rotation method is shown in table 1.2.

It is visible from this table that the variance is now evenly distributed in a range of 21.616% - 9.035%, which was 30.921% - 5.197% before rotation.

Table – 1.3 : Rotated Component Matrix

Statement No.	Component					
	1	2	3	4	5	
<b>Tangibility</b>						
1	Excellent hospital will have modern looking equipment.	.340	.204			<b>.780</b>
2	Excellent hospital will have visually appealing physical facilities.	.225				<b>.836</b>
3	Excellent hospital will have dressed hospital staff	.222	.262		-.104	<b>.779</b>
4	Excellent hospital will be clean and tidy hospitals.	.326	.189	-.107		<b>.707</b>
5	Excellent hospital will have sufficient number of Operation theaters.	.424				.293
6	Excellent hospital will be at appropriate location.	<b>.671</b>	.225		.137	.296
<b>Reliability</b>						
7	When patient has problem the excellent hospital staff will show interest in solving patients' problems.	.350	<b>.699</b>	.168	.104	
8	Excellent hospital gives timely services without delay.	.162	<b>.708</b>	.137	.100	
9	Excellent hospital will maintain error free records.		<b>.866</b>	.112		
<b>Responsiveness</b>						
10	Excellent hospital doctors willing to help patients.	.105		<b>.730</b>	.196	.280
11	Excellent hospital staff never shows too busy to respond patients' request.	.394		<b>.584</b>	-.172	-.128
14	Excellent hospital staff has knowledge to answer patients' problems.	.263		<b>.736</b>	.257	
<b>Assurance</b>						
12	Excellent hospital staff will build confidence.	<b>.659</b>	.102		.392	
13	The staff of excellent hospital will be courteous and polite.	<b>.621</b>	.164	.271		.266
15	Excellent hospital will make patients feeling safe and secure.	<b>.581</b>		.400	.418	
16	Excellent hospital nurses will give individual attention.	<b>.616</b>		.467		.353
<b>Empathy</b>						
17	Excellent hospital will have convenient operating hours.	.469	.185			.281
18	Excellent hospital will under stands patients' specific needs.	.476	.111		<b>.622</b>	
19	Excellent hospital will make information available and clear.				<b>.859</b>	
20	Excellent hospital will offer variety of services under one roof.				<b>.843</b>	.160
21	Excellent hospital will provide exact and reliable information of the patients from time to time.		.135		<b>.816</b>	
22	Excellent hospital's Visitors' hours will be convenient.		.197	.193	<b>.784</b>	-.161
23	The attitude of excellent hospital's front line staff will be courteous.		.261	.151	<b>.594</b>	

Note : Rotation Method: Varimax with Kaiser Normalization. Values less than 0.1 is not mentioned in above table.

Therefore 23 statements were reduced to 21 statements which came under five factors. Under Varimax rotation, 5 out of 21 statements have factor loadings more than or equals 0.550 in case of Factor 1. This reveals that 23.81% of the statements are clubbed into Factor 1. Similarly 3 out of 21 statements have factor loading more than or equal to 0.550 in case of Factor 2 and Factor 3. This reveals that 14.29% of the statements are clubbed into Factors 2 and 3. There were 6 out of

21 statements have factor loadings more than or equals 0.550 in case of Factor 4. This reveals that 28.57% of the statements are clubbed into Factor 4. There were 4 out of 21 statements have factor loadings more than or equals 0.550 in case of Factor 5. This reveals that 19.05% of the statements are clubbed into Factor 5. On the basis of Varimax rotation with Kaiser Normalization, 5 factors have emerged.

**Naming of the factors:** The following five factors were identified as per the factor loading in Table 1.3.

**Factor 1: Quality of Services**

The statements in this factor focus on quality of services to be offered by the hospitals. The statements show that hospital staff should be sincere and qualified. Hospital should provide good quality of services and staff to the patients and/or their relatives.

**Factor 2: healthcare service providers' objectives and Policies**

The statements in this factor present the attitude and perception of the hospital towards its patients / relatives. This factor includes the statements like proper guidance at emergency, neat and transparent records and proper format for providing health care.

**Factor 3: Execution of services**

The statements in this factor are related to good practice and behavior of the doctors and other staff members of the hospital. This factor covers good practice of doctors regarding patient care and nice behavior of supporting staff towards the patients as well as their relatives.

**Factor 4: Patient centric orientation:**

This factor is introduced as patient/relative's orientation and flexibility. It focuses on the fact that patient/relative's satisfaction and delight should be the core strategy of the hospital. The statements following under this factor tells that hospital should give their patients personal care and enough time should be spent for each patient care.

**Factor 5: Physical Appearance**

The factor includes the statements which focus on the tangible modern equipments and visually appealing physical facilities. In the modern day requirement tangibility plays one of the key roles in attracting the patients/relatives. Not only the materials associated with health care policies should be visually appealing but the personnel should also be neat in their appearance.

Another highly preferred criteria is good practice of doctors regarding patient care and nice behavior of supporting staff towards the patients as well as their relatives. The respondents showed that hospital should give their patients personal care and enough time should be spent for each patient care. Patients expected that modern equipments and visually appealing facilities more among all the identified variables.

**Normality checking using non-parametric test**

Table 1.4 shows the one – sample “Kolmogorov Smirnov” test to check normality of the collected data for further analysis.

One-Sample Kolmogorov-Smirnov Test											
Variables		Tangibility-P	Reliability-P	Responsiveness-P	Assurance-P	Emphaty-P	Tangibility-E	Reliability-E	Responsiveness-E	Assurance-E	Emphaty-E
N		811	811	811	811	811	811	811	811	811	811
Normal Parameters	Mean	28.13	13.75	13.54	17.85	31.09	28.05	13.61	13.65	18.81	33.46
	Std. Deviation	2.965	2.094	1.989	2.961	5.573	3.479	2.187	2.022	2.396	2.742
Most Extreme Differences	Absolute	.327	.311	.261	.247	.306	.312	.305	.278	.331	.306
	Positive	.264	.275	.232	.234	.242	.287	.262	.252	.309	.288
	Negative	-.327	-.311	-.261	-.247	-.306	-.312	-.305	-.278	-.331	-.306
Kolmogorov-Smirnov Z		9.324	8.845	7.432	7.035	8.711	8.882	8.691	7.910	9.419	8.717
P-value		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

As it can be seen from table-1.4, p-values of all variables came out to be significant (<0.001). It concludes that the data was not followed normal distribution and hence, parametric test were not applicable here. To analyze these data, non-parametric tests were used as follows:

**Non Parametric Test**

**Wilcoxon's z-value and p-value**

Table 1.5 depicts z-value and p-value obtained from the Wilcoxon Signed Rank Test.

	Expectation – Perception	Tangibility-E - Tangibility-P	Reliability-E - Reliability-P	Responsiveness-E - Responsiveness-P	Assurance-E - Assurance-P	Empathy-E - Empathy-P
Z	-10.554	-.344	-2.076	-1.882	-10.291	-13.272
P-value	0.000	0.731	0.038	0.060	0.000	0.000

There was significant difference between expectation and perception of respondents (p-value <0.001). Expected Reliability, Assurance and Empathy were also significantly differ than perceived (p-value <0.001). Expectations for Tangibility and Responsiveness were not significantly differ from perception (p-value > 0.05).

**Conclusion and Recommendation**

Healthcare is a high involvement service as it concerns the person's health and wellbeing. Consumers are how more aware and motivated to process the available information concerning the health care service. Moreover, human beings live as members of groups that share common values and norms and interact according to specific rules and laws, which shape several human reactions. Service satisfaction and dissatisfaction are kinds of human reactions coming from evaluation processing and are indeed subject to cultural and personal issues. When expectation meets actual service performances i.e. perception it leads satisfaction. An attempt is made in this research study to compare patients' perceptions for the services and their expectations with same. Non parametric test wilcoxon Z test was applied to compare expectations with perception of respondents of selected private hospitals of Gujarat. The results showed that there was significant difference between expectation and perception of respondents. Expected Reliability, Assurance and Empathy were also significantly differ than what respondents perceived. Expectations for Tangibility and Responsiveness were not significantly differ from perception. This implies that private hospitals of Gujarat should provide promised services promptly. The staff should show the readiness to solve problems of patients. As patients when are

admitted they are in panic they should be dealt with sympathy. The staff should build confidence. The hospital should make available all the facilities under one roof. Private hospital should disseminate information clearly. The present research study also suggest that service providers should concentrate more on quality of service, qualification of doctors, attitude and behavior of staff and hospital cleanliness.

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# Analysis of Financial Assessment of Selected Banks Operating in India Using CAMEL Approach

Pareshkumar Mordhara

## Abstract

Financial sector is always dominating and growing from time to time. In this study efforts have been put on to investigate the financial performance of selected banks operating in India using CAMEL approach. The CAMEL framework includes core financial soundness indicators of banking activity namely Capital Adequacy, Asset quality, Management soundness, Earnings and Liquidity. The study employs secondary data of sample nine banks (three public sector banks, three private sector banks and three foreign banks) for the period from 2003-04 to 2012-13. The study observed and found that HDFC Bank was holding top position with respect to all CAMEL ratios while the lowest position was that of CITI Bank stood at last position when assessed with respect to the parameters of CAMEL approach.

## Introduction

In today's business and financial environment, banks are complex and often extremely large institutions. Banking sector is fueling the engine of development of a country by giving financial support during business startups, providing loans to smooth and increase the level of production, controlling the supply of money in circulation, supporting modern trade and commerce, keeping people's money safe, affecting spending and saving tendencies, providing capital for innovation and infrastructure, facilitating foreign trades and so on. The Indian banking sector has grown faster and bigger over the two decades since liberalization using the latest technology, providing contemporary innovations and monetary tools and techniques. As we all know that the ultimate test of the success of any economic enterprise lies in the economic use of resources. The Banking Industry is not exception, since it uses resources in the form of funds which are always scarce in an economy like India. It is therefore necessary to look into financial implications of banking operations so that funds can be put to use in the best interest of the depositors, the borrower and the stakeholders.

## Camel approach

CAMEL, as a rating system for judging the soundness of Banks is a quite useful tool that can help in mitigating the conditions and risks that lead to Bank failures. The CAMEL ratings or Camels rating is a supervisory rating system originally developed in the U.S. to classify a bank's overall condition.

## Review of literature

Numerous studies have been conducted for the assessment of financial performance of banks operating in India for different periods and for different banks using CAMEL approach.

Gupta, R. & Kaur (2008) conducted study on "A CAMEL Model Analysis of Private Sector Banks in India" considering financial data for a period of

5 years, 2003-07, to get the performance of Private Sector Banks in India through CAMEL Model and a rating has been given to top and bottom five banks among all 30 Indian Private Sector Banks.

Raiyani, Jagdish R. (2010) examined a study on "Effect of Mergers on Efficiency and Productivity of Indian Banks: A CAMELS Analysis" by analyzing data for five years before the merger and five years after the merger.

The study found that the private sector merged banks are dominating over the public sector merged banks in profitability and liquidity but in case of capital adequacy and NPAs, the results are contrary.

Thirunavukkarasu, T. & Parthiban, E. (2015) studied on "A Camel Model Analysis Of Selected Public And Private Sector Bank" for a period of four years from 2011 to 2014 and depicted that though ranking of ratios is different for different banks in selected public and selected private sector banks. But there is no statistically significant difference between the CAMEL ratios.

Ghosh, Indrani & Rakshit, Debdas (2014) conducted research on “The Financial Performance of Selected Commercial Banks in India Using the CAMEL Approach” wherein five public sector and five private sector banks were selected. The study was undertaken for a period from 1998-1999 to 2012-2013. The study assessed the best former banks in each group of CAMEL model. Finally, HDFC Bank Ltd. was found to be the best bank among all the sample banks, based on its overall performance.

### Objectives of the study

The research work has been under taken keeping in view the following objectives.

- To examine the financial performance selected public sector banks, private sector banks and foreign banks on the basis of CAMEL approach.
- To give suitable recommendations for improvement of financial performance of the sample banks.

### Sources of data collection

The study is based on secondary data. The data required for the study has been collected from the various sources like Report on Trends and Progress of Banking in India, various journals such RBI Bulletin, IBA Bulletin, and Annual Reports of selected banks has been referred to.

### Period of the study

In the study mainly secondary data is taken from the annual reports of relevant banks for a period of 10 years from 2003-04 to 2012-13.

### Sample design

The banks selected for the purpose of study are as follows:

Private Sector Banks		Public Sector Banks		Foreign Banks	
1	ICICI Bank Ltd.	1	State Bank of India	1	Citi Bank
2	HDFC Bank Ltd.	2	Bank of Baroda	2	HSBC Bank
3	Axis Bank Ltd.	3	Dena Bank	3	Standard Chartered Bank

### Hypotheses of the study

H0 = There is no significant difference in the performance of capital adequacy ratios, asset quality ratios, management efficiency ratios, earnings efficiency ratios and liquidity ratios assessed by CAMEL model.

### Data analysis and interpretation

**Capital Adequacy (Table – 1):** Capital Adequacy signifies whether the bank has enough capital to absorb unexpected losses and reflects the overall financial condition of banks and also the ability of management to meet the need of additional capital.



Table 1 – Capital Adequacy Position of Selected Banks Operating in India

	Year	Public Sector Banks			Private Sector Banks			Foreign Banks		
		SBI	BOB	DB	HDFC	ICICI	AXIS	CITI	HSBC	SCB
Capital Adequacy Ratio	2012-13	12.92	13.30	11.03	16.80	18.74	17.00	15.90	17.10	13.00
	2011-12	13.86	14.67	11.51	16.52	18.52	13.66	16.03	16.04	11.05
	2010-11	11.98	14.52	13.41	16.22	19.54	12.65	17.31	18.03	11.88
	2009-10	13.39	14.36	12.77	17.44	19.41	15.80	18.14	18.03	12.41
	2008-09	14.25	14.05	12.07	15.69	15.53	13.69	13.23	15.31	11.56
	2007-08	12.64	12.91	11.09	13.60	14.92	13.73	12.00	10.59	10.59
	2006-07	12.34	11.80	11.52	13.08	11.69	11.57	11.06	11.06	10.44
	2005-06	11.88	13.65	10.62	11.41	13.35	11.08	11.33	10.61	9.93
	2004-05	12.45	12.61	11.91	12.16	11.78	12.66	10.78	14.03	10.46
	2003-04	13.53	13.91	9.48	11.66	10.36	11.21	11.11	14.54	10.87
	Average	12.92	13.58	11.54	14.46	15.38	13.31	13.69	14.53	11.22
Rank	7	5	8	3	1	6	4	2	9	
Total Advances to Total Assets Ratio	2012-13	66.76	59.98	57.99	59.88	54.07	57.84	40.53	33.63	51.73
	2011-12	64.96	64.24	64.87	57.83	51.88	59.43	36.68	32.51	45.67
	2010-11	61.84	63.81	63.28	57.68	53.26	58.67	36.38	30.06	46.28
	2009-10	59.99	62.89	61.58	56.56	49.86	57.76	38.39	25.96	46.81
	2008-09	56.25	62.99	59.59	53.95	57.56	55.21	37.92	29.16	38.45
	2007-08	57.76	59.41	59.58	47.63	56.43	54.45	45.77	39.44	45.41
	2006-07	59.54	58.42	58.20	51.45	56.83	50.34	49.52	42.13	51.12
	2005-06	52.96	52.84	53.61	47.70	58.14	44.87	53.82	44.86	52.39
	2004-05	44.01	45.85	47.06	49.71	54.52	41.34	53.57	45.23	53.56
	2003-04	38.73	41.83	42.47	41.94	49.59	38.77	51.56	37.97	47.03
	Average	56.28	57.23	56.82	52.43	54.21	51.87	44.41	36.10	47.84
Rank	3	1	2	5	4	6	8	9	7	
Debt-Equity Ratio	2012-13	12.16	14.82	16.86	8.18	4.39	7.63	3.83	3.74	3.24
	2011-12	12.43	14.01	17.23	8.24	4.23	9.65	4.05	4.11	4.52
	2010-11	14.37	14.55	17.56	8.22	4.10	9.96	3.79	3.95	4.47
	2009-10	12.19	15.97	19.73	7.78	3.91	8.81	4.03	4.59	4.15
	2008-09	12.81	14.94	19.83	9.75	4.41	11.49	4.49	4.46	4.07
	2007-08	10.96	13.77	18.85	8.76	5.22	9.99	4.93	5.04	4.42
	2006-07	13.92	14.44	18.50	10.62	9.35	17.28	5.74	5.65	5.89
	2005-06	13.75	11.94	17.64	10.53	7.32	13.90	6.42	5.99	6.24
	2004-05	15.25	14.45	18.93	8.04	4.40	13.10	6.49	4.76	6.96
	2003-04	15.73	14.22	17.39	11.29	8.15	18.41	7.59	6.63	7.30
	Average	13.36	14.31	18.25	9.14	5.55	12.02	5.14	4.89	5.13
Rank	3	2	1	5	6	4	7	9	8	
Government Securities to Total Investments Ratio	2012-13	12.16	14.82	16.86	8.18	4.39	7.63	3.83	3.74	3.24
	2011-12	12.43	14.01	17.23	8.24	4.23	9.65	4.05	4.11	4.52
	2010-11	14.37	14.55	17.56	8.22	4.10	9.96	3.79	3.95	4.47
	2009-10	12.19	15.97	19.73	7.78	3.91	8.81	4.03	4.59	4.15
	2008-09	12.81	14.94	19.83	9.75	4.41	11.49	4.49	4.46	4.07
	2007-08	10.96	13.77	18.85	8.76	5.22	9.99	4.93	5.04	4.42
	2006-07	13.92	14.44	18.50	10.62	9.35	17.28	5.74	5.65	5.89
	2005-06	13.75	11.94	17.64	10.53	7.32	13.90	6.42	5.99	6.24
	2004-05	15.25	14.45	18.93	8.04	4.40	13.10	6.49	4.76	6.96
	2003-04	15.73	14.22	17.39	11.29	8.15	18.41	7.59	6.63	7.30
	Average	13.36	14.31	18.25	9.14	5.55	12.02	5.14	4.89	5.13
Rank	3	2	1	5	6	4	7	9	8	
<b>Composite Average</b>		40.72	40.67	42.02	37.27	34.41	34.30	38.57	30.92	36.34
<b>Rank</b>		2	3	1	5	7	8	4	9	6

Table 2 – Asset Quality Position of Selected Banks Operating in India

	Year	Public Sector Banks			Private Sector Banks			Foreign Banks		
		SBI	BOB	DB	HDFC	ICICI	AXIS	CITI	HSBC	SCB
Gross NPAs to Net Advances Ratio	2012-13	4.90	2.43	2.21	0.97	3.31	1.22	2.61	1.79	6.26
	2011-12	4.57	1.55	1.69	1.02	3.73	1.06	1.80	2.03	5.78
	2010-11	3.35	1.38	1.88	1.06	4.64	1.12	2.07	3.63	2.33
	2009-10	3.09	1.37	1.81	1.44	5.23	1.26	3.48	7.17	2.64
	2008-09	2.87	1.29	2.15	2.01	4.42	1.10	4.52	5.58	2.82
	2007-08	3.08	1.86	2.49	1.43	3.36	0.83	2.06	2.33	2.17
	2006-07	2.96	2.50	4.07	1.40	2.11	1.14	1.61	1.71	2.66
	2005-06	3.68	3.99	6.67	1.45	1.52	1.69	1.60	1.89	2.84
	2004-05	6.15	7.65	10.15	1.72	3.03	1.99	2.04	3.24	2.77
	2003-04	8.02	11.18	15.77	1.89	4.91	2.93	2.57	4.35	2.99
Average	4.27	3.52	4.89	1.44	3.63	1.44	2.44	3.37	3.33	
Rank	2	4	1	8.5	3	8.5	7	5	6	
Net NPAs to Net Advances Ratio	2012-13	2.10	1.28	1.39	0.20	0.77	0.36	1.47	0.33	1.63
	2011-12	1.82	0.54	1.01	0.18	0.73	0.27	0.90	0.62	0.70
	2010-11	1.63	0.35	1.22	0.19	1.11	0.29	1.21	0.91	0.27
	2009-10	1.72	0.34	1.21	0.31	2.12	0.40	2.14	2.31	1.40
	2008-09	1.79	0.31	1.09	0.63	2.09	0.40	2.63	1.42	1.37
	2007-08	1.78	0.47	0.94	0.47	1.55	0.42	1.23	0.58	1.04
	2006-07	1.56	0.60	1.99	0.43	1.02	0.72	1.02	0.43	1.43
	2005-06	1.88	0.87	3.04	0.44	0.72	0.98	0.95	0.58	1.57
	2004-05	2.65	1.45	5.23	0.24	1.65	1.39	1.00	0.50	1.12
	2003-04	3.48	2.99	9.40	0.16	2.21	1.29	1.40	0.70	0.52
Average	2.03	1.11	2.65	0.32	1.40	0.64	1.40	0.84	1.10	
Rank	2	5	1	9	3.5	8	3.5	7	6	
Total Investments to Total Assets Ratio	2012-13	22.41	22.19	30.27	27.88	31.93	33.40	34.33	42.55	25.67
	2011-12	23.38	18.60	26.35	28.85	32.63	32.63	33.61	36.92	22.45
	2010-11	24.16	19.92	26.50	25.57	33.15	29.66	27.24	40.90	21.72
	2009-10	28.08	21.98	27.25	26.35	33.27	30.99	29.44	45.66	20.81
	2008-09	28.61	23.06	25.74	32.09	27.17	31.36	23.29	32.93	15.95
	2007-08	26.26	24.43	26.61	37.09	27.88	30.76	22.00	25.41	17.41
	2006-07	26.33	24.41	29.36	33.50	26.48	36.72	24.14	25.73	20.21
	2005-06	32.90	30.97	32.29	38.63	28.46	43.29	23.23	32.40	23.14
	2004-05	42.86	39.16	40.36	37.62	30.11	37.82	24.02	32.69	27.25
	2003-04	45.53	44.67	43.94	45.52	34.13	32.27	22.60	41.00	29.35
Average	30.05	26.94	30.87	33.31	30.52	33.89	26.39	35.62	22.40	
Rank	6	7	4	3	5	2	8	1	9	
Net NPAs to Total Assets Ratio	2012-13	1.40	0.77	0.81	0.12	0.42	0.21	0.60	0.11	0.84
	2011-12	1.18	0.35	0.65	0.10	0.38	0.17	0.33	0.20	0.32
	2010-11	1.01	0.22	0.78	0.11	0.59	0.17	0.44	0.27	0.12
	2009-10	1.03	0.22	0.74	0.18	1.06	0.23	0.82	0.60	0.65
	2008-09	0.99	0.20	0.65	0.34	1.20	0.22	1.00	0.41	0.53
	2007-08	1.03	0.27	0.56	0.22	0.87	0.23	0.56	0.23	0.47
	2006-07	0.93	0.35	1.16	0.22	0.58	0.36	0.51	0.18	0.73
	2005-06	0.99	0.46	1.63	0.21	0.42	0.44	0.51	0.26	0.82
	2004-05	1.16	0.65	2.46	0.12	0.90	0.57	0.54	0.23	0.60
	2003-04	1.33	2.07	3.99	0.07	1.10	0.46	0.72	0.27	0.24
Average	1.11	0.56	1.34	0.17	0.75	0.31	0.60	0.28	0.53	
Rank	2	5	1	9	3	7	4	8	6	
Percentage Change in Net NPAs	2012-13	0.39	1.72	0.60	0.33	0.20	0.49	0.81	-0.46	1.61
	2011-12	0.28	0.95	0.04	0.19	-0.23	0.15	-0.14	-0.11	1.93
	2010-11	0.14	0.31	0.28	-0.24	-0.37	-0.02	-0.37	-0.54	-0.77
	2009-10	0.14	0.33	0.36	-0.38	-0.16	0.28	-0.25	0.39	0.13
	2008-09	0.29	-0.09	0.45	1.10	0.30	0.32	1.23	1.24	0.49
	2007-08	0.41	-0.02	-0.41	0.47	0.75	-0.07	0.40	0.77	-0.20
	2006-07	0.07	-0.03	-0.16	0.31	0.89	0.21	0.44	0.01	0.14
	2005-06	-0.08	-0.57	-0.27	1.56	-0.30	0.01	0.29	0.54	0.70
	2004-05	-0.02	-0.32	-0.33	1.16	0.10	0.93	-0.15	-0.06	1.67
	2003-04	-0.12	0.04	-0.11	-0.35	-0.51	-0.31	0.45	-0.20	1.05
Average	0.15	0.23	0.05	0.42	0.07	0.20	0.27	0.16	0.67	
Rank	7	4	9	2	8	5	3	6	1	
Composite Average		7.52	6.47	7.96	7.13	7.27	7.30	6.22	8.05	5.61
Rank		3	7	2	6	5	4	8	1	9

Capital Adequacy Ratio: ICICI bank secured the top position with highest average CAR (15.38%), while Standard Chartered Bank was at the bottom most position with a least average CAR (11.22%).

Total Advances to Total Assets: Looking to the average, Bank of Baroda was aggressive in lending with the highest ratio (57.23%) while the lowest was registered for HSBC Bank (36.10%).

Debt-Equity: Here, Dena Bank witnessed the highest average ratio (18.25%) while HSBC Bank registered lowest average ratio (4.89%).

Government Securities to Total Investments: While analyzing the average of this, CITI Bank registered the highest ratio (91.03%) while AXIS Bank registered the lowest ratio (59.98%).

Composite Capital Adequacy Average Ranking: On the basis of group averages of four sub parameters of capital adequacy Dena Bank stood at the top position with average of 42.02 while HSBC Bank availed the bottom most position.

**Asset Quality (Table – 2):** Asset quality plays a crucial role in determining the financial strength of a bank with the help of composition of non-performing assets and credit risk for the bank.

Gross NPAs to Net Advances: With respect to this Dena bank secured the top position with the highest average (4.89%) while HDFC Bank and AXIS Bank was at the lowest position with the least average (1.44%).

Net NPAs to Net Advances: On the basis of computed average, Dena bank secured the highest position with the highest ratio (2.65%), while HDFC Bank stood at bottom position with the lowest ratio (0.32%).

Total Investments to Total Assets: HSBC Bank scored topmost position with the highest average ratio (35.62%) and Standard Chartered Bank secured bottom position with the lowest average ratio (22.40%).

Net NPAs to Total Assets: Dena Bank enjoyed the highest position with top average (1.34%), while HDFC Bank stood at the least position with the lowest average (0.17%).

Percentage Change in Net NPAs: The computer average presented that Standard Chartered Bank had been at the highest position with the highest average (0.67%) and Dena Bank was standing at

the lowest position with the lowest average (0.05%).

Composite Asset Quality Average Ranking: On the basis of group averages of five sub parameters of assets quality HSBC Bank stood at the top position with group average of 8.05 where as Standard Chartered Bank stood at bottom position with average of 5.61.

**Management Efficiency (Table – 3):** Management efficiency means follow up of defined norms, capability to plan and respond to dynamic environment, administrative ability and decisions making ability depending on its risk perception of the bank.

Credit-Deposit Ratio: The average credit-deposit ratio represented that ICICI Bank top the position with the highest average (93.26%) while HSBC Bank reported the lowest average (60.60%) for the study period.

Earnings/Business per Employee: The study depicted that CITI Bank stood at the highest position with the highest average (174.63%), whereas State Bank of India was place at the lowest the position with the lowest average (52.05%).

Profit per Employee: CITI Bank scored top position with the highest average (3.05%), whereas State Bank of India scored bottom position with the lowest average (0.37%) when analyzed with respect to profit per employee.

Return on Equity: Standard Chartered Bank witnessed top position with the highest average (20.25%), while HSBC Bank was allocated the lowest position with the lowest average (12.41%) in case of average return on equity ratio.

Composite Management Efficiency Average Ranking: Analyzing group averages of four sub parameters of management efficiency, CITI Bank located first position with average of 80.51 and State Bank of India stood at last with 43.94 average.

**Earnings Efficiency (Table – 4):** The earning quality of bank is assessed by examining the income from lending operations, interest rate policies and adequacy of provisioning.

Spread to Total Assets: It is examined that CITI Bank stood at the highest place with the highest average (4.17%), whereas ICICI Bank was located at the lowest position with the lowest average (2.03%) for the study period.

**Table 3 – Management Efficiency Position of Selected Banks Operating in India**

	Year	Public Sector Banks			Private Sector Banks			Foreign Banks		
		SBI	BOB	DB	HDFC	ICICI	AXIS	CITI	HSBC	SCB
<b>Credit-Deposit Ratio</b>	2012-13	79.78	69.25	67.67	80.92	99.19	77.97	78.18	62.79	99.92
	2011-12	79.98	74.67	73.47	79.21	99.31	77.13	72.80	57.82	86.88
	2010-11	81.03	74.87	69.82	76.70	95.91	75.25	71.64	50.64	84.22
	2009-10	78.58	72.55	69.07	75.17	89.70	73.84	67.32	42.11	86.22
	2008-09	73.11	74.84	67.08	69.24	99.98	69.48	77.25	55.21	89.75
	2007-08	77.55	70.18	67.83	62.94	92.30	68.09	83.20	70.26	90.13
	2006-07	77.46	66.94	66.10	68.74	84.97	62.73	86.76	66.45	88.09
	2005-06	68.89	63.97	60.24	62.84	88.54	55.63	87.62	67.37	84.60
	2004-05	55.14	53.36	56.27	70.33	91.57	49.20	84.30	74.18	88.67
	2003-04	49.57	48.79	51.29	58.35	91.17	44.68	74.56	59.18	80.97
	Average	72.11	66.94	64.88	70.44	93.26	65.40	78.36	60.60	87.95
Rank	4	6	8	5	1	7	3	9	2	
<b>Earnings/Business Per Employee</b>	2012-13	94.39	168.90	143.10	75.00	73.50	121.50	212.40	188.99	168.77
	2011-12	79.84	146.60	128.40	65.40	70.80	127.60	197.50	165.89	154.67
	2010-11	70.47	122.90	107.70	65.30	73.50	136.60	174.59	122.17	134.56
	2009-10	63.60	98.10	82.70	59.00	102.90	111.10	197.99	113.55	108.34
	2008-09	55.60	91.40	71.40	44.60	115.40	106.00	188.01	96.18	97.14
	2007-08	45.60	71.00	55.90	50.60	100.80	111.70	176.38	101.23	81.73
	2006-07	35.70	55.50	45.80	60.70	102.70	102.40	136.05	97.97	92.42
	2005-06	29.92	39.60	36.40	75.80	90.50	102.00	160.79	97.56	83.73
	2004-05	24.31	31.04	31.30	80.60	88.00	89.50	135.95	77.95	78.64
	2003-04	21.06	25.25	27.40	86.60	101.00	80.80	166.67	82.09	78.01
	Average	52.05	85.03	73.01	66.36	91.91	108.92	174.63	114.36	107.80
Rank	9	6	8	7	5	3	1	2	4	
<b>Profit Per Employee</b>	2012-13	0.65	1.00	0.73	1.00	1.40	1.50	5.02	4.04	4.11
	2011-12	0.53	1.20	0.79	0.80	1.10	1.40	3.60	3.47	2.31
	2010-11	0.39	1.10	0.62	0.74	1.00	1.40	2.86	2.32	2.64
	2009-10	0.45	0.60	0.49	0.60	1.20	1.20	1.83	1.17	2.63
	2008-09	0.47	0.61	0.43	0.42	1.10	1.00	4.51	1.61	2.38
	2007-08	0.37	0.39	0.36	0.50	1.00	0.84	3.77	1.67	2.02
	2006-07	0.24	0.27	0.20	0.61	0.90	0.76	1.73	1.43	1.96
	2005-06	0.22	0.21	0.07	0.74	1.00	0.87	2.17	1.23	1.45
	2004-05	0.21	0.17	0.06	0.88	1.10	0.80	2.18	0.97	1.15
	2003-04	0.18	0.24	0.22	0.94	1.20	0.81	2.83	0.63	1.34
	Average	0.37	0.58	0.40	0.72	1.10	1.06	3.05	1.85	2.2
Rank	9	7	8	6	4	5	1	3	2	
<b>Return on Equity Ratio</b>	2012-13	15.43	20.64	15.83	20.34	13.10	18.53	16.30	12.84	17.78
	2011-12	15.72	15.07	19.75	18.69	11.20	20.29	12.42	13.88	12.76
	2010-11	12.62	23.47	19.55	16.74	9.65	19.34	10.01	11.83	16.70
	2009-10	14.80	21.86	21.43	16.30	7.96	19.15	6.87	6.94	19.44
	2008-09	17.05	18.62	21.29	17.17	7.80	19.12	20.83	13.13	20.45
	2007-08	16.75	14.58	21.82	17.74	11.63	17.60	22.62	16.31	24.08
	2006-07	15.41	12.45	14.22	19.46	13.17	20.96	16.44	16.38	26.33
	2005-06	17.04	12.28	5.98	17.74	14.33	18.28	18.43	13.30	23.21
	2004-05	19.43	12.58	5.65	18.45	18.86	18.81	19.98	11.17	20.16
	2003-04	19.67	20.32	19.89	20.61	20.93	27.08	23.70	8.33	21.56
	Average	16.39	17.19	16.54	18.32	12.86	19.92	16.76	12.41	20.25
Rank	7	4	6	3	8	2	5	9	1	
<b>Composite Average</b>		43.94	50.39	51.25	49.02	66.69	58.58	80.51	58.94	65.98
<b>Rank</b>		9	7	6	8	2	5	1	4	3

**Table 4 – Earnings Efficiency Position of Selected Banks Operating in India**

	Year	Public Sector Banks			Private Sector Banks			Foreign Banks		
		SBI	BOB	DB	HDFC	ICICI	AXIS	CITI	HSBC	SCB
Spread to Total Assets Ratio	2012-13	2.83	2.07	2.10	3.95	2.58	2.84	4.03	3.80	4.19
	2011-12	3.24	2.31	2.40	3.81	2.19	2.81	3.80	3.43	3.49
	2010-11	2.66	2.46	2.49	3.80	2.22	2.70	3.63	3.66	3.76
	2009-10	2.25	2.13	1.91	3.77	2.23	2.77	4.25	3.60	4.38
	2008-09	2.16	2.25	2.20	4.05	2.21	2.50	4.19	3.87	3.24
	2007-08	2.36	2.18	2.31	3.93	1.83	2.36	4.36	3.90	3.74
	2006-07	2.75	2.22	2.73	4.07	1.93	2.14	4.05	4.18	4.06
	2005-06	3.16	2.84	2.72	3.46	1.87	2.17	4.53	3.67	4.06
	2004-05	3.03	3.15	2.86	3.46	1.69	1.94	4.29	3.52	3.72
	2003-04	2.74	3.02	2.67	3.16	1.50	2.34	4.58	2.73	4.23
Average	2.72	2.46	2.44	3.75	2.03	2.46	4.17	3.64	3.89	
Rank	5	6	7	3	9	8	1	4	2	
Operating Profit to Average Working Funds Ratio	2012-13	2.14	1.81	1.73	3.10	2.57	2.97	3.33	3.06	4.07
	2011-12	2.47	2.13	1.93	3.05	2.32	2.81	2.89	3.52	3.95
	2010-11	2.23	2.19	1.91	3.09	2.35	3.03	3.16	3.23	3.97
	2009-10	1.82	1.95	1.59	3.42	2.62	3.19	3.28	3.71	4.63
	2008-09	2.13	2.12	1.67	3.27	2.29	2.90	5.72	4.89	3.93
	2007-08	2.04	1.81	1.96	3.36	2.14	2.43	5.22	4.49	4.56
	2006-07	1.89	1.88	2.19	3.41	1.97	2.22	3.90	4.16	4.46
	2005-06	2.37	1.84	2.37	3.17	1.86	2.27	3.98	3.91	4.14
	2004-05	2.53	2.56	1.94	2.87	2.02	1.83	3.70	3.62	2.98
	2003-04	2.44	3.08	3.36	2.77	2.04	3.14	4.50	3.34	4.33
Average	2.20	2.14	2.06	3.15	2.22	2.68	3.97	3.79	4.10	
Rank	7	8	9	4	6	5	2	3	1	
Interest Income to Total Income Ratio	2012-13	88.18	90.65	93.14	83.65	82.76	80.58	81.70	80.31	76.39
	2011-12	88.13	89.66	92.11	82.82	81.72	80.23	84.79	74.00	72.66
	2010-11	83.72	88.62	90.41	82.13	79.62	76.59	76.30	74.39	71.99
	2009-10	82.59	85.61	87.20	80.24	77.47	74.68	79.23	70.75	66.67
	2008-09	83.41	84.55	88.91	83.23	80.35	78.90	65.63	70.09	64.59
	2007-08	84.92	85.21	84.84	81.58	77.75	79.60	70.91	70.17	67.75
	2006-07	84.63	86.70	84.40	81.43	76.05	81.54	76.51	74.32	75.02
	2005-06	82.87	86.21	80.03	79.93	77.38	79.84	74.60	70.34	74.29
	2004-05	82.00	83.13	84.72	82.61	73.37	82.23	70.00	71.10	82.59
	2003-04	80.01	78.15	73.76	84.15	74.37	74.60	71.99	66.72	78.30
Average	84.04	85.85	85.95	82.18	78.08	78.88	75.17	72.22	73.03	
Rank	3	2	1	4	6	5	7	9	8	
Non-Interest Income to Total Income Ratio	2012-13	11.82	9.35	6.86	16.35	17.24	19.42	18.30	19.69	23.61
	2011-12	11.87	10.34	7.89	17.18	18.28	19.77	15.21	26.00	27.34
	2010-11	16.28	11.38	9.59	17.87	20.38	23.41	23.70	25.61	28.01
	2009-10	17.41	14.39	12.80	19.76	22.53	25.32	20.77	29.25	33.33
	2008-09	16.59	15.45	11.09	16.77	19.65	21.10	34.37	29.91	35.41
	2007-08	15.08	14.79	15.16	18.42	22.25	20.40	29.09	29.83	32.25
	2006-07	15.37	13.30	15.60	18.57	23.95	18.46	23.49	25.68	24.98
	2005-06	17.13	13.79	19.96	20.07	22.62	20.16	25.40	29.66	25.71
	2004-05	18.00	16.87	15.28	17.39	26.63	17.77	30.00	28.90	17.41
	2003-04	19.99	21.85	26.24	15.85	25.63	25.39	28.01	33.28	21.70
Average	15.96	14.15	14.05	17.82	21.92	21.12	24.83	27.78	26.97	
Rank	7	8	9	6	4	5	3	1	2	
Net Profit to Total Assets Ratio	2012-13	0.90	0.82	0.71	1.68	1.55	1.52	2.12	1.82	2.47
	2011-12	0.88	1.12	0.92	1.53	1.32	1.49	1.50	1.82	1.43
	2010-11	0.68	1.18	0.86	1.42	1.27	1.40	1.28	1.68	1.94
	2009-10	0.87	1.10	0.89	1.33	1.11	1.39	0.90	0.90	2.40
	2008-09	0.95	0.98	0.87	1.22	0.99	1.23	2.06	1.36	1.96
	2007-08	0.93	0.80	0.93	1.19	1.04	0.98	2.15	1.57	2.32
	2006-07	0.80	0.72	0.64	1.25	0.90	0.90	1.36	1.54	2.32
	2005-06	0.89	0.73	0.28	1.18	1.01	0.98	1.55	1.37	1.97
	2004-05	0.94	0.72	0.25	1.29	1.20	0.89	1.77	1.28	1.61
	2003-04	0.90	1.14	1.04	1.20	1.31	1.15	1.93	1.55	1.74
Average	0.87	0.93	0.74	1.33	1.17	1.19	1.66	1.49	2.01	
Rank	8	7	9	4	6	5	2	3	1	
<b>Composite Average</b>		21.16	21.11	21.05	21.65	21.08	21.27	21.96	21.78	22.00
<b>Rank</b>		6	7	9	4	8	5	2	3	1

**Table 5 – Liquidity Position of Selected Banks Operating in India**

	Year	Public Sector Banks			Private Sector Banks			Foreign Banks		
		SBI	BOB	DB	HDFC	ICICI	AXIS	CITI	HSBC	SCB
Liquidity Assets to Total Assets Ratio	2012-13	7.33	15.61	8.66	6.81	7.72	6.00	14.82	8.62	4.60
	2011-12	7.28	14.35	6.35	6.20	7.41	4.88	14.28	10.57	4.00
	2010-11	10.04	13.93	7.64	10.70	8.39	8.82	19.06	9.01	6.40
	2009-10	8.18	12.74	8.88	13.46	10.70	8.42	15.90	9.02	5.39
	2008-09	10.83	10.59	12.09	9.55	7.90	10.17	15.25	11.87	4.33
	2007-08	9.35	12.42	10.45	11.10	9.52	11.41	13.90	12.10	7.72
	2006-07	9.17	12.77	8.96	9.92	10.77	9.44	13.56	14.65	6.73
	2005-06	9.02	11.87	9.43	9.41	6.78	7.32	13.93	7.67	10.34
	2004-05	8.55	9.78	7.42	8.70	7.71	11.93	14.12	7.93	4.12
	2003-04	10.68	8.54	6.55	8.65	6.76	23.45	17.60	5.71	4.85
	Average	9.04	12.26	8.64	9.45	8.37	10.18	15.24	9.71	5.85
Rank	6	2	7	5	8	3	1	4	9	
Liquidity Assets to Total Deposits Ratio	2012-13	9.55	18.02	10.10	9.21	14.15	8.09	28.59	16.09	8.89
	2011-12	9.31	16.67	7.19	8.49	14.18	6.33	28.34	18.80	7.60
	2010-11	13.16	16.35	8.42	14.22	15.11	11.31	37.54	15.18	11.65
	2009-10	10.72	14.70	9.96	17.89	19.24	10.76	27.89	14.63	9.92
	2008-09	14.07	12.52	13.61	12.26	13.72	12.79	31.07	22.48	10.09
	2007-08	12.55	14.67	11.90	14.67	15.56	14.27	25.26	21.55	15.34
	2006-07	11.93	14.63	10.18	13.25	16.10	11.77	23.76	23.10	11.60
	2005-06	11.72	14.37	10.60	12.40	10.32	9.08	22.68	11.52	16.70
	2004-05	10.71	11.38	8.53	12.31	12.95	14.20	22.22	13.01	6.83
	2003-04	13.69	9.96	7.91	12.03	12.44	27.03	25.45	8.90	8.35
	Average	11.74	14.33	9.84	12.67	14.38	12.56	27.28	16.52	10.70
Rank	7	4	9	5	3	6	1	2	8	
Liquidity Assets to Demand Deposits Ratio	2012-13	101.90	239.36	142.96	52.15	112.17	42.29	101.80	60.79	38.78
	2011-12	98.69	221.70	75.56	46.11	103.59	35.05	91.72	67.70	30.22
	2010-11	93.66	215.84	98.60	63.86	98.02	57.99	118.31	52.21	42.99
	2009-10	70.31	187.42	110.04	80.43	125.41	47.26	91.87	51.05	33.65
	2008-09	94.27	166.68	163.80	61.55	138.53	60.50	108.72	84.76	38.43
	2007-08	68.75	190.66	131.03	51.39	154.07	62.38	85.03	70.19	51.30
	2006-07	63.38	185.12	85.90	45.66	173.66	61.20	65.57	81.69	43.86
	2005-06	65.53	160.58	105.17	46.90	102.82	45.69	62.59	32.36	52.21
	2004-05	69.46	134.68	83.91	42.09	100.73	62.94	65.39	46.41	25.87
	2003-04	86.62	107.31	74.77	41.40	116.69	105.00	87.27	32.79	32.50
	Average	81.26	180.94	107.17	53.15	122.57	58.03	87.83	57.99	38.98
Rank	5	1	3	8	2	6	4	7	9	
Government Securities to Total Assets Ratio	2012-13	17.19	18.65	23.59	21.21	17.21	21.21	32.05	26.13	20.96
	2011-12	19.16	15.47	22.21	22.56	17.78	20.45	32.99	19.45	18.27
	2010-11	18.86	16.58	21.53	19.34	15.79	18.19	26.45	22.66	18.60
	2009-10	21.52	17.76	23.11	22.95	18.82	18.93	28.80	31.04	16.83
	2008-09	23.46	17.65	20.55	28.46	16.71	19.24	22.21	18.89	14.39
	2007-08	19.51	18.68	21.92	23.78	18.85	18.33	20.42	19.19	15.76
	2006-07	20.77	17.74	24.13	24.71	19.55	22.30	21.88	18.63	16.42
	2005-06	27.25	22.03	26.49	26.71	20.32	23.67	20.08	22.97	17.58
	2004-05	37.28	29.62	33.08	21.83	20.55	19.92	19.11	27.28	20.32
	2003-04	38.58	32.16	34.30	27.25	23.87	20.94	17.87	34.83	20.37
	Average	24.36	20.63	25.09	23.88	18.94	20.32	24.19	24.11	17.95
Rank	2	6	1	5	8	7	3	4	9	
<b>Composite Average</b>		31.60	57.04	37.69	24.79	41.07	25.27	38.64	27.08	18.37
<b>Rank</b>		5	1	4	8	2	7	3	6	9

Operating Profit to Average Working Funds: Considering the average Standard Chartered Bank was located at the highest position with the highest average (4.10%), while Dena Bank secured bottom position with the lowest average (2.06%).

Interest Income to Total Income: Dena Bank scored the highest position with the highest average (85.95%), whereas HSBC Bank stood at the lowest position with the lowest average (72.22%) considering the average of interest income to total income.

Non-Interest Income to Total Income: HSBC Bank enjoyed top position with the highest average (27.78%) and Dena Bank was facing the lowest position with the lowest average (14.05%).

Net Profit to Total Assets: It is assessed that Standard Chartered Bank scored the highest position with the highest ratio (2.01%), whereas Dena Bank stood at bottom position with the lowest ratio (0.74%).

Composite Earnings Efficiency Average Ranking: Considering the group averages of five sub parameters of earning efficiency, Standard Chartered Bank achieved first position with average of 22.00 and Dena Bank at last position with average of 21.05.

**Liquidity Position (Table – 5):** The liquidity means the ability of the bank to convert non-cash

items into cash as and when needed. The liquidity indicates the ability of the bank to discharge the liability as and when they mature.

Liquid Assets to Total Assets: Considering the average CITI Bank witnessed the highest position with the highest average (15.24%), while Standard Chartered Bank stood at the lowest position with the lowest average (5.85%).

Liquid Assets to Total Deposits: CITI Bank scored the highest position with the highest average (27.28%), while Dena Bank marked lowest position with the lowest average (9.84%).

Liquid Assets to Demand Deposits: Bank of Baroda was at the highest position with the highest average (180.94%), while Standard Chartered Bank was standing at bottom position with lowest average (38.98%).

Government Securities to Total Assets: Dena Bank with the highest average (25.09%) was at the highest location while Standard Chartered Bank was at bottom point with the lowest average (17.95%).

Composite Liquidity Average Ranking: Taking into account the group averages of four sub parameters of liquidity position, Bank of Baroda stood at the highest (first) position with group average of 57.04 and Standard Chartered Bank at the lowest position with average of 18.37.

### Overall Composite Ranking

**Table 6 – Overall Composite Ranking of the Selected Banks Operating in India**

Bank	Capital Adequacy	Assets Quality	Mgt. Efficiency	Earning Efficiency	Liquidity	Average	Rank
SBI	2	3	9	6	5	5.00	4.5
BOB	3	7	7	7	1	5.00	4.5
DB	1	2	6	9	4	4.20	8
HDFC	5	6	8	4	8	6.20	1
ICICI	7	5	2	8	2	4.80	6
AXIS	8	4	5	5	7	5.80	2
CITI	4	8	1	2	3	3.60	9
HSBC	9	1	4	3	6	4.60	7
SCB	6	9	3	1	9	5.60	3

The overall composite ranking calculated and presented in table-6 On the basis of composite ranking, HDFC Bank was holding top position with respect to all CAMEL ratios while the lowest

position was that of CITI Bank under the period reviewed.

## Suggestions

The following suggestions can be made for improving the financial performance of the banks.

Considering the capital adequacy ratios, Standard Chartered Bank, ICICI Bank, AXIS Bank while HSBC Bank performance availed the lower ranking position and thus these banks should avoid more debt capital in the future. The banks should be encouraged to develop their own system of risk weights for purpose of CRAR.

Taking into account the assets quality ratios, the performance of HDFC Bank, Bank of Baroda, CITI Bank and Standard Chartered Bank was disturbing. These banks should take necessary and better strategies to recover the loans and advances from the customers and to curtail their NPA in a minimum level.

From the view point of management efficiency ratios, Dena Bank, Bank of Baroda, HDFC Bank and State Bank of India with lower ranking positions should constantly strive to improve their productivity through effective investment ideas, reducing operating cost and providing better customer services.

With respect to the earning efficiency, State Bank of India, Bank of Baroda, ICICI Bank and Dena Bank stood with lower ranking position. These banks should implement new techniques of doing operational work, take appropriate and corrective measures to increase the income, and restrict the increase in the expenditures and burden.

Looking to the liquidity position, HSBC Bank, AXIS Bank, HDFC Bank and Standard Chartered Bank were facing bottom ranking positions. These banks should try to increase the source of current assets by recovering loan and advances and reducing current liabilities by avoiding short term borrowings to stipulate their liquidity position. Banks should establish their own benchmarks and limits for liquidity measures from their past experiences and performances.

Lastly every bank should develop its own "Risk Management System" based on CAMEL parameters so that regular interval watch can be kept on the performance of the banks.

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# A Study on Rural Consumers' Buying Behaviour with Reference to Agricultural Inputs

Brijesh Patel, Kirit Chavda

## Abstract

India is known as an agrarian economy all over the world. Nearly 64 per cent of people earn their livelihood from it. Fertility of the land is mostly dependent on the agro-inputs used by the farmers. Therefore farmers would like to buy agro-inputs rationally; their behavior is being studied under Rural Marketing. It is also fact that measuring behavior of buyer is the complex task in rural India due to illiteracy, lack of awareness, communication gap, traditions, lack of knowledge about seeds, fertilizers and pesticides etc. This Paper is a small attempt to study about the preferences given by rural consumers while buying of agro inputs and to measure the influencing criteria about buying behavior of agro - inputs of rural consumers in Anand District.

## Introduction

The rural market is transforming every year, and it would be quite inappropriate to approach it with mind-set about its past image. Therefore, it is imperative for the marketer to have a clear picture of the rural market as it exists today. Villages are the heart of India. Approximately 75 percent of India's population lives in rural area according to census 2011. India is a number one in the world in terms of irrigated land area and second in the terms of arable land but what worries the most is the agricultural productivity. The rural consumer is quite different from his urban counterpart on a good number of demographic variables. The difference is so significant that the rural market potential can be tapped effectively only by treating it as a distinct market. Schiffman and Kanuck, 2000, define consumer behavior as "the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. It is thus a study of how individuals make decisions to spend their available resource like time, money, efforts-on consumption relate items." solitary

### Buying behavior about agriculture inputs

It is relatively easy to measure what rural consumers buy, where they buy from, and how much they buy. Understanding why they buy is most difficult in rural India. This has to be the focal point of any marketer's efforts. Marketers have to study the consumer response to marketing stimuli regularly, and look into the "buyers' back box" to adapt their marketing strategies to elicit the required response.

Agriculture is a major occupation in the Indian rural economy. About 41.3 percent of the populations fall under the occupational categories of self-employed in agriculture and labour, respectively. In view of this, the importance of agricultural inputs and farm services need not be over emphasized. The agro-inputs sector is dependent on advances in research and development and farmer's adoption of modern farming techniques.

Marketing of agricultural inputs is a process of delivering manufactured or processed inputs or services to rural producers such as seeds, fertilizers and pesticides. Seeds marketing include activities such as production, processing, storage, quality control and distribution of seeds.

From the point of the intermediary, seed marketing refers to the actual acquisition and selling of packed seeds, intermediate storage, delivery and sales promotional activities. The major factor affecting is advertising to create awareness through media like Krushimela, radio, cinema slides, wall paintings, hoardings, newspapers advertisements and exhibitions.

Fertilizers can be described as any substance, organic or inorganic, natural or artificial, that supplies one or more of the chemical elements required for plant growth. Special use of marketing strategies recent in times by many companies such as promotional schemes of one bag free on purchasing another bag has become common.

Agrochemicals are classified as insecticides, herbicides or pesticides, fungicides on the basis of their purpose to defend the crop from insects, pests and fungi. Agro-chemical product is formulated in different forms such as liquids, dusts, granules and wet table powders and in different concentrations. The products are available from 50gm to 20 kg pack in tin, aluminium, multilayer and laminated cartons. There are products which are insect, disease, weed specific and can be used on many crops. Product prices of pesticides are not regulated by government and the manufacturers are free to fix the price. The business is highly seasonal and is very competitive and therefore companies offer attractive schemes towards annual targets, off-season/bulk purchases, and early/timely payment to distributors and dealers. Besides, a variety of promotion media and methods are used for selling purpose. Firstly, formal media includes regional TV, Radio, Regional newspapers, Wall paintings, Bus boards and Tree boards. Secondly, rural specific media includes farm to farm visit, group meeting of farmers, field demonstration, field day, village level film shows, screening of films in rural cinema halls and jeep campaign. (Krishnamoorthy R., 2008)

**Review of Literature**

Review of literature has provided a broad framework Consumers' Buying Behaviour of rural India with respect to agricultural inputs and other product categories. The same has been discussed in this section.

Muartan Koel (1994) found that the problem of buying behaviour includes selection of a supplier, a brand or a product and materialization of the choice. He had suggested that relationship with suppliers of agro inputs also affected to farmer's buying decision.

Bishno Vinod Kumar and Bharti (2008) conducted study on the awareness and consumption pattern of rural consumers towards home and personal care products. The study on the one had has broken many old beliefs regarding rural market whereas it upheld many others. Contrary to the belief that only rich and well educated consumers utilize the top national brands but even low income level consumers were found to be absorbing such brands. Researchers found that consumers were well exposed to different media primarily to the television and newspapers and younger rural consumers have been found more variety seeking in comparison to their older counterparts.

Dharmaral Slonaki et al. (2013) identified the factors affecting consumer behaviour towards

agricultural inputs like fertilizers, seeds, agrochemicals, oils and lubricants etc. the study concluded that farmers purchase the agriculture inputs from cooperative societies in Bardoli district and also found that cooperative societies provide fair billing and credit facility to farmers in agriculture inputs. The study stated that agri in-outs remain a price-sensitive market as factors like quality, brand and packaging are considered less important.

Partha Pratim Saikia (2010) studied a complex buying behaviour and analysed due to the demographics of the country. It's a great challenge for the marketers to interpret buying behaviour and design the appropriate marketing strategy which will reap business profit. This complexity is even more exaggerated in a nation that has recently opened its door to globalization. She finds that investigate the complex buying behaviour of rural consumers, their buying pattern and decision making process.

**Research Methodology**

The present study is an attempt to focus on Buying Behaviour regarding agricultural Inputs for the rural consumers. Primary data have been collected from the rural consumers. Following are the basic objectives of the study.

1. To find out the preference given by rural consumers to buy agro inputs.
2. To identify influencing criteria while buying agro inputs of rural consumers.

Primary data have been collected from 100 respondents of Anand District. Five villages of the Anklav taluka have been taken for the sampling viz, Hathipura, Bhetasi, Asarma, Asodar and Khadol. From each village 20 respondents have been selected purposively. Structured questionnaire has been used with questions that are relevant and helpful to extract the opinions of rural people about their preference and influencing criteria while buying of agro inputs.

**Data Analysis**

**Table 1. Gender**

	<b>Frequency</b>	<b>Percent</b>
Male	82	82.0
Female	18	18.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

Table 1 shows that a majority of the respondents (82 percent) were male and only 18 percent of them were female.

**Table 2. Marital Status**

	Frequency	Percent
Married	97	97.0
Unmarried	3	3.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

The table 2 shows that majority of the respondents were found married. Only 3 percent respondents were found unmarried.

**Table 3. Age**

	Frequency	Percent
15 - 30 years	14	14.0
31- 40 Years	26	26.0
41 - 60 Years	49	49.0
Above 60 Years	11	11.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

Table 3 reveals that majority (49 percent) of the respondents came under the age group of 41- 60 years. 26 percent came under the age group between 31-40 years. 14 percent and 11 percent were studied under the age group of 15-30 years and above sixty years respectively.

**Table 4. Distribution according to holding of Land**

	Frequency	Percent
Less than 5 acres	63	63.0
6 to 15 acres	32	32.0
16 to 30 acres	5	5.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

Table 4 describes that majority of the respondents (63percent) have less than 5 acres land. 32percent of the respondents hold 6 to 15 acres land and only 5percent of the respondents hold about 16 to 30 acres land.

**Table 5. Agriculture Income**

	Frequency	Percent
Up to Rs. 50,000	78	78.0
Rs. 50,001 – Rs. 1 Lac	14	14.0
Rs. 1 Lac – Rs. 5 Lacs	8	8.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

Table 5 shows that 78 percent of the respondents earned the agriculture income up to Rs. 50,000, 14 percent of them earned beyond up to Rs. 1, 00,000 and 8 percent of them earned more than one lac.

**Table 6. Education**

	Frequency	Percent
Illiterate	20	20.0
Primary schooling	24	24.0
S.S.C./H.S.C	46	46.0
Graduate	4	4.0
Post Graduate	3	3.0
Total	97	97.0
System	3	3.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

Table 6 indicates that nearly 46 percent of people hold the education up to S.S.C/H.S.C., 24 percent hold up to Primary, 20 percent of them found illiterate. Only 3 percent of them found as post graduate and 4 percent of Graduate.

#### Analysis of Fertilizers

**Table 7. Types of Fertilizer Used in Farm**

Types of Fertilizer	Frequency
Chemical fertilizers	86
Organic fertilizers	60
Chemical fertilizers and Organic fertilizers	90

Table No.7 shows that 90 percent of rural consumers would like to use Chemical and Organic fertilizers in their farm, 86 percent of them found were using chemical fertilizer and 60 percent of them had used organic fertilizers.

**Table 8. Information Source regarding Fertilizers of Farmers**

Source of Information	Frequency
Friends relatives	92
Dealers of fertilizer	93
Local co-operative society	98
Fertilizers hoarding	31
Radio/ T.V programme	53
Other television programme	39
Agriculture magazine	29
Newspaper advertisement	21
Gram sevak	62
Other leader in village	0
Sarpanch	0

The table no. 8 shows that large numbers of users have obtained information from local co-operative society. 93 percent of the rural consumers got information from the dealers of fertilizers and 92 percent of them have received it from their friends and relatives. About 62 percent of the respondents have obtained it through Gram Sevak, 53 percent from Audio – Visual Medias.

**Table 9. Buying Source of Fertilizer**

Source of Fertilizer	Frequency
Local cooperative society	100
Local traders	48
Direct from company	8

Table 9 reveals that local cooperative society found to be used as often repeated source for buying fertilizers for rural consumers. 48 percent of them would like to prefer local traders as buying source of fertilizers. 8 percent have been bought it directly from the company.

**Table 10. Reasons behind using of Branded Fertilizer**

Reasons Behind using Branded Fertilizer	Yes	No
Price differentiation	90	10
Quality of fertilizers	88	12
Easy availability	74	26
Brand loyalty	95	5

Table 10 elaborates that majority of the users preferred to use branded fertilizers due to Brand loyalty(95 percent), Price differentiation (90 percent), Quality preference (88 percent) and 74 percent of them have been use it as of branded fertilizers is easy accessibility of the fertilizers in the market.

**Table 11. Prefer to Use Manure as Fertilizer**

	Frequency	Percent
Yes	98	98.0
No	2	2.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

The table 11 reveals that majority of farmers (98 percent) would like to use manure as fertilizer and only 2 percent farmers would not like to use manure as fertilizers in their farm.

### Analysis of Pesticides

**Table 12. Information Source regarding Pesticides**

Source of Information	Frequency
Friends relatives	51
Dealers of pesticides	77
Local co-operative society	78
Hoarding	21
Radio/ T.V programme	19
Other television programme	9
Agriculture magazine	12
Newspaper advertisement	2
Gram sevak	35
Other leader in village	5
Sarpanch	0

Table 12 depicts local co-operative society and Dealers of Pesticides found as major resource for providing information regarding pesticides. Sarpanch of the concern village and any other media have not been preferred by any consumers for taking information regarding pesticides.

**Table 13. Buying Source of Pesticides**

Source of Pesticides	Frequency
Local co-operative society	88
Local traders	66

Table 13 describes that local co-operative society influenced strongly on the decision made by rural consumers. Secondly local traders were given preference by rural consumers while buying pesticides.

**Table 14. Reasons behind Using the Branded Pesticides**

	Yes	No
Price differentiation	97	3
Quality	81	19
Easily available	69	31
Brand loyalty	82	18

The table 14 reveals that 97percent of the respondents would like to use the branded pesticides due to price differentiation, 82 percent of them found due to brand loyalty, 81percent of them preferred to use due to quality of the pesticides. 69percent of them were influenced through easily accessible source of pesticides.

**Analysis of Seeds**

**Table 15. Information regarding Seeds**

Information regarding Seeds	Frequency
Friends and relatives	88
Dealers of fertilizer	86
Local co-operative society	98
Hoarding	38
Radio T.V advertisement	55
Other television programmes	42
Agriculture magazines	14
Newspaper advertisement	15
Gram sevek	57
Other leaders	6
Any other media	2

Table 15 depicts that local co-operative society (98%) has been found as one of the major resource for getting information for the rural consumers about seeds. Second place contributed by friends and relatives (88%), (86%) percent of the respondents were provided information through the dealers of seeds. Gram Sevak and other local television, programmes, hoardings contributed significantly about 57%, 42%, 38 % percent respectively.

**Table 16. Preferences Given for Buying Seeds**

Preference Given for Buying Seeds	Frequency
Private dealers	95
Other farmers	30
Gujarat state seeds corporation	81
Gujarat seeds development agency	19
Co-operative society	73

Table 16 expressed that 95% of the rural consumers would like to buy seeds from private dealers. 81% of them preferred Gujarat State Seeds Corporation. Co-operative society was also given preference by 73% of respondents.

**Table 17. Reasons behind Using of the Branded Seeds**

Reasons behind Using of the Branded Seeds	Yes	No
Price differentiation	92	08
Quality	70	30
Easily available	71	29
Brand loyalty	88	12

The table 17 indicated that 92% of the respondents would like to use branded seeds due to price differentiation. 88% of them would like to use it as

they were found to be loyal. 71% of the respondents preferred accessibility factor behind using the branded seeds. 70% of them keep quality as cause behind using the branded seeds.

**Findings of the study**

Most of the respondents were found to be illiterate.

Majority of the rural consumers preferred to use chemical and organic fertilizers in their farm.

Local co-operative society, friends and relatives and dealers of fertilizers were found as an important resource for providing information regarding fertilizers to rural consumers.

Brand loyalty and Price sensitivity were found as an important influencing factor behind using the branded fertilizers.

Using of manure as fertilizer was given highest preference by most of the respondents for their farms.

Local co-operative society, Friends and relatives and Dealers of pesticides found as an important resource for providing information regarding pesticides to rural consumers.

Local cooperative society and local traders of pesticides were found as one of the strongest influencing factors affecting on buying decision of rural consumers.

More number of rural consumers considered price as one of the reason behind using the branded pesticides.

Local co-operative society, Friends and relatives and Dealers of seeds were found as an important resource for providing information regarding seeds to rural consumers. Gram Sevak and Local Radio and Television advertisement also contributed significantly for the same purpose. (Refer table no. 15)

Due to illiteracy Print Medias were given least importance by the rural consumers.

Private Dealers and Gujarat State Seeds Corporation were found as the purchase points of seeds by rural consumers. (Refer table no. 16)

Price differentiation and Brand loyalty were found as important reasons behind using the branded seeds. (Refer table no. 17)

## **Suggestions of the study**

Illiteracy stops the development of the rural consumers. So educational awareness should be spread in rural areas through different Medias with the help of government among consumers.

Awareness regarding the use of manure as fertilizers may be beneficial to rural consumers. So they should be guided by experts, research centers, government etc.

Gram Sevak should be suggested for providing information regarding agriculture inputs.

Rural consumers should be made aware of that high price doesn't mean to high quality of the product.

Audio – Visual advertisement regarding the agro inputs should be given more importance as the part of agriculture marketing in the rural areas for improving knowledge and awareness.

## **Conclusion**

This study attempts to measure buying behavior of rural consumers about agro inputs. It concludes that majority of the rural consumers have given preference to use of chemical and organic fertilizers. Most of the rural consumers preferred to use manure as fertilizers in their farms as they are aware about the usage of manure. Price sensitivity played an important role for buying and usage of branded agro inputs. Local cooperative society was found to be one of the major buying sources of agro inputs for farmers. Print Medias were given least importance by the rural consumers. As the study represents the data of only one Taluka of Anand district it may become least helpful but for the further study it will create a better source for the agricultural research for rural consumers.

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# Research Areas in Management with Special Reference to Human Resource Management Practices: A Theoretical Review

Ajayraj Vyas

## Abstract

Humans are considered today as the most vital and crucial asset for every business organization for achieving its desired goals, hence, the practice of managing such valuable asset (popularly known as Human Resource Management) has always been a topic of debate and discussion by the intellectuals, academicians and corporates of the world. In this era of globalization and multiculturalism, efforts are always made to make the HR management practices more competent, creative and effective with an aim of retaining and developing the workforce for business excellence. After accepting the strategic importance of manpower, areas like strategic alignment of HR practices and management of human capital have emerged as the most important areas for survival and excellence. Experts believe that HR practices would always remain to be the major cause of sustainable competitive advantage for every business (Lado & Wilson, 1994). If it is employed and executed scientifically then would result into positive business performance. Due to its strategic importance HRM has always attracted researchers of the world for the study of various HR practices and its impact on business performance. Such researches have also made an attempt in identification of significant areas and gaps in this management field.

## Introduction

Humans are considered today as the most vital and crucial asset for every business organization for achieving its desired goals, hence, the practice of managing such valuable asset (popularly known as Human Resource Management) has always been a topic of debate and discussion by the intellectuals, academicians and corporates of the world. In this era of globalization and multi culturism, efforts are always made to make the HR management practices more competent, creative and effective with an aim of retaining and developing the workforce for business excellence. After accepting the strategic importance of manpower, areas like strategic alignment of HR practices and management of human capital have emerged as the most important areas for survival and excellence. Experts believe that HR practices would always remain to be the major cause of sustainable competitive advantage for every business (Lado & Wilson, 1994). If it is employed and executed scientifically then would result into positive business performance. Due to its strategic importance HRM has always attracted researchers of the world for the study of various HR practices and its impact on business performance. Such researches have also made an attempt in identification of significant areas and gaps in this management field.

Through this paper, efforts have been made, in highlighting various research works pertaining to HR practices and its relationship towards organizational growth, published in different journals of national and international repute with a purpose to propose new and unidentified areas of research for maximization of employee performance in business organizations for achieving better excellence of business and lifelong retention of human power.

## Methodology

This review is a secondary data based, wherein the information, having broader relativity with the subject matter, has been obtained from the various articles, reports and scholarly research work published in journals and magazines of national and international repute from 2009 onwards. Such collected work has been systematically studied and examined. Process enabled the researcher to carry out a systematic review and explore new dimensions and those not adequately covered in the existing literature. It is a structured overview adequately reflecting upon salient and most pertinent aspects.

## Utility and Limitation

This secondary data based review can be a good support to the future researchers and scholars, for getting the status report of researches done in the area of HRM and HRD.

## Review of Literature

This section of the paper deals with the study of the available research work in the area of HR practices carried out by the scholars from India and abroad. The purpose of this scrutiny is to identify new dimensions, which may turn out to be most relevant and may contribute to the body of knowledge.

Stress is the most serious and harmful factor faced by majority of employees in IT sector. HR must promote various techniques like SWOT analysis, making friends, laughing therapy etc. at workplace to overcome stress (Dhanpal, et.al. 2011). HRM policies do not have a direct impact on organizational performance, but their impact is fully mediated by employee skills, attitudes, and behaviors. (Katou and Budhwar, 2010). More and more organizations seek to improve their performance by using appropriate HRM policies and practices. Due to the importance of CSR to business, it is important for HRM policies and practices to address both the firm's strategic needs and the interests of internal and external stakeholders (Shen and Zhu, 2011). After globalization and ever expanding organizations, there is a need to adopt strategy and structures with cross-cultural operability to optimize the efficiency. This will warrant the need to redefine HR strategies to increase or maintain organizational performance (Appelbaum, 2011).

High-involvement HRM practices have positive relationship with subjective and quantitative measure of organizational performance. This means, that organizations that implement highly selective staffing, realistic training, performance management practices and employee empowerment are likely to have higher performance (Moideenkutty, et.al, 2009). HRM practices can be used as a tool to inculcate the desired commitment among the employees limiting their desire to leave the organization and demonstrate higher citizenship behavior (Gellatly, et.al, 2009). The various studies carried out at national and international level in manufacturing and service industries have proved that systematic practice of work-life balance policies have reduced absenteeism, increased productivity and job satisfaction. Moreover, other benefits like improved recruitment and retention rates with associated cost savings, reduced sick leave usage, reduction in worker stress and improvements in employee loyalty, greater flexibility for business operating hours, an improved corporate image are also possible (Susi and Jawaharrani, 2011).

In this era of globalization, Indian organizations are facing HR challenges like workforce engagement, retention of talent and development of leadership skills. Need is there to have customized HR strategies to overcome these challenges (Baskara Mohan, 2013). There is a systematic link observed in Indian private sector between HRM practices and organizational culture. However, very less amount of research has been conducted to analyze the relationship between the two. Moreover, majority of studies are inspired by western models, and lacks an indigenous perspective for Indian HR lexicon (Anilkumar, 2009). It has also been observed that there is no noticeable empirical research work done by Indian scholars related to understanding issues like work culture across Indian manufacturing organizations pertaining to interplay of Indian values, its effect on employee relations, leadership and team work (Soumi Rai, 2012). It was very well concluded after the examination of future trends of HRM, that there will be a significant change in the role and responsibilities of HR managers and executives. Most will need to master new skills to address the emerging challenges. Successful executives will be those who can effectively manage three generations in the workplace, create more flexible working environments, optimize individual and team performance, balance stakeholder interests and build and maintain their personal expertise (Shilpika, 2012).

There is a straight-line relationship between demographic variables and work-life balance of employees. HR department of every business will have to redesign their work life balance policy to accommodate growing issues of employees pertaining to their personal and professional life balancing (Kumari and Devi, 2012). Now a days, installing various motivational techniques, cross-cultural training etc. are becoming important for retaining as well as nurturing employee talent in order to address global challenges faced by Indian business houses (Ekta and Nisha, 2012). There should be appropriate fit between Strategic Human Resource Management (SHRM) and HRM Practices in order to achieve organizational performance. Such connectivity can be established through 1. Fit between HRM and corporate strategy, 2. Fit between HR roles and position, 3. Fit within HRM function, and 4. Fit between HRM and other functional areas (Azmi, 2011).

### Major outcomes

A systematic examination of the aforementioned literature as well as observation of various trends in the trade and commerce has enabled the researcher to put forward following new dimensions for



conducting future research in this area at national as well as international level:

- 1) There has to be a partnership based survey model in the field of HRM, wherein, researcher and professionals would make equal contribution for deriving many valid and authentic inferences.
- 2) In order to have generalization of research results, there has to be a unified pattern of collecting and analyzing the information pertaining to key contextual factors.
- 3) Motivational techniques and work life balance are some of the new tools, which need to be exercised for talent retention and development.
- 4) HR policies and functions needs to be fine-tuned with overall organizational goals and objectives for getting a best fit between two.
- 5) Leadership testing is must for carving those HR practices, which results into better performance levels.
- 6) Outsourcing is gaining momentum in these days, due to outsourcing of various HR activities; organizations are making them able to concentrate on more strategic issues.
- 7) There is a surprising change observed in demography of workforce in last one decade. This has forced the HR practitioners to revive their policies and action plans for talent management.
- 8) As per one report by Ernst and Young (2012), temporary staffing is a growing human resource trend and the phenomenon is finally catching up in India. While industry experts estimate employee leasing to be a US\$140 billion business worldwide, the domestic staffing industry has yet to witness large figures. The scenario is however set to change as companies are increasingly collaborating with consultants, and experts expect that in the near future, 2.5%-3% of the workforce in the country will be hired on a temporary basis.
- 9) According to the report of National Skills Development Commission (2012) there is a wide skill gap observed in the performance ability of employees working at different hierarchical levels of business organizations. An in depth research is required to identify the reasons for such gaps and corrective actions must be implemented.
- 10) By 2022 there would be an incremental human resource requirement of almost 4 million employees with different set of skills in Indian IT

and ITES sector. Again an in-depth research can be conducted in this area with regard to skill building and manpower creation to meet the growing need of the days to come.

11) Talent management is must as talent differentiates organizational culture and breeds competitive advantage. Study of those factors that affects talent mindsets in today's Indian corporate houses is very essential.

12) Areas like, attitude survey, skill building, virtual HR practices, cross cultural management of HR, Competency building, ICT based HRM, Integration of HR functions with organizational goal setting, and demographic variables can be new dimensions for the qualitative as well as quantitative research in future.

### **Concluding Remarks**

The scholarly work, so far carried out in the area of HRM and OB, indicates very clearly that organizations must take serious and concrete actions in terms of HR practices for raising their standards from "good" to "better" and from "better" to "best", in order to stabilize their market position in this era of globalization. Need is there for HR practitioners to revive their methodologies to deal with human capital and talent, and for this, search of new theorems, styles and tools is must. The areas suggested here can be a good directive for academicians and professional for conducting future research to make HRM more strong and humanitarian.

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# Women Empowerment in Gujarat- A Case Study of Shree Saurashtra Rural Development Mandal, Amargadh, Palitana

Saroj Vats

## Abstract

One empowerment strategy is to assist marginalized people to create their own nonprofit organization, using the rationales that only help people, themselves and others. Charitable organization lead from outside the community but to think about people with caste and religion is work of an NGO. There are many NGO's who are working in different areas but there are only few who can do it with courage and dedication. Preaching and teaching is generally different from practices. But here is the story of a woman who enlightens only her life through hard work but made a path for many. In the arena of personal development, empowerment apogee a system of self-realization or reformation of identity. Realizing who I am?, is a difficult task if you are an Indian woman. There are some real life heroes who worked with dedication and full strength for the empowerment of women with no expectations. Here is the story of a NGO having 100% women employment.

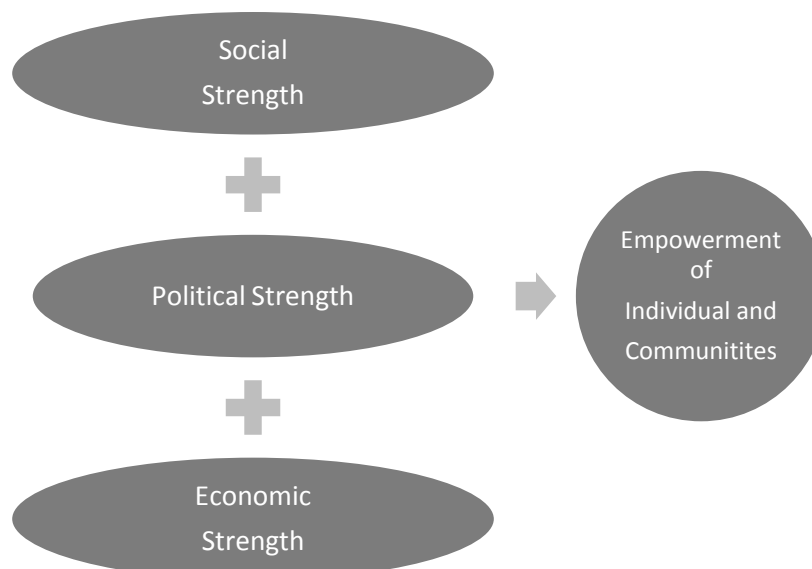
## Introduction

Mahatma Gandhi's greatest struggle in South Africa and in India was not about overthrowing the British. It was about "how do you make an enslaved race think and feel equal to others when all around there is compelling evidence of the enslaving race's "superiority"? Britain 's superiority was manifest in the very fact that 10,0000 British ruled India with superior technology , superior guns, machines products and ruled India with laws institution, policies, governance and taxes.

Gandhi's biggest concern was not expelling British. That could be done. But if it was done without an enslaved people first feeling and seeing themselves as equal to others. Inequality inherent exploitation and arrogance would continue. The challenge for first Prime Minister J. L. Nehru, was almost the same to get rid of poverty for the people of India.

In first speech of J L Nehru, he has particularly mentioned that if we want to establish financial security for India than one has to establish the small scale industries first. The visionary designer of mixed economy was well aware of this fact, so he planned accordingly to help these small scale industries.

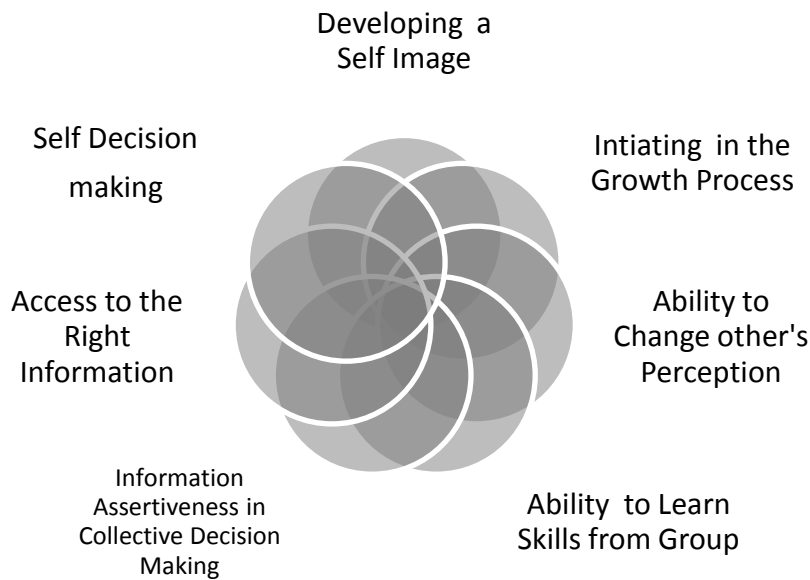
In accordance to the same the government of India had taken empowerment of common people seriously so that the decentralization of money can be done. It is not possible for government itself to do everything so better people establish their small business or units based on their inherent skill.



**Empowerment**

Basically empowerment refers to increasing the spiritual, political, social or economic strength of individuals and communities. It often involves the empowered developing confidence in their own capacities.

**Signs of Empowerment is probably the totality of the following or similar capabilities**



**Empowerment and women in India**

Empowerment is a rational construct in social influence. Whereas power is a rational concept used to describe the perceived power or control that an individual carry. Power in this motivational sense refers to an intrinsic need for self-determination or a belief in personal self-efficacy.

In traditional societies, even more than elsewhere, women's empowerment does not occur easily or overnight. In the India, there was evidence of such change beginning, to which the project had apparently contributed. It was most noticeable among certain types of women. Perhaps one of the most important emerging lessons is that women's groups themselves, in their social aspects, play a

role in such empowerment. This argues for placing emphasis on sustaining groups beyond the life of these projects, which indeed was done in this instance..

It has the mandate to strengthen the inter-sector convergence; facilitate the process of coordinating all the women's welfare and socio-economic development programmers across ministries and departments. To strengthen the processes which promote holistic development and empowerment of women, gender equality and gender justice through inter-sectorial convergence of programmes that impact women, forge synergy among various stakeholders and create an enabling environment conducive to social change. There are 6 indicators of women empowerment.

	media	<ul style="list-style-type: none"> <li>• treatment</li> <li>• expression</li> </ul>
	Health	<ul style="list-style-type: none"> <li>• nutrition</li> <li>• maternal benefits</li> </ul>
	Governance	
	Education	
	Economic contribution	<ul style="list-style-type: none"> <li>• market participation</li> <li>• resource equality</li> </ul>

## Women empowerment in Gujarat

Since beginning of the state Gujarat government is very much determined for the upliftment of women. There are many programs run by Gujarat government. Recently in few year empowerment is on top of it. The Swayamsidh Yojna means Self Reliance and empowerment which benefited 1760 villages till date, kishori shakti yojna which is meant for adolescents, strength and awar Kishori, Gaurav Nari Niti which is aimed to Women's Pride, Gender Equality , Sakhi Mandal Yojna which aims one lakh sakhi's to be part of it, are examples of women empowerment program in Gujarat.

CED is part of Gujarat government's initiative for upliftment of women by various means. CED conducts Entrepreneurship Awareness Programme (EAP), Entrepreneurship development program which formats entrepreneurship environment, Entrepreneurship training, specialized training programme.

This is to notify that 50 % women candidates are mandatory in each EAP and EDP program. CED conducts minimum 60 programs of both types. In facts some of the programs are only for women candidates. In Bhavnagar region they conducted empowered nearly 2000 women through EAP and EDP programs in last five years. women participated. Out of these CED trainees majorities of women started their own business like parlor, pickle making, boutique, spices business, crafts and many more.

## Objective of the study

The study is aimed at identifying the bottlenecks in the women empowerment through a NGO indulged in handicraft manufacturing, their distribution process, productivity competitiveness. The study also aimed at identification of bottlenecks in manufacturing, distribution and other concerned areas of an NGO working for development of a rural women..

## Methodology

The methodology included field visits, interaction with unit holders, Artisans, officials of government agencies (CED), members of manufacturers association, educational/ training institutions etc. Information regarding production processes, Artisans, and market related details was gathered from different sources.

## Shree Saurashtra rural development Mandal, Amargadh- a NGO truly empowering rural women.

Shree Saurashtra rural Development Mandal is a women's organization manufacturing different products of use in house hold as decorative having its office and production unit at Amargadh, Dist. Bhavnagar, and Gujarat. The organisation had a very simple and domestic beginning. Ms. Parul, the founder owner of Shree Saurashtra rural Mandal was a regular visitor of Kahangurudev Jain Temple of Amargadh.

As Palitana & Amargadh is a holistic place for Jain community all over the world, NRI's keep on visiting this place frequently. Particularly Gujrati's are having habit of turning back to their roots. Geographically Palitana is village full of rocks. No development since long. The disparity was clearly visible in society. Ms. Parul, lower middle class woman having many siblings, and a normal life but zeal to do better than others. She was looking for some kind of work as she was gifted with good stitching skills and creative ideas. Everybody is familiar with Jain Pilgrimages at Palitana. She met some NRI's and started stitching Kurta's for these NRI's as she was a TTNC holder. She used to get appreciation and little money for the same. When she looked around she found that there are many like her who were from the same place and at same platform. A regular life which was ending every day with fight of get bread, butter and a better life. She was very sharp and not ready to live as it was. A Lady who do not know how to cut a stone but knows it someone keep on hammering a stone it will scramble down for sure. Same she wanted to do with destiny. She started training other women for 3-4 years. Earlier days were not easy. There were trial and tribulation. But Ms. Parul's faith in herself and patience has shown her a new path.

She has started visiting different organizations like-

- Khadi Mahila Gramoudhyog
- Samaj kaliaan salahkaar board
- NABARD
- Charity board.

And meeting to all these places couple of times resulted in formation of an NGO named Saurashtra Rural Mandal.

### Initial Failures of SSRDM-

She has started making the traditional foods like

- Pickles
- Jam
- Incense sticks
- Others

They manufactured it for some years but it was failed in market as there were no buyers and it resulted in heavy loss. Quality, health and cleanliness are the key words of food processing work but local people were not interested as availability of local products was quite easy. This failure forced her to think again about a new business where she can find place for her associates. After a long brain storming something stroked in her mind.

### Hand work as source of inspiration-

Once she was crossing the streets of Palitana and saw some women were doing traditional Gujarati hand work on their clothes. It stroked in her mind that why not to do it professionally

Because in a village like Palitana the workers were available and these products were highly in demand particularly in abroad.

She took the advantage of Palitana as number of people keeps on visiting this place from aboard on regular bases due to its religious importance, So there were easy availability of initial buys and workers. All she needs was association and participation.

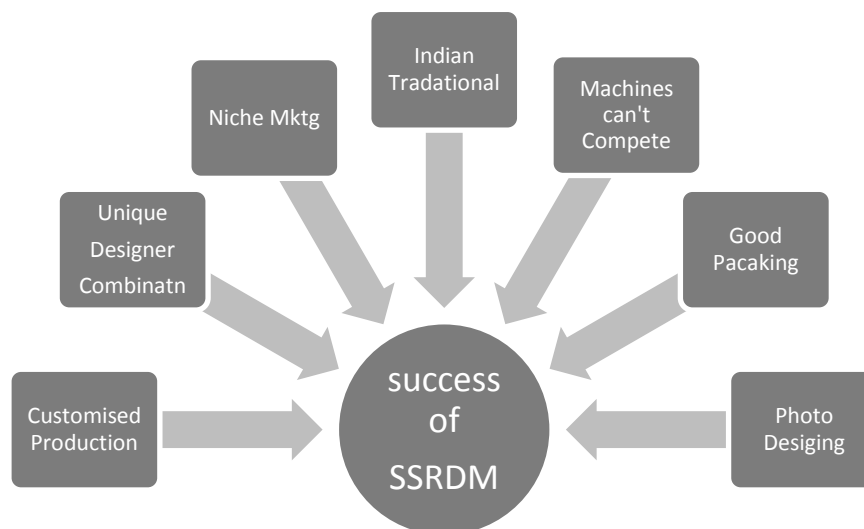
### Establishment of Shree Saurashtra rural development Mandal as an NGO-

Her first initiative was to put it her hand work to NABARD fair cum exhibition which has given her a permanent platform for handmade traditional decorative. INDEX Gujarat is having its links up to London, UK. Parul has started training 800 women totally. One the one hand it gave a regular income of 3000 to 10000/- Rs. to these women on the other hand the annual sale reached to 35-40 lakhs a year from different sales, exhibitions and fairs throughout India.

When she has started this rural Mandal in 1994 with 11 students, her teaching fees was only 30/- a month. Later on a donation of 10 lakh was made by Mr. Bhimji Bhai Bhagawanji Shah, London UK. In 2009 they shifted to new building at Songarh from a rented old building as this place was more convenient. It results in wonders when she tells about her annual membership fees i.e. . 51/- Rs. Her charges for the sewing center are also negligible from Rs. 25 to 100 for teaching different type of traditional hand work.

### Reasons for success in hand work rather than other traditional small scale business-

Bead work is very much traditional for Indians but for the last few decades it is suppressed and over looked by new generation. As trendy means only westernized thought, food and clothes. But even then as pizza cannot replace chapati's from plate same way the traditional hand work cannot be ignored due to its demand abroad and in domestic market. Ms. Parul Dave understood this very well and her passion as well as creativity gave her key to success. Her workers age group is 18 to 45 years as she provides legal license of handicraft to these women.



All this has resulted in good sales year by year .but the marketing is based on networking. Parul and her team is having a good networking skill as they have enrolled them self with all the government orignations.

She won many awards in exhibitions as every time her creativity keeps her ahead of others. She made beaded peacock with real feathers. Her range of product is so wide and easily adoptable by her customers. There is a perfect item in her bag for every one with her good business sense; she is diverting her business with moderations. Making files and folders, purses to mobile covers, CD holders to paper holder with neo to classical colors. Range of her items is from college going youngsters to corporate. She trained herself and her staff with jute crafts. For this she did a certified course at Calcutta as Bengal is the best place to learn about jute.

Networking plays a very important and vital role in sales. Shree Saurashtra Rural Development Mandal is having good networking and reputation with all the organizations who promotes cottage and traditional Indian handwork and its items. Handicrafts manufacturing is a low technology, fragmented and predominantly labor intensive industry. The unit holders faced several challenges including high production cost, low productivity of scarce manufacturing resources, inefficient layout of resources, uncertainty in supply of raw materials, exchange rate fluctuations, fluctuation of raw material prices, high transaction cost in procurement of input resources as well as marketing of final product, poor logistics infrastructure etc.

No doubt creativity is key to success but if there is no sale it will result in shutter down. As there may be many producers but selling the goods at customer friendly and cost covering price is a challenging job.

### **Empowering women through Shree Saurashtra rural development Mandal-**

After establishing Shree Saurashtra Rural Development Mandal as a recognized NGO Ms. Parul Dave has started working for the BPL women. These women were even not properly educated. Not finished even primary school. So it was a challenge for Parul to teach them bead work. But Parul a never say die approach women fought in society for them. She officially enrolled many of them with the help of CED and Gujarat Rajya Khadi Gramoudyog Board, Ahmadabad. SSRDM has trained 800 women through their empowerment activities. And still the score board is going on and on. As they has started a new type of work too. They are providing a 3 to 6 months beautician

diploma so that the young women can earn from home .Beautification is a flourishing business in India. And as mentioned earlier Government of Gujarat provides financial help to such certified trainers cum small businesses.

She motivates them step by step. She taught them that we all are human being and having right to live with respect. She taught them how to work and how to market a product during exhibitions. Now a day's many of women who work with her can travel alone throughout India with confidence.

### **Conclusion**

When we examine the factors like household decision making, control over Resources, freedom of movement, workforce participation rate, women's experience of Violence, attitude towards unequal gender role etc. in the context of rural women in India, we find some interesting results during this case study that Women in general enjoy better status after working as compared to women in same area who are not established financially, same in terms of decision making power at the household level. Higher percentage of women in who have participated in SSRDM as an worker for more than a year is more confident and better decision maker even at home. Proportion of women taking decision jointly with their husband or alone in any of the decisions is also higher in than the other women.

Female workforce participation has made Major differences in case of rural female employment through Saurashtra Rural Mandal. The candle is ignited in infinite number of women to do better and better for themselves as well as for their families.

One line is correctly applicable for her and her courage and it is -

“ pankho se nahi hauslo se udaan hoti hai”.

### **Acknowledgements**

The authors sincerely acknowledge the support and cooperation of Mr. Bipin Dave and Mrs. Parul Dave, founder, SSRDM. Special thanks to Mr. Dilip Vadodariya, Head, CED, Bhavnagar for his strong support and encouragement to furnish this study.

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SSRDM data is collected through personal interview of Mr. and Mrs. Parul Dave, founder and owner of SSRDM.

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# A Study of the Students' Perception on the use of ICT in Teaching-Learning Process

**Kamini Shah, Bharat Tarapara**

## Abstract

Higher education in recent years has undergone important paradigm shifts; especially shift from the teacher-centric to a learner-centric system. The application of ICT to the process of teaching and learning has resulted in crossing the boundaries of a country and evolved international competition among HEIs. Information and Communication Technology (ICT) is now the modern means of improving teaching and learning in higher education. Information and Communication Technology is now the modern means of improving teaching and learning. This paper evaluates students' perception of the effectiveness of ICT in improving teaching and learning process. The study suggests the need to create a teaching and learning environment in colleges that utilizes the opportunities thrown open by the World Wide Web, to equip students and teachers in its use and to ensure that students have an enabling access to ICTs within their campus.

According to her, it is due to this great similarity in the function of "IT" and "CT" that the two became fused into ICT. ICT, therefore, is the means of accessing or receiving storing, transferring, processing and sending ideas, perception or information through computers and other communication facilities (NCET, 1995).

## Introduction

Information and Communication Technology (ICT) plays a vital role in the development of any nation. It has been an instrument for achieving social, economic, educational, scientific and technological development (Adedeji, 2010). ICT has greatly influenced the educational sector especially on teaching, learning and research. The application of ICT is not only emphasized in corporate business and the industrial sector, but it is an essential part of education at all levels (Allen, 2011). ICT, including computers, is generally believed to foster cooperative learning, provide more information and, through simulation, make complex learning experiences easier to understand. Therefore, the use of ICT cannot be ignored either by teachers or by students. This sentiment is stressed by Van der Westhuizen (2004) who points out that, in relation to the use of ICT for learning, technology holds a promise of improved access to information and increased interactivity and communication between teachers and their students. ICT encompasses the effective use of equipment and programs to access, retrieve, convert, store, organize, manipulate and present data and information (Gay and Blads, 2005). E-learning, which is described as the use of ICT to enhance or support learning and teaching in education, has become increasingly important in tertiary education (Adedeji, 2010).

## Concept of ICT

Information and Communication Technology (ICT) plays a vital role in the development of education sector as a whole especially on teaching, learning and research. ICT encompasses the effective use of equipment and programs to access, retrieve, convert, store, organize, manipulate and present data and information (Gay G, 2005). ICT and IT can be used interchangeably. Information can be seen as "idea" conceived in the human mind, while communication is the transfer of that information from the original source to the destination where it is needed with the intention to producing a change in behavior of the receiver (NCET, PO, & AA, 1995; 1998; 1999). When information and communication drifts away from the orthodox verbal and print media towards the more recent electronic media then the concept is known as ICT. Thus, Badru (2002) defined "ICT" as the science and activity of processing, storing and sending information by using computers. She further defined Communication Technology as the use of hardware and software to enhance communication. In other words, there is an overlap between the function of Information Technology and Communication Technology.

## Literature Review

While the impact of ICT on sectors such as banking, tourism, medicine, engineering etc. have been enormous, the uptake of ICT in education is fraught with difficulties (Oliver, 2002).

Lack of funding, training among practitioners, motivation and perceived need among teachers to adopt ICT as teaching tools impede the required uptake of ICT in education (Starr, 2001). Although India's spectacular — by the yardsticks of the country's bullock-cart economy — IT revolution is almost three decades old and has transformed the grammar of Indian industry, the impact of its spin-off ICT (information and communications technology) has been much less dramatic. Despite the buzz and hype generated by new technologies, education companies and government about ICT revolutionizing Indian education, the reality in the classrooms and lecture halls of India's 1.30 million schools, 611 universities and 31,000 colleges is very different. ICT education companies are flooding the market with teaching-learning equipment such as interactive display boards, language laboratories, digital content and educational software. According to industry sources, the ICT in education market in India is estimated at Rs.2,85,000 crore (\$50 billion) and expected to grow to Rs.570,000 crore (\$100 billion) by 2014. Surprisingly even in top-ranked institutions of higher education, faculty tends to be hesitant about introducing new technologies. Rajendra Pawar, promoter-chairman of NIIT Ltd (revenue: Rs.1,576 crore in year ended March 31, 2012) recalls a face-off with Prof. Bakul Dholakia, former director of the country's top-ranked IIM-Ahmedabad, when the company through its NIIT Imperia Centre for Advanced Learning wanted to introduce executive management programmes via video conferencing in 2005. "When we suggested this idea to Prof. Dholakia seven years ago, he strongly resisted the proposal arguing that online teaching will not work in premier management institutes such as the IIMs. But after one year of experimentation and regular engagement with the IIM-A faculty, we jointly designed an online executive development programme for working professionals which has proved very successful," recalls Pawar (Fabunmi).

The country's premier and top-ranked Delhi University (DU, estb.1922) houses an Institute of Life Long Learning on its north campus with an audio-video laboratory where any DU professor can record video lectures and post them online for viewing by students in 80 affiliated colleges. Moreover, under an ambitious first-of-its-kind initiative branded Meta University, in association with three other Central varsities — Jamia Millia Islamia, Jawaharlal Nehru University and IIT-Delhi — DU is set to roll out inter-disciplinary programmes such as B.Tech in humanities and dual PhDs in the online mode. Dinesh Singh, DU vice chancellor, made a detailed presentation on the concept and objectives of Meta University at the 59th CABE meeting held in Delhi on June 6.

"There is a nationwide shortage of quality teachers. New digital and online technologies have to be used effectively to address this challenge. Through Meta University we want to beam lectures of the best teachers to students countrywide through virtual classrooms," says Singh ((Chennai) & (Bangalore), 2012).

### Statement of the problem

It has been observed in recent years that use of ICT helps in improving teaching and learning. The issue of students' use of ICT would enhance competence and confidence in them. However, many students still prefer traditional book materials as a source of information in our universities rather than ICT which is more efficient and reliable, hence, there is a need for the study.

Based upon this discussion we have formed the problem area as:

To evaluate the Students' Perception of the effectiveness of the use ICT in Teaching – Learning Process

### Objectives of the study

The objectives of the study are;

- To assess the level of awareness about Internet among graduate students in colleges of Anand and Vallabh Vidyanagar
- To identify various factors that affect the students' use of ICT
- To explore gender differences if any, in the students' awareness, perceptions and use of the ICT
- To explore course wise differences if any, in the students' awareness, perceptions and use of the ICT.

## Research Methodology

We have made an attempt in this research to review available literature on use of ICT in teaching-learning process and we have carried out an empirical study, to work on the research problem, of students in Vallabh Vidyanagar and Anand.

### [a] Secondary Data

We have used various books, articles and information from magazines and visit to relevant websites.

### [b] Primary Data

The primary data collection has been done through a survey of students of Vallabh Vidyanagar and Anand by designing an appropriate questionnaire.

### Sample Selection

The sample size is limited to 200 students from the various colleges of Vallabh Vidyanagar and Anand so as to ascertain the ICT usage scenario by

students of our town using convenience sampling method.

### Hypothesis

H01: There is no significant difference between male and female users of ICT.

H11: There is significant difference between male and female users of ICT.

H02: Course wise percentage of ICT users do not vary.

H12: Course wise percentage of ICT users vary.

## Data Analysis & Findings

For the purpose of analysis of data and to test various hypotheses, statistical techniques like t-test, ANOVA and factor analysis have been used.

**Table 1 Data Analysis & Findings:**

<b>Gender</b>	<b>%</b>
Male	58
Female	42
<b>Course</b>	
BBA	22
B.COM.	27
BCA	12
B.SC.	19
BA	8
Others	12
<b>Academic performance</b>	
Below 50%	11
50%-80%	76
above 80%	13
<b>Have you undergone any computer course?</b>	
Yes	74
No	26
<b>Have you ever used the internet?</b>	
Yes	98
No	2
<b>Where did you learn to use the internet?</b>	
Institution	5
Friends/relatives	43
Self-taught	47
Others	5

<b>For how long have you been using the internet?</b>	<b>%</b>
For less than one year	11
For more than one year	89
<b>How often do you use the Internet?</b>	
Frequently	75
Occasionally	24
Rarely	1
<b>From where do you access the internet?</b>	
Home	59
College	32
Internet cafe	4
Others	5
<b>Do you think that your institution supports the use of computer/internet among the students?</b>	
Yes	94
No	6
<b>Do you think, the internet support education?</b>	
Yes	96
No	4
<b>Do you use a mobile phone?</b>	
Yes	100

**Table 2 Perception of students of effectiveness of ICT use in improving teaching and learning as compared to books**

	Textbook (%)	ICT (%)
Costlier to get information	36	64
In-depth coverage to topics	31	69
Easier to get information	23	77
Quicker to get information	28	72
Convenient to get information	33	67
Available of information	28	72
More reliable	40	60

**Table 3 Use of ICT in Percentage**

	Once a week (%)	Twice a week (%)	Daily (%)	Occasionally (%)	Never (%)
Computers/ Laptops	6	12	78	4	0
Pen drive	17	14	64	4	1
Internet	2	9	77	9	3
Printer	3	11	16	42	30
Digital Camera	15	8	12	44	21
Scanner	18	5	9	58	10
Projector Multimedia	3	2	17	46	32

Table 1 shows that 58% respondents were male and 42% respondents were female between 20 to 25 years old. Out of total respondents 22% were from BBA, 27% were from B.COM., 12% were from BCA, 19% were from B.SC., 8% were from BA and 12% were from the other Courses. Data shows that 61% respondents were between 17 to 20 years old, 35% were between 20 to 24 years and only 4% respondents were more than 24 years old. 77% were from City, 20% were from Semi-urban and 3% were from rural area. 64%, 31% and 5% respondent's college is located in City, Semi-urban and rural area respectively. 93% students were from English medium and only 7% were from Gujarati medium Colleges.

Majority of the respondents (59%) access internet at their home, 32% respondents at their college, only 9% respondents are using internet cafe and other places. A significant number of the respondents mentioned that they use internet daily.

#### About computer

74% have done their computer courses, More than 63% are using computer for Word, Excel and Image Processing, 67% for Power Point and only 37% have knowledge of Installation of software. Most of the respondent's knowledge about computer applications was found quite sufficient

for learning purposes. 100% are Computers/Laptops users, 78% are daily users, 99% students are using pen drive for data storage.

#### About internet

All 100% students are users of mobile phones out of that 98% are internet users, 87% are using internet in their mobile and they are using internet for Search (78%), Chatting (83%), Email (84%), playing online games (73%), YouTube (84%) and Social Networking (74%). Approximately 89% students are using internet since more than one year out of that 72% are frequent users, 26% occasional users and only 2% are rare users. Majority of the respondents (59%) access internet at their home, 32% respondents at their college, only 10% respondents at net cafe and other places.

94% students think that their institutions support the use of computer/internet and 96% think that the internet support education. But 27% students don't know how the internet can help them. 92% think that college students should be provided training of computers and internet.

#### Comparison of Textbook and ICT

72% students believed that ICT is quicker source to get information than textbook, 67% students

believed that ICT is more convenient to get information than textbook, 64% student believed that ICT is costlier to get information, 72% student believed that ICT sources are more available to get information than book.

**T-test**

Null hypothesis H01 is tested at 5% level of significance. P-value (0.062) is more than 0.05 hence null hypothesis is accepted. It shows that there is no significant difference between male and female users of ICT.

**Factor Analysis**

**Table 4 KMO and Bartlett's Test**

<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</b>		<b>.737</b>
<b>Bartlett's Test of Sphericity</b>	<b>Approx. Chi-Square</b>	<b>2339.378</b>
	<b>df</b>	<b>171</b>
	<b>Sig.</b>	<b>.000</b>

The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor

analysis to proceed. Table 4, the KMO measure is 0.737 indicate that a factor analysis may be run and useful. Bartlett's test is indicator of the strength of the relationship among variables, is significant. This means that all the variables are correlated.

**Analysis of variance (ANOVA)**

ANOVA test is carried out to know whether there is any significance difference among the course wise percentage of ICT users. At 5% level of significance, null hypothesis is accepted (p-value .074) that is course wise percentage of ICT users do not vary.

**Total Variance Explained**

Table 5 shows all the factors extractable from the analysis along with their eigenvalues, the percent of variance attributable to each factor, and the cumulative variance of the factor and the previous factors. Note that the first factor accounts for 36.391% of the variance, the second 11.891%, the third 7.909%, the fourth 7.373%, the fifth 5.992% and the sixth 5.724%. All the remaining factors are not significant. Only six variables explained maximum variation in data that is 75.28% of the total variation.

**Table 5 Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.914	36.391	36.391	6.914	36.391	36.391	3.073	16.173	16.173
2	2.259	11.891	48.281	2.259	11.891	48.281	2.945	15.500	31.673
3	1.503	7.909	56.191	1.503	7.909	56.191	2.581	13.586	45.259
4	1.401	7.373	63.564	1.401	7.373	63.564	2.279	11.994	57.253
5	1.139	5.992	69.556	1.139	5.992	69.556	2.180	11.476	68.729
6	1.087	5.724	75.280	1.087	5.724	75.280	1.245	6.550	75.280
7	.821	4.324	79.603						
8	.740	3.896	83.499						
9	.506	2.663	86.162						
10	.470	2.471	88.633						
11	.401	2.109	90.742						
12	.374	1.969	92.711						
13	.329	1.729	94.440						
14	.281	1.480	95.921						
15	.251	1.318	97.239						
16	.190	1.001	98.240						
17	.142	.748	98.987						
18	.105	.554	99.541						
19	.087	.459	100.000						

Extraction Method: Principal Component Analysis.

**Table 6 Rotated Component Matrix (a)**

	Component					
	1	2	3	4	5	6
Learning is made easier by using ICT	.030	.219	<b>.855</b>	.042	.060	-.026
ICT allows me to learn whatever I need to	.191	.177	<b>.836</b>	.163	.035	-.127
ICT makes me more effective learner	<b>.662</b>	.053	.571	.264	.061	-.036
I can learn and cover material more quickly through the use of ICT	<b>.646</b>	.112	.307	.258	.307	-.157
ICT allows me to have all the information I need for my studies in different locations	.274	-.239	<b>.641</b>	.158	.261	.237
ICT makes my study activities more personal	<b>.553</b>	-.105	.338	.159	.402	.266
ICT helps in increasing my learning performance	.383	.015	.218	<b>.588</b>	.119	.225
ICT gives me control over things I want to do in my studies	<b>.636</b>	.243	.119	.266	.375	-.156
ICT allows me to give more output in the given time	.216	.197	.068	.244	<b>.770</b>	.174
Use of ICT is enjoyable while studying	.248	.220	.174	<b>.715</b>	.215	.119
ICT is useful as a learning tool	.028	.119	.107	<b>.899</b>	.054	-.131
ICT allows me to communicate and work with others effectively	<b>.560</b>	.300	-.101	.412	.165	.022
Use of ICT is more relevant to my studies	<b>.726</b>	.421	.147	-.098	.013	.183
Use ICT is a requirement of the course	.118	<b>.798</b>	.021	.170	.373	.128
I find use of ICT easy to learn in my course	.064	<b>.880</b>	.219	.091	.019	.119
ICT is generally easy to use on my course	-.024	.204	-.048	.034	.056	<b>.910</b>
I find it easy to gain knowledge using ICT	.463	<b>.590</b>	.083	.196	.104	-.162
I can control ICT and make it do what I want on my course	-.008	.235	.092	-.009	<b>.868</b>	-.064
I find ICT flexible to use with on my course	.251	<b>.705</b>	.016	.106	.341	.122

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

This Component Matrix indicates how each item in the analysis correlates with each of the six retained factors. The rotated solution gives a clear indication how each item correlates with each factor. Bold values indicate highly correlated variables with factors. Table 6 shows respondents use more ICT because it is relevant to their studies, easy to learn through ICT, Learning is made easier, and useful as a learning tool, can control ICT and make it do what they want on their course and it is easy to use on their course.

### Limitations of the study

1. No similar studies have been conducted among college students in other cities of Gujarat. Therefore, there is no benchmark for this study.
2. The study is restricted to sample of 200 students.
3. The data was collected only from the students.

### Scope for Further Research

1. The researchers can make an attempt to take up studies for assessing ICT usage of students covering colleges of Gujarat and more disciplines like engineering, pharmacy, arts, science etc.
2. The perceptions of other stakeholders like parents, teachers, alumni, industries etc. can also be evaluated to take broader perspective.

### Conclusion

ICT can be useful for learners of all kinds because of the resources available on the Internet, applications that make it possible to explore subjects and the possibilities of networking among learners and teachers. ICT offers a magical opportunity to rapidly create 21st century learning environments. Students of arts and science colleges, as compared to students of professional courses, do not receive much exposure to ICTs since their courses are largely modeled on conventional pedagogy. The three year graduation

course does not involve any ICT related activity in most of the colleges. There are no ICT programs to build on the capacity of the students as visualized by the UGC at the college level. Efforts in this direction are ad hoc and not systematized.

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## Impact of Fear Appeal in Advertisement on Consumer Buying Decision

Devendra Shrimali, Khushbu Agarwal, Dharmesh Motwani

### Abstract

Fear appeals are commonly used in many types of marketing communications, e.g., the marketing of products, services, social causes, and ideas. Also, they are frequently used to get people to help themselves, and generally are effective in increasing ad interest, involvement, recall, and persuasiveness. The literature conventionally agrees that more effective fear appeals result from a higher fear arousal followed by consequences and recommendations to reduce the negativity. However, fear appeals have impact on purchasing decision of customer. The purpose of this research paper is to answer the following questions:-

- a) Impact of fear appeal in advertisement on consumer buying decision.
- b) Impact of demographic factors i.e. gender, age, marital status and education on fear appeal effectiveness.

To develop the conclusions descriptive research design is used. Primary data is collected with the help of questionnaire and data is analyzed with the help of various statistical techniques. Conclusions of the paper help in identifying the impact of fear appeal used in advertisement on purchasing behavior of the customer.

### Introduction

Advertisements is a form of communication that typically attempts to persuade potential customers to purchase or to consume more of a particular brand of product or service one element in corporate strategies to create, organize and where possible control markets, especially for mass produced consumer goods. Many advertisements are designed to generate increased consumption of those products and services through the creation and reinvention of the "brand image". Every major medium is used to deliver these messages, including television, radio, cinema, magazines, newspapers, and video games, the Internet, carrier bags and billboards. Advertisements played a vital role in buying decision. Through advertisement, Consumers are come to know about the product, its uses, benefits, availability, and brand name of products. At the time of buying a product, they recall the advertisement and then they take their buying decision in many cases.

An appeal is the motive to which an ad is directed. Its purpose is to move the audience toward a goal set by the advertiser. Fear appeals are commonly used in many types of marketing communications, e.g., the marketing of products, services, social causes, and ideas. The basic message is "if you don't do this (buy, vote, believe, support, learn, etc.), some particular dire consequences will occur" (Glascoff, 2000). That is, advertisers invoke fear by identifying the negative results of not using the product or the negative results of engaging in unsafe behavior.

### Literature Review

Fear appeal is pervasive in advertising and is used with increasing frequency. As advertisers seek out ways to break through clutter and draw attention to their messages, the use of fear appeal have been used as a communication technique.

Nabi, Roskos-Ewoldsen, and Carpentier (2008) stated that fear appeal should contain threat and efficacy information sufficient to both evoke fear and inform about adaptive behavioral responses.

Researchers like William (2007) believe that Fear appeals can be used successfully to increase advertising's effect on consumer interest, recall, persuasiveness, and behavior change. The bottom line of fear appeals is that they work; threatening information does motivate people to safer and recommended behavior.

Boster & Mongeau (1984) studied the relationship between age & fear appeal effectiveness & they analysed that fear appeals are more effective for older audiences. Perceived vulnerability to health and safety threats increases directly with age.



**Objective**

The purpose of this research paper is to answer following questions:-

Impact of fear appeal in advertisement on consumer buying decision.

Impact of demographic factors i.e. gender, age, marital status and education on fear appeal effectiveness.

**Research Methodology**

**(a) Research Design:** To have a better understanding about the issue descriptive research design was used to get the primary data with the help of close ended questionnaire.

**(b) Sample Design:** 50 respondents were selected through convenience sampling.

**(c) Analysis:** The data collected was analyzed with the help of various statistical tools like Chi-square test, ANOVA etc.

**Analysis & Interpretations**

1. 76% of the respondent belongs to the age group of 15-30 years of age, 12% from 30-45 years of

age, 8% from 45-60 years of age and 4% from 60 & above years of age

2. 56% of the respondents were male & rests 44% of respondent were female

3. 4% of the respondents were 12th passed, 24% were graduate, 70% were post graduate & rests 2% of respondents have some other qualification

4. When asked about the relation between fear appeal & product purchase decision; 30% of the respondents accepted that they buy product seeing fear appeal in the advertisement and rests 70% do not purchase product due to fear appeal shown in the advertisement.

5. 38% of the respondents believes that advertisement containing fear appeal makes it more effective where 14% believes that it does not makes any effect and 48% respondents were neutral on this issue.

6. Four print advertisements containing fear appeal (Refer Appendix) were shown & respondents were asked to disclose their views. The results were as follow:-

Response	Ad 1	Ad 2	Ad 3	Ad 4	Total	Percentage
Fearing	12	13	32	18	75	37.5%
Interesting	23	20	5	19	67	33.5%
Really Nice	13	13	9	8	43	21.5%
Unaffected / Bored	2	4	4	5	15	7.5%
Total	50	50	50	50	200	100%

Approximate equal numbers of customers have found the advertisements fearing & interesting i.e. 37.5% & 33.5% respectively followed by 21.5% respondents who fond advertisements nice & very few respondents got unaffected.

7. Majority of Respondents (i.e. 78%) replied that they would purchase the product based on the advertisements & the fear appeal used in ads changed their purchase decision.

**Hypothesis Testing:**

$H_{01}$  = There is no association between fear appeal used in advertisements and purchasing decision of consumer.

$H_{11}$  = There is an association between fear appeal used in advertisements and purchasing decision of consumer.

Fear Appeal Used in Advertisement Influenced You	Due to Fear Appeal Used in Advertisement You Purchased Product			
	Agree	Disagree	Neutral	Total
Yes	52	4	4	60
No	84	29	27	140
<b>Total</b>	136	33	31	200

Note : - Data is clubbed for all the 4 advertisements

$\chi^2$ test			
Calculated Value	Degree of Freedom	Level of Significance	Tabulated Value
13.73	2	5%	5.99

The analysis provides enough evidence to reject the null Hypothesis. In other words there is an association between fear appeal used in advertisements and purchasing decision of consume.

$H_{02}$  = Degree of fear appeal advertisements' effectiveness will be the same irrespective of the gender of adolescents.

$H_{12}$  = Degree of fear appeal advertisements' effectiveness will not be the same irrespective of the gender of adolescents.

Gender	Degree of Effectiveness			Total
	Effective	Not Effective	Neutral	
Male	15	4	9	28
Female	4	3	15	22
<b>Total</b>	19	7	24	50

$\chi^2$ test			
Calculated Value	Degree of Freedom	Level of Significance	Tabulated Value
7.398	2	5%	5.99

The result of the study shows that the null-hypothesis holds to be invalid thus there is an association between fear appeal advertisements' effectiveness & gender of respondents.

H<sub>03</sub> = Degree of fear appeal advertisements' effectiveness will be the same irrespective of the age of respondents.

H<sub>13</sub> = Degree of fear appeal advertisements' effectiveness will not be the same irrespective of the age of respondents.

Age (In Years)	Degree of Effectiveness			Total
	Effective	Not Effective	Neutral	
15-30	15	5	18	38
30-45	1	0	5	6
45 – 60	2	1	1	4
60 & above	1	1	0	2
<b>Total</b>	19	7	24	50

$\chi^2$ test			
Calculated Value	Degree of Freedom	Level of Significance	Tabulated Value
6.989	6	5%	12.592

The analysis supports the null-hypothesis that Degree of fear appeal advertisements' effectiveness will be the same irrespective of the age of respondents.

H<sub>04</sub> = Degree of fear appeal advertisements' effectiveness will be the same irrespective of the education of respondents.

H<sub>14</sub> = Degree of fear appeal advertisements' effectiveness will not be the same irrespective of the education of respondents.

Age (In Years)	Degree of Effectiveness			Total
	Effective	Not Effective	Neutral	
12 <sup>th</sup>	0	1	1	2
Graduation	4	3	5	12
Post Graduation	15	3	17	35
Others	0	0	1	1
<b>Total</b>	19	7	24	50

$\chi^2$ test			
Calculated Value	Degree of Freedom	Level of Significance	Tabulated Value
5.859	6	5%	12.592

The analysis provides enough evidence to accept the null Hypothesis. In other words Degree of fear appeal advertisements' effectiveness will be the same irrespective of the education of respondents.

### Conclusions

It is a big question in market that how the fear appeal used in advertisements, is perceived by customers. In the same line this research was conducted and following conclusions were drawn:-

1. Fear appeal used in advertisements motivated the respondents to purchase the product as well as many times fear appeal changed their buying decision.
2. Fear appeal not only makes the advertisements fearful, but it also makes it interesting & creative.
3. Gender & Education of respondents' significantly affect the effectiveness of fear appeal used in advertisements, but the respondents of all

age groups found the fear appeal advertisements equally effective.

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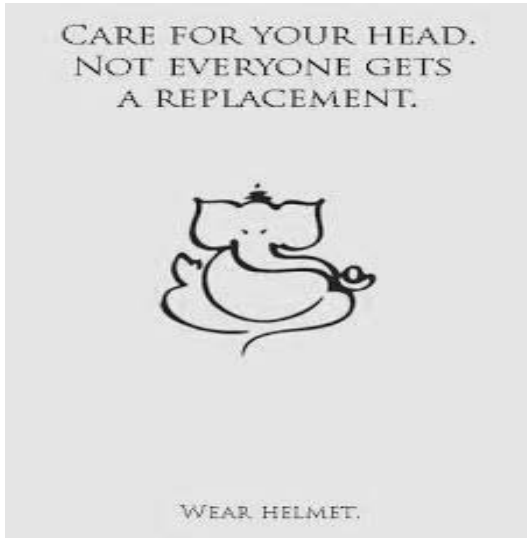
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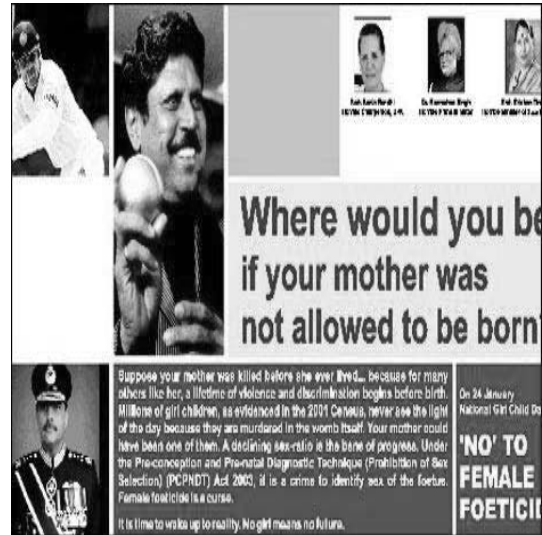
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### Appendix:



Advertisement 1



Advertisement 2



Advertisement 3



Advertisement 4

# A Study of Capital Structure of Selected Pharmaceutical Companies in Gujarat

Swati Parab

## Abstract

Financial decision-making includes strategic investment decisions and strategic financing decisions. The strategic financing decision typically involves deciding the most appropriate mix of equity and long-term debt finance in the firm's capital structure, also called as the capital structure decision. The basic objective of any organization is wealth maximization. The capital structure decision is one of the basic decisions affecting the value of a firm as per certain theories. Gujarat has four pharma manufacturing clusters at Ahmedabad, Vadodara, Ankleshwar and Bharuch-Vapi-Valsad belt. The Indian pharmaceuticals market is expected to reach US\$ 55 billion in 2020 from US\$ 12.6 billion in 2009, according to a report 'India Pharma 2020: Propelling access and acceptance, realizing true potential' by McKinsey & Company. The report states that the market has the further potential to reach US\$ 70 billion by 2020 in an aggressive growth scenario. Thus, the present study is an effort to find out whether the leverage decision does really affect the value or earnings in pharmaceutical companies as well or not.

## Introduction

The most crucial decision of any company is involved in formulation of its appropriate capital structure. Capital structure refers to the combination of debt and equity capital which a firm uses to finance its long-term operations. Capital in this context refers to the permanent or long-term financing arrangements of the firm. Capital is the aggregation of the items appearing on the left hand side of the balance sheet minus current liabilities.<sup>1</sup>

The best design or structure of the capital of a company obviously helps the management to achieve its ultimate objectives of minimizing overall cost of capital, and also maximizing the value of the firm. It is thus apparent that the design of the capital structure of a company may have a bearing on the profitability of the company.<sup>2</sup>

Capital structure decisions assume vital significance in the corporate financial management due to their influence both on return and risk of the shareholders. The close nexus between optimum use of debt and the market value of the firm is well recognized in literature. Whereas an excessive use of debt may endanger the very survival of the corporate firm, a conservative policy may deprive the corporate firm of its advantages in terms of magnifying the rate of return to its equity shareholders.

There are different viewpoints on the impact of the debt-equity mix on the shareholder's wealth. There is a viewpoint that strongly supports the argument that the financing decision has major impact on the shareholder's wealth, while according to others, the decision about the financial decision is irrelevant as regards maximization of shareholder's wealth.

Various theories of capital structure have been propounded in explaining the relationship between market value of the firm and its capital structure decision. However, no theory has proved to be of practical significance. In practice, planning an optimum capital structure is the most difficult task as the decision is influenced by myriads of factors, which are highly psychological, conflicting, complex and qualitative in nature, thus adding to the woes of financing executives.

Hence, the rationale of this study lies in making a critical study of the capital structure of various companies over a period of a time. The present research includes selected pharmaceutical units in Gujarat.

Gujarat's pharmaceutical industry, which led the way with indigenous production of medicines and the march towards self-sufficiency in drugs and pharmaceuticals in a newly-independent India, has completed its centenary.

While Bengal Chemicals, now closed, was the first modern pharmaceutical company in India, the Vadodara based Alembic Ltd, the second, also celebrated its centenary in 2007.

The State was the first to manufacture APIs and finished dosage form in India, manufacture pharmaceutical machinery, lead the way with clinical research organizations and become the first to undertake pre-clinical safety and toxicology studies in the country.

Gujarat has four pharma manufacturing clusters at Ahmedabad, Vadodara, Ankleshwar and Bharuch-Vapi-Valsad belt.<sup>3</sup> The State contributes 40 per cent of the country's pharmaceutical production, 30 per cent of its drug exports and 20 per cent of its chemicals output. Indian pharma industry is growing at a 25 per cent annual rate, while exports are increasing at 40 per cent per annum.

The Pharmaceutical industry has become the 3rd largest in the world in terms of volume and ranks 14th in terms of value at \$20 billion. The Indian pharmaceutical industry is growing at 9% and is expected to surge to \$50 billion by the year 2015. Gujarat contributes 22% in export of pharma products and close to 50% of the total Indian pharma manufacturing industry is in Gujarat.<sup>4</sup>

The research covers the study of the below mentioned five pharmaceutical companies in the state of Gujarat.

1. Alembic Limited
2. Torrent Limited
3. ZydusCadila
4. Sun pharma
5. Lupin Laboratories Limited

#### Review of Literature:

Theoretical and empirical research suggests that financial planner should plan optimal capital structure. In practice, financial management literature does not provide specified methodology for designing a firm's optimal capital structure.

A number of research studies have been conducted regarding the choice of debt equity mix in the total capitalization of a firm in the International as well as Indian context.

#### International Context

Franco Modigliani and Merton Miller (hereafter called M-M) were the first to present a formal model on valuation of capital structure. In their seminal papers (1958, 1963), they showed that under the assumptions of perfect capital markets, equivalent risk class, no taxes, 100 % dividend-payout ratio and constant cost of debt, the value of a firm is independent of its capital structure. When corporate taxes are taken into account, the value of a firm increases linearly with debt-equity ratio because of interest payments being tax exempted. M-M's work has been at the centre stage of the financial research till date. Their models have been criticized, supported, and extended over the last 35 years.<sup>5</sup>

David Durand (1963) criticized the model on the ground that the assumptions used by M-M are unrealistic. Solomon (1963) argued that the cost of debt does not always remain constant. When the leverage level exceeds the accepted level, the probability of default in interest payments increases thus raising the cost of debt.<sup>6</sup>

Stiglitz (1969, 1974) proved the validity of the M-M model under relaxed assumptions whereas Smith

(1972), Krause and Litzenberger (1973), Baron (1974, 1975), and Scott (1976, 1977), supported the M-M model, but only under the conditions of risk free debt and costless bankruptcy. When bankruptcy has positive costs, there exists an optimal capital structure which is a trade-off between tax advantage of debt and bankruptcy costs.<sup>7</sup>

This trade-off theory was challenged by Miller (1977). He argued that bankruptcy and agency costs are too small to offset the tax advantage of debt. But when personal taxes are taken into account, this advantage is completely offset by the disadvantage of personal tax. Thus, in equilibrium, the value of a firm is independent of its capital structure, even when the market is imperfect.<sup>8</sup>

But Miller's model was rejected by De Angelo and Masulis (1980). They argued that even if bankruptcy, agency and related costs are ignored, introduction of non-tax debt shields is enough for a firm to have an optimal capital structure. And even if these costs are taken into account, an optimal capital structure exists, irrespective of availability of non-debt tax shields.<sup>9</sup>

Masulis (1980, 1983), Brennan and Schwartz (1978) and Jensen and Meckling (1976) also advocated the existence of an optimal capital structure in an imperfect market, while using different mechanisms.<sup>10</sup>

#### Indian Context

Traditional view, that the cost of capital is affected by the debt and equity mix still holds good. The study conducted by Sharma and Rao (1968) and Pandey (1981), confirmed this view point. Chakraborty's study (1977) on debt-equity also revealed this fact. According to his study, the average cost of capital for all the consumer goods industry was the highest while it was the lowest for the intermediate goods firms. This was primarily because of low debt content in the total capital structure in case of former category of industry as compared to the later.

According to the study conducted by Prasanna Chandra (1975), a significant relationship existed between the share price and the variables like return, risk, growth size, leverage, etc. Thus, leverage or the debt-equity mix in the capital structure is also one of the factors affecting the value of a share of a firm.

The earlier studies conducted by Bhatt (1990) and Pandey (1984) revealed that corporate managers generally prefer borrowings to owned funds because of the advantage of the lower cost and no dilution of existing management control over the company. However, in a recent study conducted by Babu and Jain (1998) it has been found that the corporate firms in India are now showing an almost equal preference for debt and equity in designing their capital structure. Freedom in paying dividend and ease in raising money are the reasons cited for

equity preference. However, due to increasing competition, returns have become uncertain. Hence, companies would not prefer debt over equity though debt is a cheaper source of finance because of tax advantage.

Sharma and Rao (1969) tested the M-M model using cross-sectional analysis for engineering companies, wherein the value of a firm was found to be independent of its capital structure after allowing for tax advantage. But the results could not be generalized as the sample was homogenous.<sup>11</sup>

The other work by Pandey (1992) observed that the M-M theory is not fully valid under Indian conditions. He concluded that, initially, cost of capital and value of a firm are independent of the capital structure changes, but they rise after a certain level.<sup>12</sup>

Venkatesan (1983) found that only debt coverage ratio was found to be the important variable significantly affecting the financial structure of the firm.<sup>13</sup>

Pandey (1988) revealed that the tendency of large size companies is to concentrate in the high-level leverage class, but it was difficult to conclude that the size has an impact on the degree of leverage.<sup>14</sup>

Krishnaswami and Narayanasamy (1990) stated that capital structure theories, by and large,

conclude that leverage is beneficial to private enterprises and debt is the cheapest source of finance for them.<sup>15</sup>

In addition to the above, there are many more studies conducted related to capital structure in the national and international context.

**Objectives of the study and methodology**

The research is aimed at studying the changes in the capital structure of selected five pharmaceutical companies in the state of Gujarat. A period of five years from 2005-06 to 2009-10 was selected for study. The present study was based on secondary data. The major source of information was the secondary data which was collected from Annual reports of the selected companies from 2005-06 to 2009-10. Further information was collected from Centre for Monitoring Indian Economy (CMIE) reports, various magazines, journals, research publications, Capital Market Line report, websites, etc.

The analysis of the data was undertaken using the accounting and statistical tools. The data was analyzed with the help of Excel and SPSS. Ratio analysis was the accounting tool that was used for the purpose of the present study. The study used ANOVA, Trend analysis, F-test and t-test for the statistical analysis.

**Analysis and discussion**

**Debt-Equity Ratio**

**Table No.1 : Statement showing Debt-Equity Ratio of Pharmaceutical Units**

Debt-Equity Ratio	2004-05	2005-06	2006-07	2007-08	2008-09	Average
Cadila	1.6	1.59	1.51	1.7	1.66	1.61
Alembic	0.76	0.54	0.87	1.24	1.45	0.97
Torrent	1.62	1.63	1.05	1.58	1.66	1.51
Sun	1.61	1.18	0.4	0.03	0.002	0.64
Lupin	0.93	1.48	0.97	0.73	0.86	0.99

Source: Annual Reports.

The debt-equity ratio which is declining over the years is said to be a good one since the burden of the company seems to be decreasing and thus the proportion of income left for the owners seems to be increasing. We can see from the above study that Sun Pharma Ltd. has a declining debt-equity ratio over the five year period. In 2005 it is 1.61 and thereafter falls to 1.18, 0.4, 0.03 and 0.002 in 2006, 2007, 2008 and 2009 respectively. There is a drastic fall from 2007 onwards. It is observed that Alembic has an extreme opposite trend. It has an increasing debt-equity ratio. In 2005 it has a ratio of 0.76 which slightly falls to 0.54 in 2006 and then goes on continuously increasing from 0.87 to 1.45

till 2009. The debt-equity ratio of Cadila and Torrent exhibit a similar trend. There is a slight fall in the ratio in the middle period of study and then it ultimately grows by the end of the period. Lupin shows a better debt-equity ratio. There is a rise in the ratio from 0.93 in 2005 to 1.48 in 2006 but thereafter it falls from 0.97 to 0.73 in 2008 with a slight rise to 0.86 in 2009.

Cadila had the highest average debt-equity ratio of 1.61 times during 2005 to 2009, followed by Torrent with 1.51 times. The average debt-equity ratio of the other three companies under study was lesser than one. Alembic had an average debt-equity ratio of 0.97 times, Sun Pharma had 0.64



times and Lupin had an average ratio of 0.99 times. The above study revealed that the average debt-

equity ratio is higher in the pharmaceutical industry than the engineering industry.

### Interest Coverage Ratio

**Table No. 2: Statement showing Interest Coverage Ratio of Pharmaceutical Units**

Interest Coverage Ratio	2004-05	2005-06	2006-07	2007-08	2008-09	Average
Cadila	11.02	13.34	11.19	8.82	6.91	10.26
Alembic	6.08	12.21	5.03	4.11	2.63	6.01
Torrent	21.74	13.88	8.66	10.94	7.47	12.54
Sun	0	48.14	79.05	220.03	489.91	167.43
Lupin	4.83	9.44	11.5	15.56	11.74	10.61

Source: Annual Reports.

The interest coverage ratio of Sun Ltd. shows exorbitant increase from 2005 to 2009. It was zero in 2005 and increased rapidly every year to reach as high as 489.91 in 2009. This growth seems to be quite abnormal. All other units under study have a very low ICR in comparison to Sun Ltd. It ranges approximately between 4 and 21. Cadila, Alembic and Lupin show a fluctuating ICR over the years. It rises and falls during the five year period. For Cadila it was 11.02 in 2005, rose to 13.34 in 2006 and then started falling and reached to 6.91 in 2009. The ICR of Alembic has the lowest range. It was 6.08 in 2005. It doubled to 12.21 in 2006 and then fell steeply to 2.63 by 2009. Lupin had a rising ICR from 4.83 in 2005 to 15.56 in 2008 and fell to 11.74 in 2009. The trend of ICR in Torrent Ltd. is opposite to that of all other units. The ICR in this company is constantly falling for the first three

years. It was 21.74 in 2005 and falls as low as 8.66 in 2007. There is a slight rise to 10.94 in 2008 and it again falls to 7.47 in 2009.

The highest average ICR was seen in Sun Pharma. It was 167.43 during 2005 to 2009. The average ICR in all the other units under study was very much lower compared to Sun Pharma. Cadila had an average ICR of 10.26 times, Torrent had an average ICR of 12.54 times, Lupin's average ICR was 10.61 and the lowest average ICR was of Alembic at 6.01 times.

If we compare the ICR of the pharmaceutical and engineering units under study it was seen that the average ICR during 2005 to 2009 of pharmaceutical industry was higher than the engineering industry but the range of overall average of the engineering units under study was higher than the pharmaceutical industry.

### Fixed Assets Ratio

**Table No.3 : Statement showing Fixed Assets Ratio of Pharmaceutical Units**

Fixed Assets Ratio	2004-05	2005-06	2006-07	2007-08	2008-09	Average
Cadila	0.69	0.59	0.56	0.44	0.41	0.54
Alembic	0.65	0.6	0.42	0.49	0.5	0.53
Torrent	0.4	0.56	0.54	0.48	0.4	0.48
Sun	0.15	0.17	0.17	0.15	0.14	0.16
Lupin	0.06	0.35	0.41	0.38	0.42	0.32

Source: Annual Reports.

The FAR of all the pharmaceutical units under study is below 1. Cadila had the highest range of FAR. It shows a declining trend over the five years period. It was maximum in 2005 at 0.69 and reached to 0.41 in 2009. The second highest ratio is that of Alembic. It has its highest FAR in 2005 at 0.65 and fell to 0.42 in 2007; thereafter it slightly increased to 0.49 and 0.5 in 2008 and 2009 respectively. The FAR of Torrent fluctuated within a range of 0.4 to 0.56. It was at 0.4 in 2005 and 2009. In 2006 it rose to 0.56 and then fell to 0.54

and 0.48 in the next two years. Sun and Lupin showed a similar tendency in all the years except for the last year. It increases during the first three years and falls in the fourth year. The fluctuation in the FAR of Sun was the minimum among all the units under study. It had a FAR of 0.15 in 2005 rose to 0.17 in 2006 and remained at the same level in 2007. Thereafter it fell back to 0.15 and 0.14 in 2008 and 2009 respectively. Lupin had the lowest FAR among all the units in 2005 at 0.06. Then there was a great rise to 0.35 and 0.42 in the next

two years. In 2008 it slightly fell to 0.38 and again rose to 0.42 in 2009.

The study showed that there weren't many variations in the average FAR of all the pharmaceutical units under study. Cadila had an average FAR of 0.54 times during 2005 to 2009.

Alembic followed it with an average FAR of 0.53 times and Torrent with an average FAR of 0.48 times. Lupin had an average FAR of 0.32 whereas Sun Pharma had the lowest average FAR of 0.16 times during the period of study.

**DEQR & FAR**

**Table No.7 : Table showing the model summary of DEQR & FAR of Pharmaceutical Units**

Model Summary			
R	R Square	Adjusted R Square	Std. Error of the Estimate
.259	.067	.026	7.189
The independent variable is DEQR.			

Source: Self tabulated.

The curve fit used above to find the relation between DEQR & FAR shows that they both are poorly related to each other. The value of R is only 0.259 showing a partial positive relation.

**Table No. 8: Statement of ANOVA of DEQR & FAR of Pharmaceutical Units**

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	85.131	1	85.131	1.647	.212
Residual	1188.708	23	51.683		
Total	1273.839	24			
The independent variable is DEQR.					

Source: Self tabulated.

Unlike the above studies, this ANOVA also shows the similar result between DEQR & FAR. There is a significant difference between the means of the two variables.

**Table No. 9 : Test of Significance of Correlation Coefficients between DEQR & FAR of Pharmaceutical Units**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
DEQR	-3.627	2.826	-.259	-1.283	.212
(Constant)	7.392	3.545		2.085	.048

Source: Self tabulated.

It shows whether there is a significant difference between the mean values of DEQR & FAR.

$H_0$  = There is a significant difference between the mean values of DEQR and FAR.

$H_1$  = There is no significant difference between the mean values of DEQR and FAR.

In the above table the value of t is -1.283, which signifies that there is negative correlation between the two variables. The growth and exponential models shows the similar partial positive relation.

**DEQR & ICR**

**Table No. 10: Table showing the model summary of DEQR & ICR of Pharmaceutical Units**

Model Summary			
R	R Square	Adjusted R Square	Std. Error of the Estimate
.645	.416	.390	80.729
The independent variable is DEQR.			

Source: Self tabulated.

The curve fit for DEQR & ICR shows that both are partially positively related. The linear relation between the two variables is not so strong.

**Table No. 11: Statement of ANOVA of DEQR & ICR of Pharmaceutical Units**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	106636.456	1	106636.456	16.362	.001
Residual	149895.357	23	6517.189		
Total	256531.812	24			

The independent variable is DEQR.

Source: Self tabulated.

ANOVA test conducted also shows that there is a significant difference between the means of the variable values.

**Table No.12 : Test of Significance of Correlation Coefficients between DEQR & ICR of Pharmaceutical Units**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
DEQR	-128.371	31.735	-.645	-4.045	.001
(Constant)	188.541	39.805		4.737	.000

Source: Self tabulated.

It shows whether there is a significant difference between the mean values of DEQR & ICR.

$H_0$  = There is a significant difference between the mean values of DEQR and ICR.

$H_1$  = There is no significant difference between the mean values of DEQR and ICR.

In the above table the value of t is -4.045, which signifies that there is negative correlation between the two variables.

The conclusion that as DEQR increases, ICR falls, is not true for all the observations under the study.

**Table No. 13: Statement showing linear & exponential relation of DEQR with EPS, FAR & ICR of Pharmaceutical Units**

	EPS		FAR		ICR	
	Linear	Exponential	Linear	Exponential	Linear	Exponential
Constant	34.337 * (7.109)	28.308 * (5.478)	1.615 * (2.694)	2.3414 * (4.917)	45.568 * (2.921)	-----
DEQR	-7.386 (1.28)	-0.314 (1.437)	-0.866 (1.206)	-0.634 * (2.603)	-60.056 (1.5)	-----

\* indicates significant value at 5% level of significance.

From the above table it is observed that EPS, FAR and ICR have no linear effect of DEQR but FAR is affected exponentially by DEQR and the model gives significant results. It indicates that 1 unit rise in DEQR results in 63% fall in FAR exponentially. Regression correlation was used to see the effect of debt- equity ratio on the earning per share, fixed asset ratio and the interest coverage ratio of the pharmaceutical industries.

It was observed that EPS, FAR and ICR had no linear effect of DEQR but FAR was affected exponentially by DEQR and the model gave significant results. It indicated that 1 unit rise in DEQR resulted in 63% fall in FAR exponentially. Observations

The observations made from the present study are as follows:

1. It has been observed that in most of the companies in the pharmaceutical industry which are under the present study, there was a wide fluctuation in the debt-equity ratio during the period of the study. The ratio was not at all stable, as well as, there was continuous rise and fall in the ratio in each year during the period under study. It was seen that Sun Pharmaceutical has a declining debt-equity ratio over the five year period. It seems to be a good sign since the burden of the company seems to be decreasing and thus the proportion of income left for the owners seems to be increasing. It was also observed that in the case of the above company the fall in the debt-equity was drastic by the end of the period. It was almost negligible by 2009. Cadila and Torrent exhibited a similar trend in the debt-equity ratio. There was slight fall in the ratio in the middle period of study and then it

ultimately grew by the end of the period. Alembic showed a rising trend in its debt-equity ratio, whereas Lupin showed a declining trend in the later years of the study.

2. It was seen that the ICR of Sun Pharmaceutical shows exorbitant increase from 2005 to 2009. It rose from zero in 2005 to reach as high as 489.91 in 2009. Cadila, Alembic and Lupin showed a fluctuating ICR over the years. There was rise and fall during the five year period. The study showed that the interest coverage ratio of Alembic Ltd. Was at the lowest range. It was 6.08 in 2005. It doubled to 12.21 in 2006 and then fall steeply to 2.63 by 2009. The trend of interest coverage ratio in Torrent was opposite to that of all other units. The ICR in this company was constantly falling for the first three years and then there was a slight rise in the last two years.

3. The study revealed that the FAR of all the pharmaceutical units under study was below 1. Cadila had the highest range of FAR. It showed a declining trend over the five years period. The second highest ratio was that of Alembic. The FAR of Torrent fluctuated within a range of 0.4 to 0.56. It was observed that the fluctuation in the FAR of Sun Pharmaceutical was minimum among all the units under study. The lowest FAR among all the units was observed of Lupin Laboratories in 2005 at 0.06.

4. The observation made in case of the earning per share showed that in few pharmaceutical companies it increased during the period of study but with fluctuations every year. Few companies showed a downfall in the earnings per share and the variations were too wide. It was observed that Sun Pharma had an exceptionally high EPS in comparison to other pharmaceutical companies under study. It had a very high growth rate in its earnings per share. The study showed that the lowest range of EPS was that of Torrent. There was rising and falling trend over the years. Lupin showed a continuous rise and fall in its EPS during all the five years. The lowest fluctuations in the EPS were observed in Cadila. It fluctuated between Rs.21.61 to Rs.36.06. There was a rise and fall tendency.

5. Regression correlation was used to see the effect of debt- equity ratio on the earning per share, fixed asset ratio and the interest coverage ratio of the pharmaceutical industries.

6. It was observed that EPS, FAR and ICR had no linear effect of DEQR but FAR was affected exponentially by DEQR and the model gave significant results. It indicated that 1 unit rise in DEQR resulted in 63% fall in FAR exponentially.

## **Conclusion**

Capital structure decision is the strategic financing decision which involves deciding the most

appropriate mix of equity and long-term debt finance for a firm. It being a strategic decision, aims at achieving the basic objective of every firm i.e., wealth maximization. The pattern of capital structure of a firm has to be planned in such a way that the owner's interest is maximized. It can be concluded from the above study that in practice the determination of capital structure involves considerations in addition to the concerns about earning per share, value and cash flow. A firm may have enough debt servicing ability but it may not have assets to offer as collateral. Attitudes of firms with regard to financing decisions may also be quite often influenced by their desire of not losing control, maintaining operating flexibility and have convenient timing and cheaper means of raising funds. It can be said that there cannot be an ideal debt-equity ratio which can be applicable to all types of industries. Each industry has its own internal and external environment. As per the environmental factors each industry has its different debt-equity ratio. Each and every firm designs its capital structure according to its environmental factors. In the pharmaceutical industry too it was observed that the debt-equity ratio did not much affect the earnings per share. It was seen that even though the debt-equity ratio had consistently fallen, the earnings per share had risen. Thus, in order to maximize the EPS, companies do not have to necessarily rely on the debt-equity ratio. In case of Sun Pharma, the company had the lowest debt-equity ratio and the highest EPS. Thus, as proved by eminent theorists in the past, it can be concluded that debt-equity ratio alone does not directly affect the earnings per share.

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# A Case Study on Niche Marketing Practices by a Small Scale Company

Milind Vora

## Abstract

This case discusses about Polyphase Motors; a Vadodara based Small Scale Industry which is in existence since 1975. This company is headed by Mr. Bharat Shah and Mrs. Madhuben Shah. With their higher experiences and extensive knowledge in Motor manufacturing, they entered this Mass Marketing operation but over the years now they have been successfully adopting Niche Marketing practices and have been a very successful Niche Marketer against other mass marketers.

## Background

Polyphase Motors is jointly owned by two very enthusiastic entrepreneurs Shri Bharatbhai Shah; a technocrat, with the experience in Design and Production Departments of a leading MNC motor manufacturer and Mrs. Madhuben B. Shah who is a recipient of "Best Woman Entrepreneur Award", from Vice Chancellor of M. S. University. The Unit was founded in 1975. Presently, the unit has developed more than one thousand electrical and mechanical designs of motors.

Motors for various applications have been developed and are being catered to leading equipment manufacturers and users in the respective fields. They include, machine tools, machines tools peripherals, textile machinery, plastics machinery, pumps, blowers, compressors, material handling equipment, chemical plants, projects and Defense.

Polyphase Motors also enjoys the approval from Defence for supplies. Motors are being supplied for warships and boats (submarines). Polyphase Motors has BIS License IS 12615:2011. All the requisite test facilities are installed in-house. Polyphase offers range of products to meet the various industrial needs from standard motors to highly customized motors, from single speed motors to multi speed motors in various voltage rating and duty cycles.

Table: 1 Showing Range of Products

3 phase induction motors
Low Vibration Motors for Machine Tools
Shock Grade motor as per Naval specification for Defence and Navy
Motors for extreme climatic conditions ( Chemical industry and projects)
Geared Motors
Textile Motors (Ginning and Ring type Blower motor for Stenter machine)
Multi Speed Motors
Crane Duty Motors
Motors for variable frequency drives
Torque Motors
Brake Motors
Energy Efficient Motors
Energy Efficient Motors with Copper Rotor
Special Application Motors
Dual Voltage / Dual Frequency Motors
Motors for Import substitute

Table: 2 Showing Milestones of Polyphase Motors

Sr. No.	Year	Achievement
1.	1975	Founding of Polyphase Motors
2.	1980	HMT Approval
3.	1986	Defense (Navy- Warships) Approval
4.	1990	Obtaining ISI Certification
5.	1999	DMDE (Navy- Submarine) Approval
6.	2008	Germany – Export of Shock Grade Motors for warships
7.	2013	Best Manufacturing - National Level Award

Polyphase Motors falls under the small enterprise category as per the definition. Definition of Micro, Small and Medium Enterprise from Government of India enactment is as under.

The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 in terms of which the definition of micro, small and medium enterprises is as under:

(a) Enterprises engaged in the manufacture or production, processing or preservation of goods as specified below:

- i. A **micro enterprise** is an enterprise where investment in plant and machinery **does not exceed Rs. 25 lakh;**
- ii. A **small enterprise** is an enterprise where the investment in plant and machinery is **more than Rs. 25 lakh but does not exceed Rs. 5 crore;** and
- iii. A **medium enterprise** is an enterprise where the investment in plant and machinery is **more than Rs.5 crore but does not exceed Rs.10 crore.**

In case of the above enterprises, investment in plant and machinery is the original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No. S.O.1722(E) dated October 5, 2006.

(b) Enterprises engaged in providing or rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006 are specified below.

- i. A **micro enterprise** is an enterprise where the investment in equipment **does not exceed Rs. 10 lakh;**
- ii. A **small enterprise** is an enterprise where the investment in equipment is **more than Rs.10 lakh but does not exceed Rs. 2 crore;** and
- iii. A **medium enterprise** is an enterprise where the investment in equipment is **more than Rs. 2 crore but does not exceed Rs. 5 crore.**

#### **THEORETICAL ASPECTS OF NICHE MARKETING**

- Meaning of Niche: A position particularly suitable for the person occupying it. Simply put, "comfortable".
- A Niche is a more narrowly defined customer group, seeking a distinctive mix of benefits. It is identified by dividing a (Market) segment into sub segments.

Wise companies focus. An old saying is that if you chase two monkeys, both will escape.

#### **Definitions of Niche Marketing:**

- According to Philip Kotler (2003) "*The customers in the niche have a distinct set of needs; they will pay a premium to the firm that best satisfies their needs; the niche is not likely to attract other competitors; the nicher gains certain economies through specialization; and the niche has size, profit, and growth potential*"
- According to Keegan, Moriarty, & Duncan, (1992) "*A small market that is not served by competing products.*"
- According to Stanton, Etzel, & Walke, (1991) "*A method to meet customer needs through the tailoring of goods and services for small markets.*"
- According to Dr. Lynda Falkenstein "Many people talk about 'finding' a niche as if it were something under a rock or at the end of the rainbow, ready-made. That is nonsense."
- "Niche businesses are on the rise because people are recognizing that their biggest competitor is a Wal-Mart" says Jennifer Sander.
- One of the benefits of establishing a niche business, say the Sanders, is that "Once you've built one successful niche business and understand the thought process behind it, what is to stop you from using that same knowledge to build a similar business that serves a slightly different niche, or add products and services to more profitably serve the existing niche?"

Dr. Lynda Falkenstein has very nicely used a word called Niche craft. Dr. Lynda Falkenstein has very clearly talked about the usual mistake of falling into all over the map and they claim that they can do many things but in a very short span of time they realize it as their mistake and henceforth Dr. Lynda Falkenstein claims that "Smaller is bigger in business, and smaller is not all over the map; it's highly focused" in context with Niche craft.

A good niche has the following set of criterion:

- Niche is intentional Activity
- Niche has a receptive audience
- Niche takes you where you want to go
- It evolves out of knowledge and expertise. It exists in every market.
- Niche distinguishes a firm from every other firm in the Industry.

#### **Practicing Niche craft**

Creating a good niche, advises Falkenstein, involves following a seven-step process:

1. **Make a wish list:** If an entrepreneur wishes to opt for Niche marketing practice then he/she

has to make-up mind about what business they are into, why do they want to opt for niche, with whom will they do business. The success *mantra* in Niche marketing is be as specific as you can: Identify the geographic range and the types of businesses or customers you want your business to target. If you don't know whom you want to do business with, you can't make contact. "You must recognize that you can't do business with everybody," cautions Falkenstein. Otherwise, you risk exhausting yourself and confusing your customers. You need to forget volume business and focus on mass customization.

The recent trend is toward smaller niches or niche practices. For example out of many cycle manufacturers, only one manufacturer's wheel chairs for physically challenged persons.

2. **Focus:** Niche Marketer or Nicher has to be focused and not diverged which is a very important prerequisite of this segment. You need to clarify what you want to sell, and you must remember certain very important facts while deciding to follow niche craft.

- a) You can't be all things to all people
- b) "Smaller is bigger."
- c) Mass is temporary and Niche is relatively longer
- d) High involvement, low benefits initially

Your niche is not the same as the field in which you work. For example, a retail clothing business is not a niche but a field. A more specific niche may be "maternity clothes for executive women." To begin this focusing process, Falkenstein suggests using these techniques to help you:

- Make a list of things you do best and the skills implicit in each of them.
- Encase your skills and knowledge.
- List your achievements.
- Identify the most important lessons you have learned in life.
- Take everyone into confidence.
- Look for patterns that reveal your style or approach to resolving problems.

Your niche should arise naturally from your interests and experience. For example, if you spent 10 years working in a consulting firm, but also spent 10 years working for a small, family-owned business, you may decide to start a consulting business that specializes in small, family-owned companies.

3. **Describe the customer's worldview:** A successful business uses what Dr. Falkenstein calls the *Platinum Rule*: "Do unto others as they would do unto themselves." When you look at

the world from your prospective customers' perspective, you can identify their needs or wants. The best way to do this is to talk to prospective customers and identify their main concerns. For example in a small town there is one and only one niche confectioner who manufactures sugar free biscuits for a very low volume business.

4. **Synthesize:** At this stage, your niche should begin to take shape as your ideas and the client's needs and wants combine to create something new. A good niche has five qualities:

- It takes you where you want to go -- in other words, it conforms to your long-term vision.
- Somebody else wants it -- namely, customers. This means there is a definite market for Niche products.
- Niche has to be carefully planned.
- It's one-of-a-kind, the "*only game in town*." But, you need to play it sensibly
- It evolves, allowing you to develop different profit centers and still retain the core business, thus ensuring long-term success.

5. **Evaluate:** Once a niche is identified and established, now it's time to evaluate your proposed product or service against the five criteria in Step 4. Perhaps you'll find that the niche you had in mind requires more business travel than you're ready for. That means it doesn't fulfill one of the above criteria it won't take you where you want to go. So scrap it, and move on to the next idea. Thus, pre-business evaluation or SWOT Analysis is always advisable and preferable before entering Niche craft.

6. **Test:** Once you have a match between niche and product, test-market it better known as Market Testing. "Give people an opportunity to buy your product or service not just theoretically but actually putting it out there," suggests Falkenstein. This can be done by offering samples, such as a free miniature or a sample copy of your newsletter. If you are into Business-to-Business model, you need to participate in Vendor Development Exhibitions, identify the specifications of customer, etc. The test shouldn't cost you a lot of money: "If you spend huge amounts of money on the initial market test, you are probably doing it wrong," she says. Thus, initial phase is very critical for a Nicher as there is no volume guarantee for the subsequent dealings also.

7. **Go for it:** Finally, once you have identified Niche as an attractive option, it's time to implement your idea. For many entrepreneurs, this is the most difficult stage. But fear not as the success is slow but success is sure in Niche practices: If you have done enough before entering the market then entering the market will be a calculated risk, not just a gamble.



The mass market is made up of many hidden niches. The problem of being a mass marketer is that you will attract nichers who will take better aim at specific customer groups and meet their needs better. As these groups are pulled away, the mass marketer's market shrinks.

Your choice therefore is whether to be a "gorilla" (Mass) or a "guerrilla" (Niche)—to be niched or be a nicher. The customers in a niche are happy that someone is paying attention to their needs. And if your company serves them well, you will own the niche. Although the volume is low in a niche, the margin is high the long term loyalty of customers is achieved. Competitors will keep away because the niche is small to support other players. Also, competitors do not necessarily have the similar combination of technical skills combined with the set up to support niche clients' need. Furthermore, Niche survives and succeed due to quick decision making, high involvement, efficient and speedy designing of products and fast execution. Major competitors in motor manufacturing in India are as under.

Table: 3 List of Large Competitors in this Industry

ALSTOM	BHARAT BIJLEE LIMITED
CROMPTON GREAVES LIMITED	SIEMENS INDIA
ABB LIMITED	KIRLOSKAR

What does a successful nicher do for a second act? What the nicher should not do is become a generalist and go after the mass market. There are three sound strategies:

1. **Sell more products and services to the same niche.** A giant insurance company originally sold only auto insurance to military officers. Then it added life insurance, credit cards, mutual funds, and other financial products to sell to military officers. Secondly, Starting from shock grade motors manufacturing and designing for Navy, Polyphase Motors extended the cliental for marine duty motors for other ships.
2. **Look for latent or adjacent members in the niche.** It recognized that it would eventually run out of enough military officers to sell to. So it decided to extend its target market to include all members of the military. For example, Polyphase Motors entered into Niches like textile machineries, machine tools, energy saving motors.

3. **Look for additional niches.** Every niche is vulnerable to attack or decay. The best defense against the vulnerability of a single niche is to own two or more niches. In this way, the company not only enjoys a high margin from its good service to the niche, but it also enjoys high volume through owning a portfolio of niches. A good example is Johnson & Johnson, which aside from being a strong force in a few mass consumer markets, is the technical or market leader in hundreds of specialized business-to-business markets.

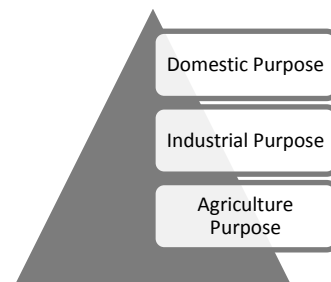
### Identified niche practices

Polyphase Motors receives approval from HMT as a vendor. After supplying motors to HMT as a sub-contractor, Polyphase got Defense Approval in the year 1986. This was the initiation of a Niche for Polyphase Motors.

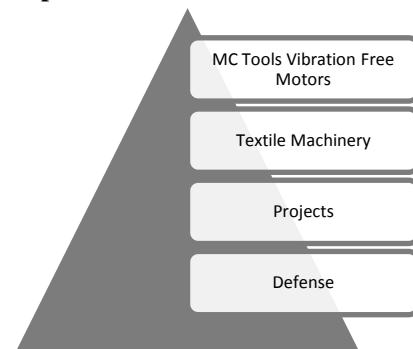
Defense has very specific requirements of Motors in a very small quantity but the orders may be repeatedly placed which no large or mass production unit like HMT, Crompton Greaves would be entertained. This weakness of Large and Medium sector Organizations works out to be an Opportunity for a small Company like Polyphase Motors.

Polyphase has two divisions in Motor manufacturing. They are General Purpose Motors and Special Purpose Motors.

#### General Purpose Motors



#### Special Purpose Motors



Polyphase Motors shifted its' attention from GPM to SPM as the market for GPM was dominated by Large players in the industry. SPM market was totally not very profitable and henceforth ignored by such players as it involved huge amount of customization and at the same time smaller quantity of ordering.

Thus, Polyphase choose to serve a Niche Market Segment specifically Defense which kept them in business even in industrial slump in a specific industry.

Niche can compete and face global competition by offering highly Customized products at a unique price set and exclusive quality products against Giants.

**Table: 4 FINANCIAL HIGHLIGHTS AS A VOLUME OF BUSINESS (JOURNEY SO FAR)**

Buyers	Initial Value Year	Volume/	Highest Status Year	
HMT	10 Motors Worth Rs.30000	1980-81	30 Lakhs Revenue Worth	2013-14
Others	Rs. 3000 worth per unit	1975-76	Rs. 08 Lakhs worth per unit max.	2013-14
Defense	Total Rs. 50,000/- Initial Order	1987-88	1 Crore worth Orders executed.	2013-14
Defense	1987-88		Expected to Grow up to 5 Crore	2015-2018

Source: Based on Interview of the Director (Polyphase Motors)

## Findings

Polyphase has survived in the most turbulent market due to its' Niche Marketing practice.

Polyphase largely has close buyer-seller relationship due to high involvements at both the ends.

Niche marketing practice is advisable to follow only if the Top Management has adequate technology know-how and know-why in product and technology.

Niche Marketing is not the need of Marketers only but it is equal, if not more concern for prospects (customers).

Majority Japanese small firms have grown largely on the shoulder of larger sectors by serving Niche Demand as a vendor or as an ancillary unit.

Polyphase has a bright future in the Niche practice because of rise in customized demands of several segments.

It can have two or more strategies adopted simultaneously by the Niche Marketer such as in the most competitive market. It can develop various Strategic Business Units.

ADOPT OVERALL COST LEADERSHIP STRATEGY

ADOPT DIFFERENTIATION STRATEGY

ADOPT INTENSIFICATION STRATEGY

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# Financial Health of Business: Discriminant Analysis of Elecon Engineering Co. Ltd

Subhash Joshi, Bhupendra Patel

## Abstract

Productivity and profitability are the two yardsticks against which the performance of any business is being judged. In manufacturing enterprises, there are various activities involving costs and revenue, which require measurement and monitoring. Various tools and techniques are available for evaluation of business performance. In this article, an attempt has been made to evaluate the performance of Elecon with the use of discriminant analysis.

## Introduction

Profitability and productivity are the two yardsticks against which the performance of any business enterprise is being judged. Business usually implies production and sale of goods & services with an object to earn a surplus, which is known as profit in economics and accounting. Accounting system provides all required statistics regarding the performance of a business organization. There are various tools and techniques to analyse, appraise and monitor production, operations and sales functions in any business organization. Ratio analysis is one of such tools, which is very relevant and simple to understand.

## Financial Statements

Business implies production and sale of goods to earn profit. In this process, from financial point of view, data relating to expenses, income, assets and liabilities are generated. The science of Accounting helps in analyzing, classifying and summarizing this data to generate income statement and the statement of financial position, which are usually extracted at the end of a financial year.

Relying on these two factual statements, the management is able to know the surplus generated at the end of the year and the financial position of the entity as on the date of the balance sheet. These two statements are the outcome of records generated following the scientific rules of book keeping and the mercantile method of accounting. In this sense, they reflect true and fair picture of the result of business activities and the financial position. Certain noteworthy features of these financial statements are:

- (1) The financial statements are prepared on the basis of generally accepted accounting principles and practices.
- (2) The financial statements are prepared on the basis of facts recorded in accounting records (books of accounts) they are factual.
- (3) In addition to the accounting principles, personal judgement opinion also play an important role in preparation of financial statements, e.g. valuation of inventory provision for doubtful debts etc.
- (4) Absolute accuracy in preparation of financial statements may not be possible as some of the items are only estimates, e.g. tax provision, value of closing stock, provision for liabilities etc.
- (5) Corporate financial statements are the source with the most consistently high ranking of importance for various users (study by: Chang, Most & Brain (1983)

- (6) The well framed, designed and audited accounting information about the business activities disclosed by financial statements is more authentic and reliable. Because of this, it reduces the risk of uncertainty and relevant decision making by the effected parties, i.e. the users of financial statements.

## Accounting Ratios & Discriminant Analysis

A ratio is defined as the indicated quotient of two mathematical expressions and as relationship between two or more things. The absolute accounting figures reported in the financial statements do not provide a meaningful understanding of the performance and financial position of a firm. An accounting figure conveys meaning when it is related to some other relevant information. Ratios help to summaries large quantities of financial data and to make qualitative judgement about a firm's financial performance. This techniques is used to evaluate the business performance in terms of time series analysis and inter firm comparison.

As a technique of financial analysis, ratio analysis is superior, since:

- (1) It simplifies comprehension of financial statements. It tells the whole story of changes in activity and financial condition of business.

(2) When used regularly, over a period the management can develop certain norms and parameters for performance.

(3) The analysis of ratio can disclose relationships as well as basis of comparison which reveal conditions and trends that cannot be detected by an inspection of the individual components of the ratio.

(4) The results of critical ratios can be used as a measure of efficiency of the organization.

(5) Various ratios are the grass root evaluations of specific area in themselves. The combination of ratios selected for broad strategic activities of the business would lead to total integration, which will give correct and comprehensive understanding of the situation for best possible decision making.

(6) Ratio analysis is the most popular and widely used cross sectional technique of financial statement analysis.

(7) Careful framing of financial statements and implementation of sound ratio analysis (Basic ratio of ROI) as a toll of analysis can achieve excellence in financial performance. This has been practiced in General Motors, USA. 2

A step further could be trend analysis and common size analysis of income statement and the balance sheet which has the power to reveal an ocean of analyzed statistics and financial secrets of business. Since this tool critically and objectively examines the financial performance of business, it can also be applied to forecast probable financial troubles. Edward Altman studies this area and came out with a combination of five ratios which can predict probable sickness or failure.<sup>3</sup> William Beaver was the first person who had a detailed study in this area way back in 1966.<sup>4</sup> His study identified five ratios which can predict the financial sickness and probable business failure. These ratios are: (i) Cash flow to total debt, (ii) net income to total assets, (iii) Total debt to total assets, (iv) Working capital to total assets, and (v) Current ratio. The study covered the performance of 79 manufacturing companies. The study obviously revealed that the failed firms had more debt, lower return on assets, less cash, more receivables, low current ratio and less inventory.

Similar study was carried out in India by L C Gupta.<sup>5</sup> 56 ratios were tested covering the performance of various companies for 13 years. As per this study, the following ratios were identified which have power to predict<sup>4</sup> probable bankruptcy of manufacturing companies. These ratios are : (i) Earnings before depreciation, interest and tax to sales, (ii) Operating cash flow to Sales , (iii) EBDIT to total assets, (iv) Operating cash flow to total assets, (v) EBDIT to (Interest +  $\frac{1}{4}$  debt), (all Profit & Loss A/c ratios) Net worth to total debt

and Total outside liabilities to tangible assets (balance sheet ratios).

The study conducted by Edward Altman was unique in the sense that he relied on multiple discriminant analysis. This statistical tool helps to combine the effect of different relevant ratios into a single measure of probability of sickness or failure. The ratios identified by Altman are: (i) net working capital to total assets, (ii) retained earnings to total assets, (iii) EBIT to total assets, (iv) market value of equity to book value of debt and (v) Sales to total assets.

### Scope of Study

Basically, the technique of ratio analysis is very useful to have an insight of the financial performance of a firm. The theories advocated by Beaver, LC Gupta and 'Altman are different in detail. In the present study, the analysis has been done as per the method advocated by Edward Altman, which is known as multiple discriminant analysis (MDA). This techniques allows to find out the value of combined effect of different ratios worked out to calculate discriminant function score, known as Z score. A score above 2.675 is considered to be healthy. While the score below 2.675 is considered to be risky, i.e. indicative of probable bankruptcy.

ELECON Engineering Company Ltd. was incorporated in 1961 which manufactures bulk materials handling machinery and industrial gears. These products have wide applications in various industries throughout India. There are many competitors of this company.

### Research Methodology

In the present study, Altman's discriminant analysis has been used. The working involved is as follows.

- (i) Working capital to Total assets X (0.012)
- (ii) Retained earnings to Total assets X (0.014)
- (iii) EBIT to Total assets X (0.033)
- (iv) Market value of Equity to Book value of Debt X (0.006)
- (v) Sales to Total assets X (0.099)

This will measure net liquid assets of the firm in relation to total assets, indication of age of the firm, productivity of firm's assets, market perception of the firm's performance and utilization of firm's assets. The period covered is 2001 to 2014.

Components used in the analysis (ELECON Engineering. Co. Ltd): (Rs. crores)

No	Year	Total Assets	Net current Assets	Retained Earnings	EBIT	Total Long term Debt	Sales	Market value of Equity
1	2001-02	172	69	56	4	56	136	6.78
2	2002-03	186	66	58	7	57	157	5.65
3	2003-04	246	85	59	9	68	160	19.17
4	2004-05	340	109	68	30	96	277	106.02
5	2005-06	535	217	97	51	205	442	557.66
6	2006-07	744	353	181	96	283	723	1205.10
7	2007-08	1013	460	218	117	409	826	153.12
8	2008-09	1332	577	257	127	592	955	30.62
9	2009-10	1452	771	307	116	683	1046	41.58
10	2010-11	1697	822	376	147	970	1284	68.33
11	2011-12	1919	1004	440	162	1132	1613	98.11
12	2012-13	2126	1265	517	151	1357	1526	70.78
13	2013-14	2060	1395	510	92	1057	1292	74.55

Source: Annual reports of ELECON.

Ratios used in the analysis (percentage):

No	Accounting Year	Working capital to Total Assets	Retained Earnings to total Assets	EBIT To total Assets	Market Value of Equity to Debt	Sales to Total Assets
1	2001-02	40	33	2.33	12	79
2	2002-03	35	31	3.76	10	84
3	2003-04	35	24	3.66	28	65
4	2004-05	32	20	8.82	111	81
5	2005-06	41	18	9.53	272	83
6	2006-07	47	24	12.90	426	97
7	2007-08	45	22	11.55	37	82
8	2008-09	43	2	9.53	5	72
9	2009-10	53	22	7.98	6	73
10	2010-11	48	22	8.66	7	76
11	2011-12	52	44	8.44	9	84
12	2012-13	60	24	7.10	5	71
13	2013-14	68	25	4.46	8	63

Source: Computed

Z score of ELECON:

No	Accounting Year	Z Score
1	2001-02	9.60
2	2002-03	9.29
3	2003-04	7.48
4	2004-05	9.64
5	2005-06	10.84
6	2006-07	13.48
7	2007-08	9.57
8	2008-09	8.27
9	2009-10	7.85
10	2010-11	8.74
11	2011-12	9.89
12	2012-13	8.35
13	2013-14	7.45

**Findings:**

As per the study and analysis of Altman, the firms having Z score below 2.675 developed financial troubles and turned bankrupt. The score of 2.675 is considered as a minimum score which is the indication of reasonably good score about the liquidity and solvency of the firm. The above table shows that ELECON is having good score (above 2.675) on this count, and there are no chances of company developing any serious financial troubles in near future. As per the analysis of last thirteen years, the financial position of ELECON can be considered healthy. However, it may be noted that after 2006-07, this score is going down.

**Conclusion:**

Elecon is a name for quality materials handling equipment and industrial gears. Started in 1961, the

company has wide customer base, high volume of sales, good liquidity, good amount of reserves and professional management. The above analysis also confirms that the company is having reasonably strong solvency and there are no chances of probable financial troubles in near future.

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# A Study on Political Service Marketing in India

Ashok Gaur, Kamal Agal

## Abstract

Politics is all about selling hope to a people. Over the years, marketing has become a more and more important tool in politics in general. We live in an era where politicians manufacture their images through clever branding strategies. It has become very difficult for politicians to communicate to their respective target audiences without a clearly defined marketing service. In order to make the campaign successfully, using marketing services is indispensable. Enormous amounts of money are spent on marketing services. The successful utilization of the Internet and social networking sites such as Facebook and YouTube led to enormous support. It also served as the main base for funding throughout election campaign. The aim of this research paper is to contribute to existing knowledge in the field of political service marketing through the analysis of how marketing is done throughout a political campaign.

## Introduction

Over the years, marketing services has become a more and more important tool in order to successfully win an election. In order to make election campaign successfully, marketing truly is indispensable. This fact lead to enormous amounts of money spent on marketing in election process. And every new election process, the amount increases substantially. The Indian general election of 2014 was held to constitute the 16th Lok Sabha, electing members of parliament for all 543 parliamentary constituencies of India. Running in nine phases from 7 April to 12 May 2014, this was the longest election in the country's history. According to the Election Commission of India, 814.5 million people were eligible to vote, with an increase of 100 million voters since the last general election in 2009, making this the largest-ever election in the world. Around 23.1 million or 2.7% of the total eligible voters were aged 18–19 years. A total of 8,251 candidates contested for the 543 Lok Sabha seats. The average election turnout over all nine phases was around 66.38%, the highest ever in the history of Indian general elections.

Political parties and candidates tend to find the media, and in particular television, more and more important for campaigning and seek to appear as much as possible on the television. Television is widely regarded as the most important instrument for campaigning and communication to the voters in countries with widespread coverage and audience. The goals of the campaign committees are to attract media attention and fundraising. In recent electoral cycles, technology has become increasingly prevalent during the pre-electoral portion of the electoral cycle. These include the use of texting/SMS through widespread cell phone use even in rural areas, smart phone use predominantly in urban areas, and either private or internet café-based on-line platform access (such as FaceBook, Twitter). The media has a role to inform the citizens about the competing political parties and their programmes and candidates, and to contribute to the formation of opinion of the electorate. This may include formal voter education material provided by the electoral management body; alternatively or additionally, the media themselves may produce their own voter education materials.

A year in which Lok Sabha elections are held means big business for a lot of sectors. But the juiciest contracts, running into hundreds of crores, go to advertising and public relations agencies.

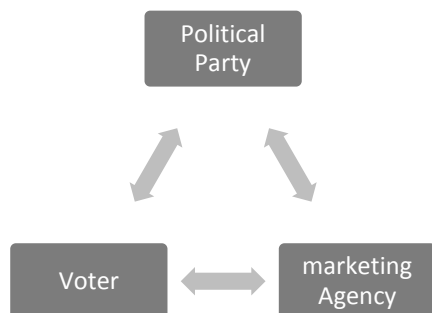
How big is this election from the ad industry perspective can be gauged by a simple set of figures. If the 2009 elections saw a total spend of Rs 500 crore, the 2014 polls will see at least around Rs 2,000 crore being spent on ad campaigns. The political parties spent crore of rupees for its mass media ads, which include, television, print, radio, outdoor and digital and for on-ground activities.

## Political Marketing – A Service Brand

In general marketing strategies for services add three more P's to the marketing mix, which stand for Process, Physical evidence and People. The same principles apply to the political marketing of services.

The people act as the provider of the service. The careful selection candidates and training of member firstly assures a higher level of quality of the service, which is depicted by the brand of political party.

It is up to the people to give the processes more reliability and thus to assure a higher homogeneity between the quality of the service and the personality and message of the political brand. Furthermore people have contact with the customer. They have to be aware of the political party objectives so that they can “live them” and communicate them to the people. It is not enough to communicate the message of the brand externally to the customer; the first step has to be internal communication.



The voter not only receives the message from the political external marketing activities, but also the message from the behaviour of the member he has contact with. The impression the voter gets from the service done by political leader, from the political member and thus from the personality of the political party brand is also influenced by the friendliness and responsiveness of member, their perceived qualification and how the member “lives” the philosophy of the political party brand. The element of physical evidence is about the environment in which the service is offered and consumed, it is about the customers “feelings”. As for branding services, the physical evidence is closely related to the personality of the political brand, which can be described as an emotional bond to the voter that grows out of the perceived characteristics of the brand. To give the service a differentiation advantage it is important to create a distinguishable atmosphere that the voter can relate to the service provider. This can be achieved by the use of political brand signs, corporate colours and several other themes that are common for all outlets, all members everywhere the party presents itself to the public.

Processes are very important in services industries since in most cases the people is directly involved in the processes. Aspects that especially apply to the auditing and campaign industry are extremely high quality, confidentiality, timing/availability, consistency and the avoidance of the abuse of insider knowledge. The internal processes that assure these characteristics are less important for the people. For him it is important that these

characteristics are met. Again a brand can provide more confidence in the choice of a service provider. It allows identifying a provider with a good reputation for high quality processes and results.

### Political Marketing Services

Political marketing can be seen as something “democratic parties and candidates actually do to get elected and that it is different from earlier forms of political salesmanship” (Scammell, 1999, p.719). Political marketing is generally defined as “facilitating the societal process of political exchange”, while political marketing management describes the ‘art and science’ of successfully managing this (political) exchange process (Henneberg, 2004, p.226). Political marketing is “the marketing of ideas and opinions which relate to public or political issues or to specific candidates” (Butler and Collins, 1994, p.19).

### Similarities & Differences between the Markets

There are strong similarities between the business market and the political market according to Newman (1999b, p.36-37). First, both markets use standard marketing tools and strategies, i.e. marketing research, market segmentation, targeting, positioning, strategy development, and implementation. Second, the voter can be analyzed as a consumer in the political marketplace, thus using the same models and theories in marketing used to study consumers in the commercial marketplace. Third, both are involved in competitive marketplaces and therefore rely on similar approaches to winning. Intensity of competition is a driver of change in both politics and business according to Scammell (1999, p.726). Two evident differences between the two marketplaces are difference of philosophy (goal) and follow up of implementation of marketing research results. The goal in consumer marketing is to make a profit, in politics; the overall goal, at least for democracies, is “the successful operation of democracy” (Newman, 1999b, p.36). However, electoral success is the major short-term goal of a party or individual (Lees-Marshment, 2001b, p.693). The difference between winning and losing in business is based on huge variations and by contrast, in politics, this difference can be very small. Implementation usually is followed in business but in politics though, it is up to the candidates themselves to decide on the level of follow up (Newman, 1999b, p.36). Another distinction between political marketing and consumer marketing is that political marketing is subject to the mass or “free” media which may be influenced but not controlled. Thus, political marketing has to be viewed as a complex two-step



communication process that influences the consumer directly but also indirectly through the free media (O'Shaughnessy, 2001, p.1050).

### Principles of political marketing services

The same principles are true for both the commercial marketplace and the political marketplace: Successful companies have a market orientation and are constantly engaged in creating value for their customers by anticipating their needs and constantly developing innovative products and services that keep them satisfied (Newman, 1999b, p.35). Politicians do the same; they try to constantly create value for their voters by improving quality of life and creating the most benefit at the smallest cost ((Newman, 1999b, p.35). Innovation in the political marketplace is no different from innovation in the commercial marketplace. Without innovation, a company, politician, or political party is doomed (Newman, 1999b, p.29).

### The Selling of a 'Product'

Marketing helps in the selling of the products – without marketing the sales would most certainly be a lot lower. Just like a company, a politician also sells something. The difference is that the politician sells ideas, himself or herself, as well as his or her vision (Newman, 1999b, p.36). These ideas are formulated into programs that are then marketed to the people. The candidate uses marketing professionals to convince the voters to vote for him or her and to buy into his or her vision for the country in question. The vote can be described as a "psychological purchase" (Butler and Collins, 1994, p.19).

### The Voter as a Consumer

Often, expectations of customers – and voters – are influenced by the gaps in thinking that exist between their own perceptions and those of the service provider. Marketers have a hard work trying to shape these expectations. One gap exists between the *expectation of consumers and management's perceptions* of those expectations (Newman, 1999b, p.37). This gap might be difficult to measure in politics because candidates shape their perceptions of the electorate after pollsters have told them what these expectations are. In politics policies and promises are often changed in order to suit each area's or state's electorate even if the candidates' records suggest something different. Another gap exists between *quality specifications and service delivery* (Newman, 1999b, p.37). Politicians are much more vulnerable to this gap than other service industries due to unexpected situations in which to respond – they might not be able to respond and deliver even if

they perceive what is important to the voters. A third gap exists between *management perceptions and service quality specifications* (Newman, 1999b, p.37). Politicians do not always have complete control over staffing; civil servants often are in positions not affected by changes in elected officials. Setting agendas responsive to citizens' needs can also be difficult. Finally, a fourth gap exists between the *service delivery and external communications* when promises made do not end in tangible results.

### The Politician's Unique Service Obligations

According to Newman (1999b, p.38), there are three situations that are unique for politicians compared to other service providers. First, they are faced with uncontrollable situations such as a stock market crash, a military invasion, the death of another politician, accusations by a competing candidate, etc. The only way to respond to these uncontrollable situations is to act proactively by having an organization and policies flexible enough to respond. Secondly, politicians have dual roles, being both policymakers and campaigners. Activities and strategies very much depend on which of the two roles is played. As a policymaker for example, the politician counts on permanent staff, whereas as a campaigner, volunteers are hired on a temporary basis. The third difference is the type and level of communication used by the politician and his or her organization. Politicians must rely on mass media communications, public appearances, and direct mail procedures to get their message out. Usually the organization is the one making contact; however, the politician normally has more face-to-face contact than found elsewhere in the service sector.

### The Exchange Process

In politics, the exchange process is centered on a candidate offering political leadership (through policies) and a vision in exchange for trust and support in the form of votes.

### Marketing Research

Opinion polls, called marketing research in the business world, are one of the most important tools in politics. There are several ways to colour the perceptions of voters. One tool is the "*push polls*" where, using a phone bank, thousands of voters are called and asked questions smearing or denigrating the opposing candidate with the purpose of changing their perceptions (to the negative) about him or her (Newman, 1999b, p.40). Today, opposition research is indispensable for a political campaign in order to be successful.

### Focus Groups

The use of focus groups as a means of generating data in respect of public opinion has become increasingly influential in politics in recent years. As parties employ marketing techniques to achieve their goal, i.e. winning an election, the identification of public opinion is an essential element in informing contemporary electioneering. While surveys and databases are used to identify, collect, and store data in respect of public opinion, the specific use of focus groups has accelerated in the last decade. This can in part be attributed to questions of reliability and perceived inadequacies of other methodologies – “*when polls get it wrong*” – and the need to revive credibility in respect of opinion research.

### Needs & Wants

Marketing is a critical component to understanding what voters, citizens, or consumers want and need. However, in order to successfully identify needs, both current as well as possible future needs must be envisioned. Another aspect to take into consideration is that people can desire the same things or persons but for different reasons. Needs may also be both rational and emotional. Candidates need to adjust their message constantly depending on where they are since different voters and different states need and want different things. The message also needs to be adjusted depending on results in earlier primaries.

### Market Segmentation & Targeting

Not everyone in a market can be satisfied. Market segmentation then, is a process that identifies the typical customer or voter. Targeting is the selection on which segment(s) represents the greatest opportunity, i.e. the target markets (Kotler and Keller, 2006, p.24; Newman, 1999b, p.44). Marketing effort is then concentrated in these target markets, where the message, product or person is most likely to be bought in. In the Indian **Congress** have historically been the party of the poor and minorities and the **Bhartiya Janta Party** have been the party of the rich and big business. Programs and policies were then developed to satisfy the needs of these citizen segments. This has changed with marketing technology.

### Positioning

Positioning is critical to the success of any product, changes and innovation must be incorporated regularly to keep the product flourishing in the marketplace. The same is true in politics. Once the multiple voter segments are identified, the candidate has to be positioned in the marketplace.

In the process of positioning, both his or her own as well as the opponents' strengths and weaknesses must be assessed.

### Importance of Ideology

A politician's reputation is perceived in the same way as brand identities of products and services. Extensive advertising is used by companies, political parties and candidates to label and define who the provider is and what makes his or her products, services or ideas different from the competition, hence, worth to buy. Ideology was based on fundamentally different ideas of how to run a government

### Continuous “Product Development”

Success in politics, at least short term, is measured by the ability of a leader to move public opinion in the wanted direction. For this purpose, it is critical to identify target voters and satisfying their needs. New “product development” has to be a continuous process in order to continue to meet consumer and voter needs. This is especially true today with increased competition, changed consumer needs and tastes, new technologies, shorter product life cycles, etc.

### Voter Segmentation

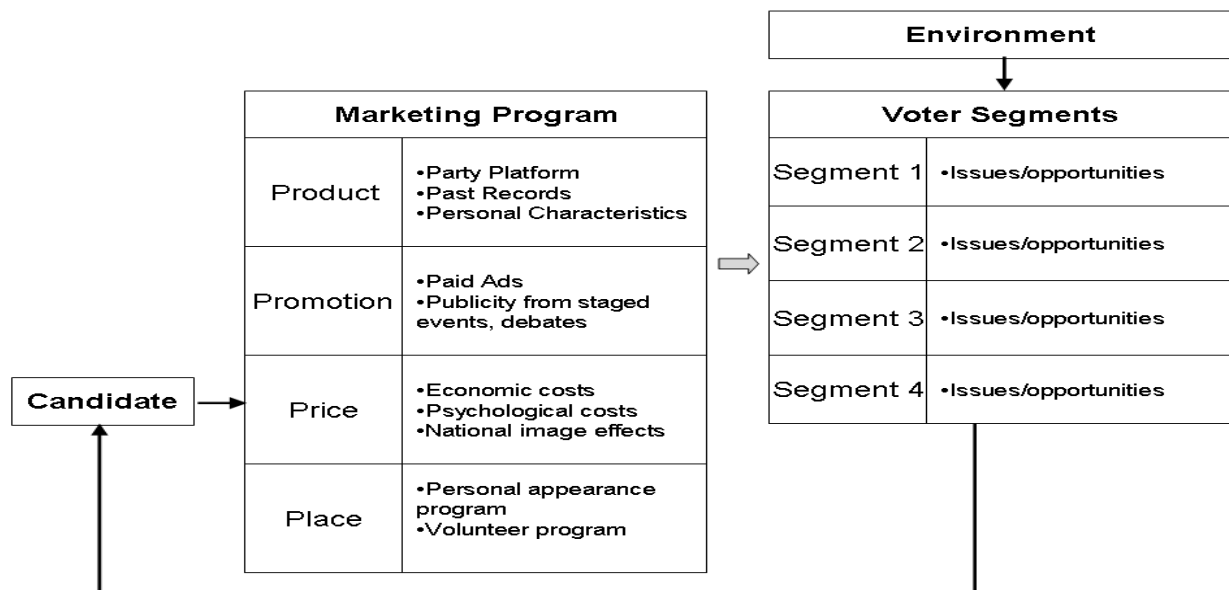
Many of the above mentioned marketing strategies can, with certain modifications, be applied for each of the different target voter segments. Segmentation even becomes micro-segmentation when a very specific group of people or city is targeted. A specific strategy is then developed for each target market (or voter segment) in order to maximize voter impact.

### The Political Marketing Process & the “4P’s”

Much of press coverage of past elections has focused on TV ads or public appearances. However, political marketing utilizes much more than just publicity and clever advertising techniques. According to Niffenegger (1989, p.46), it successfully integrates each of the “4P’s” (product, price, place, promotion) of the marketing mix, guided by marketing research with sophisticated segmentation and simulation techniques.

**Product:** argues that: “*The product offered by political marketers is really a complex blend of many potential benefits voters believe will result if the candidate is elected.*”. The major benefits associated with a certain candidate are spelled out in the candidate's *party platform* and transmitted to the voter through media.

A simplified model of these concepts can be seen in Figure



**Figure -** The political marketing process of the 4P's (reproduced from Niffenegger, 1989, p.46).

**Promotion:** Promotion is often considered to be the most important marketing element for presidential candidates (Niffenegger, 1989, p.49). Enormous amounts of money are being spent on TV and radio ads for example; however, paid advertising is only a part of the promotion mix. Publicity, free campaign coverage by the news media, constitutes a large part and its reach can be enormous. News media is often criticized for not only “documenting a candidate’s position” but rather “moulding public opinion through the subtle selection and repetition of visual images” Concentration and timing of media spending is also very important – it is about spending in a way that gives the most impact. The concentration strategy could involve choosing a “showpiece” state and concentrating a disproportionately high amount of media dollars and other promotional effort there, to produce an unexpected win. Timing is about spending the heaviest amount of money when they will do the most good while encouraging the opposition to do the contrary. A *strategy of misdirection* – which is about catching the opponent off balance by changing the circumstances – can help the underdog “to win a battle, if not the war”.. Another promotional plan is *negative advertising*. However, opinions on their utility differ. Some studies show that attitude and belief changes do occur with negative ads, while others claim them to rather backfire on the candidate paying for them. Yet other sources claim that they might even cause voter apathy and low voter turnout.

**Price:** “The price of a candidate can be thought of as the total of a number of costs associated with the candidate’s election.” according to Niffenegger (1989, p.48). Economic costs are a major voter concern. These costs include possible tax or interest rates increases, cuts in government benefits, etc. There are also hidden psychological costs, such as religion or ethnicity, associated to each candidate.

**Place:** Place strategy is about the methods or channels used to get a candidate across in a personal way to the voters. In order to be successful, the place strategy must include a *personal appearance program* as well as a *volunteer worker program*. The former details where the candidate will reach out to the voters, that is, at rallies, club meetings, dinners, factory gates, etc. The latter is used to “extend the candidate in a personal way into local markets” through canvassing, lawn signs, registering voters, soliciting funds, etc. Party members can also be used as surrogates to speak on behalf of the candidate. Satellite technology made it possible for simultaneous interviews with television news personnel in several states, just in time for the local evening news. The Internet is another great tool offering an enormous reach to possible voters in no-time.

#### Weaknesses & Criticisms of Political Marketing

Political marketing is subject to both weaknesses and criticisms. Henneberg (2004, p.228) has described 11 principal critical arguments of political marketing and political marketing

management. Today's elections are won by the candidate or party that has the "slickest and most professionally run" campaign management. This type of campaign management is costly, consequently, the candidate or party with more resources or better fundraising capabilities together with best timing wins, regardless of political argument.

Party politics and political communication today is much less about issues and convictions and much more about the packaging of political messages. Political arguments are now all about "spin" and "sound bites" – with an impressive package but without content.

Politics has become populism and no leadership. There is a tendency towards populism in politics

Politics is not about selling – selling washing powder and politics cannot be done in the same way. Hence, political marketing management has the wrong mindset. It is true that politics and "normal" products have little in common; however, politics and services share characteristics. Both are promise- and experience based, non-tangible, perishable, partly public goods, they have "clients" rather than customers, etc.

Voters today (due to political marketing management) do not get the information about important political issues that they need in order to form a 'rational' opinion on which they can base their voting decision. The voting decision is very complex and difficult, therefore, non rational elements or decision shortcuts, actually help voters to make up their minds.

Campaigns have become personal and negative due to political marketing management. Political marketing has changed the political culture, away from issues and towards individuals according to the critics.

Research on political marketing has often been criticized for focusing too much on one specific marketing instrument, i.e. communication, and neglecting the other aspects of marketing theory. Political campaigns and political marketing activities are often only defined through their communication content and the media used.

According to critics, research on political marketing management is an evil that either should be avoided or used with caution since it helps spreading and encouraging management practice and ethics in the political arena – thus changing politics

Non-sophistication of the political marketing research mainly voiced by marketers. There are two aspects of the argument; one being the lack of connection between political marketing research and forefront of mainstream marketing theory, the other focuses on the static nature of research in the field. While marketing theory has seen major trends in recent years such as market orientation, relational- and network marketing, and service marketing, this has had little impact on political marketing research

Political marketing of not being a marketing domain. The nature and scope of marketing was initially product-based for-profit organizations. Later, the concept was broadened into service organizations and then non-profit organizations like charities, hospitals, political parties, etc, and social marketing (church marketing, arts marketing, sports marketing, etc.).

Political marketing are not grounded due to lack of theoretical and ethical framework. Political marketing management needs to be judged and supervised from a moral and ethical point of view. Hence, a framework is necessary in order to understand the possible implications of political marketing management with respect to democracy. In summary, the field of political marketing is young and many criticisms still exist. In order to gain further insights, more time and efforts are needed. This is especially true when it comes to political marketing research, where more rigid and conceptually grounded – as well as innovative – research needs to be done.

## **Conclusion**

There are similarities between the political and commercial market. First, both markets use standard marketing tools and strategies, i.e. marketing research, market segmentation, targeting, positioning, strategy development, and implementation the voter can be analyzed as a consumer in the political marketplace, thus using the same models and theories as in business marketing. The service sector of the commercial marketplace is considered to be the most similar to the political marketplace. Reputation, image, and leadership evaluations for example are all important factors in both politics and the service sector. The product in service marketing is often intangible as is the case for the political product. Media also has an active presence in politics than in any other consumer/service market which means that political marketing can be seen as a two-step communication process influencing the consumer both directly and indirectly through the free media. The candidate's past record and personal characteristics, as well as the image of the party,

also influence voters' potential benefit expectations. Paid advertising is only a part of the promotion mix. Publicity, free campaign coverage by the news media, constitutes a large part. Segmentation is a process that identifies the typical voter, targeting then selects the segments of greatest opportunity. Positioning is the use of the best possible strategy on the key issues (market research) of the targeted segments in order to maximize voter impact.

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# A Study on ICT Awareness for Business Expansion among SMEs of GIDC, Vitthal Udyognagar

Nikhil Zaveri, Nishrin Pathan

## Abstract

This paper is based on a pilot study conducted to find out use of Information and Communication Technology (ICT), especially social media and collaborative apps by SMEs of GIDC Vitthal Udyognagar, Gujarat. The study aims to ensure the level of awareness of ICT, use of social media for business expansion, use of collaborative technology and reasons for not adopting these technologies. The findings are alarming but paving a new dimension how SMEs can gear up to mark their presence in the global business world.

## Introduction

Social media is all pervading in the ether and created a new wave for small and medium enterprises (SMEs) as well. The small businesses operate for limited cycle and have budgetary constraints. Hence it is important and need of an hour too that they adopt technological innovations to operate, expand and sustain. Nearly 26 million micro, small and medium sized enterprises (MSMEs) are instrumental in contributing the growth of Indian economy. They bear the strong potential to lead India towards better economic power. A small part of these MSMEs comprises technology industry whereas large chunk of SMEs in manufacturing and service sectors have not yet adopted technology for their routine business processes like interacting with customers and employees and managing functional areas like finance, sales, marketing and human resource.

According to a professional social media company having 998 small and medium sized companies in North America found that 94% companies used social media for marketing purposes. They found it an appropriate way to 'maintain the organization's identity and existence online...' (Yeung 2014).

However in India, this attitude is found little lackadaisical. Large corporate and multinational companies have shown their presence on social media but small and medium sized enterprises have not yet taken initiative.

Social media like Facebook, Twitter and LinkedIn and even YouTube help companies to reach out to and attract the customers, create brand awareness and to stay connected. Small companies so far use e mails to communicate with vendors, suppliers and customers. Most businessmen still prefer either face to face or telephonic means of communicating. In fact, a combination of social media can be used for several business processes.

## Blog

Reports say that around 35% of customers are influenced by comments and reviews on blog and that governs their buying decisions. Promotional e mails can be sent along with a link to company or product blog page. Lot of blog spots provide free and enough space to introduce the products discuss the performance of the product and comment and reply customer reviews. Few examples of free blog are: [www.blogspot.com](http://www.blogspot.com), [www.wordpress.com](http://www.wordpress.com), [www.firstsmallbusiness.com](http://www.firstsmallbusiness.com) and many more. Consumer testimonials which are very important these days can be handled more effectively through blogs. Smartly handled discussion thread can help attract new customers.

Studies show that customers prefer local products if they have online existence. In such case, blog and other social media help in maintaining social reputation which is crucial part of any business. Negative online reviews by customers may prove to be detrimental even for established brands. Few negative comments to small businesses are fatal. In such case, social media is a great rescue for staying in constant touch with all stakeholders. Even blending e-newsletter with blog and emails is a good way of showing company's performance. Social media also connects business with other similar businesses in the industry. This helps gain competitive edge and expand market.

## Social Media: Facebook, Twitter, LinkedIn and YouTube

Small businesses can use **Facebook** – a free tool at its fullest. For that they only need to be little attentive, creative and strategic, of course to be enthusiastic is the most important factor. A lot can be done through Facebook like regularly posting images and graphics related to products.

Visuals are the most successful way to spread through social media. Sensing what reviews are discussed and most important is always responding 'faithful followers'. Keeping a particular goal in mind, having unique strategy and interacting daily, controlling the discussion thread Facebook help to keep an eye on what competitors are doing. Engaging employees on Facebook rather than restricting has proved more effective to create brand awareness.

**Twitter** has different mechanism to follow. It is a best tool to create identify and then preserving the followers. It an ideal tool for customer relationship management. But then an eye needs to be kept on tweets as it is equally strong enough to damage the image if the tweets are not handled effectively. Twitter has examples to 'stand out' and voice against wrong doings.

Once started with creating professional network, today **LinkedIn** has expanded beyond mere networking people. Due to its vast network LinkedIn profile page has become 'business card'. Due to same reason it help explore new contacts and expand business. It also helps find people doing similar business, interact with them and learn key marketing strategies. Apart from reaching out a large audience it has helped to connect local groups as well. Research carried out in US says that more than 85% customers were influenced by recommendations shared on LinkedIn. Positive product endorsement has influenced around 88% buying decisions on Amazon. (Source: Dimension Research Report 2014). Similar endorsement can be useful for local business expansion and reputation management.

**YouTube** has untapped potentials to promote business and market products. More than one billion users every month, over 6 billion hours of

videos watched every month and 80% viewers being mobile uses. (Source: YouTube TJ McCue. March 2014). YouTube contains in its silo huge potential audio visual resources where videos are for marketing, training, enhance CRM, Create demonstrations and models, Presentations etc. Videos are the most preferred tool to create awareness on business. With videos uploaded on YouTube products and working models can be demonstrated.

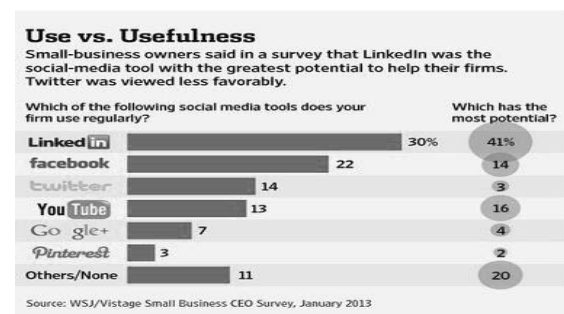


Figure: 1

Figure 1 shows how which social media tool has the greatest potential to promote their business. LinkedIn leads with highest potential while Google+, Pinterest and others are still gaining momentum.

### Collaborative Technology

Apart from one to one and one - to - many, there arises a need for group communication in the modern business management. A range of tools and software are available for groups to facilitate collaborative message transmission. Computer – supported collaborative communication has two classifications: synchronous and asynchronous tools. Asynchronous tools are used for different time / different place collaboration. Word processing applications, discussion Boards and emails are tools for asynchronous collaboration. Synchronous tools are used for same time / any

place collaboration. For instance, Electronic meeting systems (EMS) can be used for it.

Among business communities there is a general belief that the more a business firm is "collaborative," the more successful it will be. Nearly all agree that collaboration is now more required within and between firms than was true in the past for reasons outlined below. **Table 1** summarizes some of the benefits of collaboration.

**Table 1: Need for Collaborative Technology**

BENEFIT	RATIONALE
<b>Productivity</b>	People working together can complete a complex task faster than the same number of people working in isolation from one another; there will be fewer errors.
<b>Quality</b>	People who work collaboratively can communicate errors, and take corrective actions faster, when they work together than if they worked in isolation. Reduction in buffers and time delay among production units.
<b>Innovation</b>	People working collaboratively in groups can come up with more innovative ideas for products, services, and administration than the same number working in isolation from one another. Advantages to diversity and the "wisdom of crowds."
<b>Customer service</b>	People working together in teams can solve customer complaints and issues faster and more effectively than if they were working in isolation from one another.
<b>Financial performance (profitability, sales, and sales growth)</b>	As a result of all of the above, collaborative firms have superior financial performance

**Google Docs, Sheets, and Slides**

Google Docs, Sheets, and Slides are productivity apps that facilitates create different kinds of online documents, work on them in real time with other people, and store them in Google Drive online — all for free. One can access the documents, spreadsheets, and presentations from any computer, anywhere in the world. There's even some work can be done without an Internet connection! Following guide gives a quick overview of things

that business people can do with Google Docs, Sheets, and Slides.

**Google Docs**

Google Docs is an online word processor that lets create and format text documents and collaborate with other people in real time. Google Docs can help:

- Upload a Word document and convert it to a Google document
- Add flair and formatting to documents by adjusting margins, spacing, fonts, and colors etc.
- Invite other people to collaborate on a document with you, giving them edit, comment or view access
- Collaborate online in real time and chat with other collaborators — right from inside the document
- View document's revision history and roll back to any previous version
- Download a Google document to your desktop as a Word, OpenOffice, RTF, PDF, HTML or zip file
- Translate a document to a different language
- Email documents to other people as attachments

**Google Sheets**

Google Sheets is an online spreadsheet app that allows create and format spreadsheets and simultaneously work with other people. Google Sheets can help:

- Import and convert Excel, .csv, .txt and .ods formatted data to a Google spreadsheet
- Export Excel, .csv, .txt and .ods formatted data, as well as PDF and HTML files
- Use formula editing to perform calculations on data, and using formatting.
- Chat in real time with others who are editing spreadsheet
- Create charts with data
- Embed a spreadsheet — or individual sheets of spreadsheet — on blog or website

**Google Slides**

Google Slides is an online presentations app that allows to show off work in a visual way. Google Slides can help:

- Create and edit presentations
- Edit a presentation with friends or co-workers, and share it with others effortlessly
- Import .pptx and .pps files and convert them to Google presentations
- Download presentations as a .pdf, .ppt, .svg, .jpg, or .txt file
- Insert images and videos into presentation  
Publish and embed presentations in a website



## **Literature Review**

A lot has been discussed on use of technology for small businesses. Online media offers number of articles and reports based on study carried out in western countries. However, research on Indian SMEs is minimal.

According to a report presented in 'The Guardian – a British daily, (2013) "...a business having social media presence is likely to attract 80 percent more customers in future.

Facebook COO Sheryl Sandberg while sharing to Q3 earnings Call (October 2013) said that "It's really hard to get small businesses to use technology products, and we haven't done many aggressive efforts to make that happen."

Benwell (2014) propagating social media for small businesses he states that with Facebook having around 1.2 billion members and Twitter having 250 million active users monthly, it is obviously the best channel for startups to raise awareness about their products, create connection and engaging with customers to drive revenues.

He also opines that belonging to professional-based social networks like LinkedIn can help companies keep up with new trends and tools. A recent survey by LinkedIn revealed that small businesses also use social media for learning and nearly 50 percent of the respondents said that it is helpful to get an expert help, and recommendations. Small businesses have a lot to learn, and social media proves one of the best platforms that impart the required learning. Businesses get to develop better ideas on what customers expect out of them, what are their tastes and preferences and what are the things they don't prefer. This understanding may help them in meeting customers' needs

Bala Subrahmanya, department of management studies, Indian Institute of Science (2007) in his scholarly research paper on technology innovations by small enterprises revealed that needs for technological innovations in Indian small enterprises arise from a Demand for high-quality products in the international market. Continuous updating of quality needs innovative efforts both in product technology and process technology.

A study, which was commissioned by Verizon Business and Microsoft (2006) brought out a report, named "Meetings around the world: The impact of collaboration on business performance" which was conducted in March and identifies the influence of communication on business performance. The report revealed that communication in business is twice as important as marketing strategies and five times as influential as external market forces, according to a new report. That study concluded that "collaboration is a key driver of overall performance of companies around

the world. Its impact is twice as significant as a company's aggressiveness in pursuing new market opportunities strategic orientation and five times as significant as the external market environment called market turbulence.

When we compare Indian small businesses with those operating in western countries like we see an obvious change in the attitude in adopting the technology. There is definitely a need for study to find out to what extent Indian SMEs are adopting technology and what are its implications.

## **Objectives of the study**

The prevalent awareness regarding importance of communication amongst SMEs of GIDC of Vitthal Udyognagar is not established. It has been assumed that these SMEs are aware of modern techniques of communicating but there is some lackadaisical attitude towards training and encouraging employees to use it. If the relationship between usage of technology for communication and management has been proven, it can greatly facilitate these SMEs. With three tier focus on Business Management, Technology and Communication, SMEs can gain cutting edge over others and develops potentials to grow vertically in their sector as well as market. The objectives for this specific are:

1. To ensure the awareness on ICT usage by entrepreneurs of SMEs.
2. To search out SMEs using social media for business.
3. To check the extent of collaborative technology awareness and usage.
4. To find out reasons for underutilization of ICT tools.

## **Methodology**

This paper is based on a pilot study conducted for pre PhD presentation. It offers discussion and findings based on literature review and later findings are based on primary data collected through empirical study carried out using pre-set questionnaire. Convenience Sampling Method has been used for this study. Selective questions were considered for this study with sole focus on use of ICT and that too social media for the effective management of SMEs of GIDC of Vitthal Udyognagar. Entrepreneurs, Owners and Managers of 30 SMEs associated with VUN GIDC were contacted and made to fill questionnaire along with informal interaction with the researcher. As the data mainly focused on gauging the awareness on ICT and its impact on business direct questions were asked and analysed using frequency distribution tables and rank method. .

## Findings and Inferences

Table 2: Social Media Account

Social Media Account	Facebook	Twitter	LinkedIn	Google+	Company Blog	Any other	None of these
Yes (in %)	10	3	3	13	3	0	83
No (in %)	90	97	97	87	97	100	17

The study reveals that almost 99% entrepreneurs agree that modern ways of communication though ICT is beneficial to their business. However when asked further to what extend do they use the positive responses are less than 15%. As compared to western countries where more than 90% small companies use social media, picture at semi-urban area of Gujarat is quite passive. When Facebook has 20 million small business pages, 90% of entrepreneurs of GIDC, VUN do not use Facebook for their business. Many of them have their personal account on Facebook but they do not use it for business expansion. Nor do they post product image or any business related information through their Facebook account. **Table 2** explains the extent of use of other social media like Twitter, LinkedIn, Google+, Blog or any other. More than 80% of them do not use any of the social media tool.

Table 3: Use of Collaborative Apps

Use of Collaborative Apps	Yes (in %)	No (in %)
Gmail	87	13
Hangout	3	97
Google Calendar	23	77
Docs and spreadsheets	30	70
Sheets	20	80
Forms	13	87
Slides	13	87
Video/YouTube	3	97
Sites	3	97
Admin	10	90
Vault	3	97
Drive	13	87
None of these	10	90

Google collaborative apps under ‘Google Apps for Work’ are very useful app to smoothen daily functions of an organization. It facilitates internal and external communication allowing freedom to work from anywhere. Gmail, for instance, provides enhanced business features, no spam, no ads and with 30GB of storage. Gmail account is enough to get access to any collaborative tool online may it be

social media or other, and that too with business grade security and control. **Table 3** presents the information regarding use of collaborative apps.

- This study reveals that 87% entrepreneurs of GIDC VUN have Gmail accounts and others have like yahoo, hotmail etc. the matter of concern is that Gmail is used for external communication with stakeholders.
- Other apps like Google calendar for collaborative planning and sharing with employees within the organization and vendors and dealers externally. 77% of Managers do not make use of this app.
- Docs and Spreadsheets which eliminates the need for people sitting together and working. Documents and reports can be collaboratively filled, accessed and analyzed by employees from anywhere. 70% of businessmen do not make use of this app for their business.
- Google forms are very useful tools for conducting online market survey are used by only 13% of businessmen.
- Google Drive which provides 15 GB free space is not used by 87% of SMEs of GIDC, VUN
- Again, 87% of SMEs do not use Google forms and slides for their work. 97% of SMEs do not use Google sites which are useful in enhancing company’s site by embedding calendar, maps and videos, spreadsheets and presentations.
- 97% of entrepreneurs are not using Google’s Hangout as Instant Messaging tool as most of them are using WhatsApp for the same purpose.
- 90% of Managers are not aware nor do they use Google Admin which a tool to monitor company’s consolidated use of Google Apps by giving alerts on suspicious activates.
- Google vault – a paid app allows retain, search and export organizations emails, is not used by 97% of SMEs of GIDC, VUN.
- More than 90% of SMEs associated with GIDC, VUN do not use any of Google app – free or paid for their business.

**Table 4: Change in Business by ICT**

Change in Business by ICT	Yes (in %)	No (in %)
Greater integration among offline and online business	57	43
Greater reliance on job rotation, multi-skilling	7	93
Re-engineering of business processes	17	83
Data collection, storage, and maintenance	63	37
Greater information sharing	70	30
No changes	7	93
Other change	0	100

**Table 4** reveals that entrepreneurs are not much aware about what change ICT may bring to their business. About 70% of them believe that employing ICT may help them sharing information, while ICT offers more changes than mere this. Around 63% know it as a tool only to collect, store and maintain data. 83% of them do not know that ICT at its best can be exploited to reengineer their business processes resulting into larger business promotion and expansion.

**Table 5: Reasons for not using ICT**

Reasons for not using ICT tools	Rank						
	1	2	3	4	5	6	7
Unaware of what technologies exist in the marketplace	5	6	4	4	0	2	3
Lack of technical expertise and skilled personnel in-house	4	2	3	8	4	2	1
Not enough evidence of a strong return on investment	2	0	3	1	3	3	12
New systems will not be compatible with our existing systems	0	3	1	1	2	14	3
Cost of technology and implementation are too high	10	6	6	2	0	0	0
Employee resistance to introduction of new technology	3	5	5	2	7	1	1
Security and/or privacy concerns	0	2	2	6	8	2	4

**Table 5** ranks the reasons for not using the ICT tools by SMEs of GIDC, VUN for their business. Around 33% entrepreneurs found the cost of technology too high as the first and about 25% as second and third reason for not employing the ICT tools. This infers that SMEs have too high lackadaisical attitude towards using ICT for their business. Forth rank is given to lack of technical

expertise an in-house skilled people as technology barrier. Nearly 33% entrepreneurs accepted this. Other apprehensions include not knowing how much return on investment they will have after employing ICT tools. Around 50% SMEs are skeptical about return on investment over ICT. Employee resistance is the fifth ranked reason for not using. The fear is that present system will be distracted affecting business operation in a damaging way. Around 58% believe that new system may not be compatible with their existing system. This infers that any change to the existing system of communication is not welcomed. Security and privacy are also the concerns shown by nearly 33% of them for not using ICT. SMEs of GIDC being located in semi-urban part of Gujarat, surprisingly by nearly 25% of entrepreneurs are unaware of what technology exists that can help them facilitates their communication system and help expand their market.

It implies that SMEs in semi-urban GIDC of VUN do not take risk to change their traditional means of communicating for their businesses. This must surely be affecting the business turnover. Here is the scope for future study. Table 5 shows the details,

### Conclusion

The study shows that at present SMEs of GIDC, VUN do not have much awareness regarding using ICT for their business. It is alarming that majority of them do not have their presence on social media. When entire world is interacting through social media, when people of age 18 – 35 are on social media, SMEs will have to mark their entry to access untapped potentials. They need to create more awareness regarding how and for which business processes ICT can be used. If not individual SME then associations may come forward to take initiative to break the barriers and be open in adopting modern technologies.

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Jaclyn Kostner: Building Collaborative Virtual Teams: A Personal Interview with Jaclyn Kostner on her book, Bionic eTeamworkby Cinda Daly. 2011

## **Web Resources**

<http://www.moneycrashers.com/tips-use-facebook-page-business-marketing/>

<http://www.inc.com/welcome.html?destination=http://www.inc.com/abigail-tracy/facebook-fit-small-business-panel.html>

<http://marketingthink.com/10-steps-to-use-linkedin-for-small-business/>

<http://homebusiness.about.com/od/socialmediamarketing/a/How-To-Use-Linkedin-for-Marketing.htm>

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Where the mind is without fear  
and the head is held high;

Where knowledge is free;

where the world has not been  
broken up into fragments by narrow  
domestic walls;

Where words come out from  
the depth of truth;

Where tireless striving stretches its  
arms towards perfection;

Where the clear stream of reason  
has not lost its way into the dreary  
desert sand of dead habit;

Where the minds is led forward by  
thee into ever-widening thought and  
action.....

Into that heaven of freedom, my  
Father, let my country awake.

Rabindranath Tagore

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