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NCT of Delhi: An Empirical Analysis  
Ritu Sharma

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Retail Sector at Indore City  
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# Contents

1. **Study on Identification of Factors Causing Stress among Faculty in Education Sector**
   *Vikram Katyal, Ridhi Arora*  
   01

2. **A Review of Environmental Sustainability Practices of Major Organized Retailers in India**
   *Girish Taneja, Rajan Girdhar*  
   07

3. **Perception of organizational politics and ingratiatory tactics: Mediating role of individual values**
   *Seema Singh, Harshita Tolani*  
   16

4. **Management of conflict in pharma Channel Sales: A Critical Analysis on branded pharma products**
   *Makarand Upadhyaya*  
   27

5. **Innovation Management: The case of Fujitsu**
   *Deepa Agnihotri, Shahbaz Hasan*  
   32

6. **Paradigm for Sustainable Business: People, Planet and Profit**
   *Shuchi Loomba, Romica Bhat*  
   40

7. **Global Economic Recession and its implications for Indo- US Trade**
   *Mili Saxena, Padmini Ravindra Nath*  
   47

8. **Mushrooming Growth of Management Institutions-A case study of Management Education in Assam**
   *Tazyn Rahman*  
   54

   *Ritu Sharma*  
   60

10. **A Comparative Study of Customer Satisfaction Factors in Organised vs. Unorganised Retail Sector at Indore City**
    *Poorva Ranjan*  
    65

11. **The Application of Price on Y-Axis and Volume on X-Axis in Demand and Supply Analyses - Is It A Muddle?**
    *Samithamby Senthilnathan*  
    76
From the Desk of the Chief Editor

I am proud to announce the publication of the second volume of OJAS, an international multidisciplinary Journal of Research in Management. Since inception, OJAS has responded to the growing research needs in management. We are publishing papers received from eminent scholars and researchers from India and abroad. The papers, which have been put through a double blind review process, cover different areas of management.

This issue covers different aspects of management research bearing upon numerous issues of social, economic and politico-economic nature. The papers included in this issue deal with a variety of research concerns including current problems related to stress in education sector particularly in the private institutions where an ever increasing amount of responsibilities are given to the teachers, issues of environmental sustainability practices of major retailers in India, organizational politics and the role of social influence in establishments, management of conflict in pharma channel sales, the issue of innovation management in organizations, Green Marketing and its significance in northern India, and the impact of sale of eco-friendly goods.

The OJAS team is determined to direct its vigor in digging the potential in borders of the different managerial disciplines. This necessitates horizontal thinking and challenging our own esteemed thoughts and views about challenges at hand. The current issue is a very modest endeavor at meeting the vast objective of flouting the fair knowledge systems demonstrated by different Researchers in India and abroad.

All the manuscripts included here are peer reviewed as well as expert reviewed. The success of any research journal is built primarily on four groups of people: the contributors, the reviewers, the associate editors, and the publication staff. My sincere thanks are due to the members of editorial and advisory boards, manuscript contributors and all others who have put in their might in compiling this issue. I would like to thank all of them and express my sincere appreciation for the support they have given to OJAS under my predecessors. I look forward to continuing this relationship and receiving your suggestions and ideas for making OJAS more valuable for our research community.

Prof. (Dr.) M. Ashraf Rizvi
Editor-in-chief
OJAS: Expanding Knowledge Horizon
Study on Identification of Factors Causing Stress among Faculty in Education Sector

Vikram Katyal*
Ridhi Arora*

Abstract

Stress is a general term applied to the pressures felt in life. Stress at work is almost inevitable in many jobs. It has become a major buzzword and a legitimate concern of the time. In the modern era, privatization of education sector has been accumulating at a very fast pace resulting in increased competition among them, resulting in increased load per faculty in terms of roles and responsibilities causing additional challenges other than just quality teaching thus hindering overall development and teaching quality. The present study attempts to highlight why now a days the faculty members of the private institutes and universities are facing high level of stress. Through a questionnaire and factor analysis, the derived results show that workplace environment, harmony at workplace, performance concerns and wellbeing, and benchmarks and compensation are major factors, whose imbalance can create stress for faculty members. Useful for various educational institutions, the paper can prove beneficial to management who can take up improvement measures based on the results of this paper to reduce employee dissatisfaction or observed deviations in behavior.

Keywords: Stress, education, feedback, performance.

Introduction

Work related stress can be defined as a physical and emotional response which workers perceive when an imbalance is felt between their work demands and capability. It occurs when there is conflict between job demands of the employee and amount of control an employee has over meeting these demands. Thus, when demands from the work environment exceed the employees’ ability to cope with or control them, then workplace stress is experienced.

In the modern world, education has always been the most important need of mankind. It helps man indoctrinate values and technical know-how in the real life situations. There has been an increasing trend towards privatization of higher education in India. The competition among the private education sector is doubling day by day because of increasing number of institutes as well as universities. To retain the best talent, colleges and universities are now focusing on what best satisfies the students. Hence teaching has now become a very demanding occupation and faculty are facing stress due to increased responsibilities to shoulder besides teaching a student what is in a textbook. Earlier the role of faculty was confined only to the text teaching but with the change in the culture of the education system he/she has to perform the multiple role as a faculty including curriculum planning, multiple continuous assessment of students based on varied criteria, students’ employment perspectives and other administrative responsibilities.

Review of Literature

There are a number of Indian and Foreign studies on workplace stress. They have been conducted on varied sectors and industries. Main emphasis of each study has been to focus over the factors which cause stress. Though, the causes and results have been dynamic due to changing work cultures, demands from
the job, organization structure, and employee monitoring methods, physical verses mental exertions and changes in employee appraisal systems.

Selye, 1973 defined stress as “the non-specific response of the body to any demand made upon it”. Later on he further emphasized that stress can also be seen as physical force or pressure, or extreme scientific overload of an object, or a psychological condition brought about by specific demands of the environment on a person. (Selye, 1974). Then Baum (1990) and Derogatis (1987) demonstrated stress in terms of an uncomfortable emotional experience or feeling of pressure influenced by a person’s personality, environment and emotional response. On the similar lines, Dobson & Smith, (2000) generalized stress as an inability of a human being to cope with its surrounding environment.

Teachers’ stress can be understood as a situation where the teachers are exposed to certain unwanted environmental factors, which either exists within the educational institution (internal factors) or exists outside the educational institution (external factors), these factors hamper the normal routine life of teachers by negatively affecting their performance at work. Though a routine stress is all right, and has no negative effect on teachers, but if the stress continuously hit the teachers’ working lives then they result in consequences such as job dissatisfaction, less morale, weak performance, and general exhaustion (Gillespie, Walsh, Winefield, Dua, & Stough, 2001; Thorsen, 1996); Goel and Goel (2009) also depicted that due to increasing number of roles parents and students ask from teachers, there has been steady rise in the stress and burn-out among teachers. In addition to this, the other factors like fewer rewards, work overload, existence of too many students, tight institutional policies, and poor relationship with boss and colleagues and less career progression, etc that exists within an institution also put pressure on teachers and ultimately causes stress (Boyd, Lewin, & Sager, 2009; Forlin, 2001; Sharples, Reynolds, & Acosta, 1996). Later on Thabo and Fako (2010), emphasized in their research on the importance of role clarity, reasonable workload, the need of employees to maintain a healthy diet and the need to avoid regularly putting in extra hours at work in order to avoid and reduce occupational stress.

Objective of the Study

Literature review has demonstrated that many academicians and researchers have tried to explore various aspects of workplace stress. As workplace stress can affect the employee morale and productivity to a greater extent, developing a healthier workplace environment so as to reduce stress has become a major concern for the organizations. Through this study as attempt has been made to investigate the various factors affecting the workplace stress among the faculty of higher education institutes/universities located in Punjab.

Methodology

Aim of the present research has been clearly defined as to identify the major factors responsible for causing workplace stress among the faculty of higher education institutes/universities of Punjab. The research design was descriptive method utilizing the questionnaire method. Further details of the methodology followed for the present study has been described under the following main heads:

Sources of data

The study utilized both primary data and secondary data. Primary data was collected through the administration of questionnaires among the faculty members of different private universities and higher education institutes of Punjab. While the survey of existing literature was done using the secondary data which was collected from various published sources such as websites, magazines and journals to support the findings of the study.

Sample and Sampling technique

To achieve the objective of the study data collection was done using the administration of questionnaires among the 73 faculty members of seven higher education institutes and private universities in the region of Punjab. For the purpose of data collection, convenient sampling technique was used.

Instrument

A comprehensive questionnaire comprising of 18 items was
designed to investigate about the factors affecting workplace stress among the faculty members. A pilot study was also conducted for refining the questionnaire and for the determination of the time required to for completing the questionnaire. Statistical package of social sciences version -17 was used for computation and further analysis of the data.

Analysis and Interpretation

To identify the factors affecting the stress among the faculty members, data analysis was done the technique of Factor - Analysis using the SPSS. Factor analysis is a technique that enables analyzing the correlation between variables thereby helping in identifying the underlying factors from the array of seemingly important variables.

Before proceeding with the factor analysis technique, KMO and Bartlett Test were run on the data to check whether the data is adequate for conduction of factor analysis. The result as obtained using the KMO-Bartlett Test is as shown in the Table 1.

From the Table 1, it is clear that KMO value is 0.596 which is more than 0.5. This indicates that data is adequate for proceeding with factor-analysis. Also Bartlett Test shows the significance value of 0.000 which is less than 0.05 which also confirms the data adequacy for conducting analysis using the factor-analysis. This was followed by running of factor-analysis technique. The two main stages of factor analysis namely Factor Extraction Process and Rotation of principal components has been shown in the below mentioned Table 2 and Table 3 respectively. Table 2 represents the ‘variance explained’, here Eigen values has been taken into account. Higher the Eigen value, higher is the amount of variance explained by the factor. Therefore, for the purpose of identifying the main variables, only those have been retained whose Eigen value is 1 or more. From table 2, we observe that in cumulative percentage column, the six factors extracted together are accounting for 66 percent of the variance. This is around medium loss of information, as we have lost around 34 percent of the information content. Table 2 represents that only 6 factors out of 18 factors have Eigen values greater than 1 which can be extracted for the next stage. Hence, we find that the six factors extracted together account got 65.75% of the total variance. Table 2 represents that only 6 factors out of 18 factors have Eigen values greater than 1 which can be extracted for the next stage. Hence, we find that the six factors extracted together account got 65.75% of the total variance. Observing the communalities, component 3 is having a very low communality (0.33). Hence, there are chances that component 3 will be pushed out while listing variables for defining the final factors. Relatively, components 1, 2, 5 and 6 are having healthy communality figures hence will be considered for the study.

Table 1: KMO and Bartlett’s Test

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | 0.596 |
| Bartlett’s Test of Sphericity Approx Chi-Square | 401.192 |
| df | 153 |
| Sig. | .000 |

Table 2: Total Variance Explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Communalities Extraction</th>
<th>Total</th>
<th>% of Variance</th>
<th>Cumulative %</th>
<th>Total</th>
<th>% of Variance</th>
<th>Cumulative %</th>
<th>Total</th>
<th>% of Variance</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>0.66</td>
<td>2.9</td>
<td>16.118</td>
<td>35.927</td>
<td>2.9</td>
<td>16.118</td>
<td>35.927</td>
<td>1.92</td>
<td>10.676</td>
<td>27.067</td>
</tr>
<tr>
<td>3</td>
<td>0.33</td>
<td>1.54</td>
<td>8.579</td>
<td>44.506</td>
<td>1.54</td>
<td>8.579</td>
<td>44.506</td>
<td>1.91</td>
<td>10.592</td>
<td>37.658</td>
</tr>
<tr>
<td>4</td>
<td>0.56</td>
<td>1.46</td>
<td>8.081</td>
<td>52.587</td>
<td>1.46</td>
<td>8.081</td>
<td>52.587</td>
<td>1.86</td>
<td>10.318</td>
<td>47.976</td>
</tr>
<tr>
<td>5</td>
<td>0.60</td>
<td>1.34</td>
<td>7.421</td>
<td>60.009</td>
<td>1.34</td>
<td>7.421</td>
<td>60.009</td>
<td>1.73</td>
<td>9.602</td>
<td>57.578</td>
</tr>
</tbody>
</table>
Next, in order to identify the constituents of each factor, Rotated component matrix was then analyzed using Table 3. Rotated component matrix helps in the process of identifying which factors are strongly associated with the original variables once the factors-extraction process is over. This also provides with the loading of each variable on each of the extracted factors.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>0.822</td>
<td>1.03</td>
<td>5.745</td>
<td>65.754</td>
<td>1.03</td>
<td>5.745</td>
</tr>
<tr>
<td>7</td>
<td>0.619</td>
<td>0.9</td>
<td>4.986</td>
<td>70.74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>0.619</td>
<td>0.88</td>
<td>4.865</td>
<td>75.605</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>0.75</td>
<td>0.78</td>
<td>4.323</td>
<td>79.928</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>0.787</td>
<td>0.72</td>
<td>4.014</td>
<td>83.942</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>0.568</td>
<td>0.58</td>
<td>3.229</td>
<td>87.172</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>0.655</td>
<td>0.51</td>
<td>2.84</td>
<td>90.012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>0.693</td>
<td>0.44</td>
<td>2.46</td>
<td>92.472</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>0.822</td>
<td>0.41</td>
<td>2.295</td>
<td>94.767</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>0.696</td>
<td>0.29</td>
<td>1.589</td>
<td>96.356</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>0.668</td>
<td>0.27</td>
<td>1.471</td>
<td>97.827</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>0.655</td>
<td>0.24</td>
<td>1.355</td>
<td>99.183</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>0.514</td>
<td>0.15</td>
<td>0.817</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Rotated Component Matrix

- You need to be clear with your duties and responsibilities for flawless work.
  - Additional roles and additional responsibilities apart from teaching does not distract the normal routine.
  - Appropriate resources are necessary to manage your duties and roles to avoid hurdles.
  - You are satisfied with the provided working hours.
  - Supportive feedback should be provided for the work you do.
  - Staff consultation must be there before major changes at the workplace.
  - Congenial work environment is necessary for stress free working.
  - You are somehow comfortable with the confrontations you face at workplace.
  - You carry an opinion that the quality of students admitted in your institute affects your performance hence is cause of your worry.
  - You are satisfied with your salary part as per the legal norms.
  - The infrastructure provided for teaching is well maintained for example projectors, wires, light etc.
Observing the rotated component matrix, the following statements have acceptable loadings on following factors:

<table>
<thead>
<tr>
<th>Factor 1</th>
<th>Variable with respective loading from Rotated Component Matrix.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• You are satisfied with the provided working hours. (0.632)</td>
<td></td>
</tr>
<tr>
<td>• Supportive feedback should be provided for the work you do. (0.627)</td>
<td></td>
</tr>
<tr>
<td>• Congenial work environment is necessary for stress free working. (0.71)</td>
<td></td>
</tr>
<tr>
<td>• Some degree of autonomy is required at workplace to take one’s own decision. (0.69)</td>
<td></td>
</tr>
</tbody>
</table>

| Factor 2 | • Staff consultation must be there before major changes at the workplace. (0.866) |
| • You are somehow comfortable with the confrontations you face at workplace. (0.61) |

| Factor 3 | • You carry an opinion that the quality of students admitted in your institute affects your performance hence is cause of your worry. (0.814) |
| • Students performance is a cause of concern if its affects your annual performance appraisal. (0.748) |

| Factor 4 | • You are satisfied with your salary part as per the legal norms. (0.855) |
| • Assignment activities for student in the institute i.e. tests assignment can be the reason of concern for you. (0.611) |

| Factor 5 | Additional roles and additional responsibilities apart from teaching does not distract the normal routine. (0.74) |

| Factor 6 | You need to be clear with your duties and responsibilities for flawless work. (0.894) |

| Some degree of autonomy is required at workplace to take one’s own decisions. | 0.69 | 0.22 | -0.141 | 0.309 | 0.097 | 0.068 |
| Large number of students in your class is an issue of concern for you. | -0.583 | 0.3 | 0.278 | 0.217 | 0.303 | -0.214 |
| Assignment activities for student in the institute i.e. tests assignment can be the reason of concern for you. | -0.077 | -0.125 | 0.05 | 0.611 | 0.518 | -0.395 |
| Students performance is a cause of concern if its affects your annual performance appraisal. | 0.183 | -0.153 | 0.748 | 0.05 | 0.252 | -0.117 |
| Tasks and responsibilities other than teaching in institute/university increases your level of stress. | -0.585 | -0.089 | 0.045 | 0.458 | 0.066 | -0.319 |
| You think that the roles and the responsibilities given to you at workplace affect your health. | 0.016 | 0.097 | 0.539 | 0.465 | 0.371 | 0.021 |
| You are able to manage your personal works along with your professional work. | 0.368 | 0.544 | 0.074 | 0.024 | -0.135 | 0.241 |

Factor 5 and Factor 6 will not be taken into consideration as they consist of only one statement. Since statement may be considered as a determinant in itself, it does not combine with any of the other variable, hence will not be considered for factors.

Factor Nomenclature:

**Factor 1:** it is a combination of four variables viz. working hours, feedback, autonomy and congenial work environment. Hence, these variables can be clubbed as a single factor namely “workplace environment”.

**Factor 2:** it is a combination of two variables viz. staff consultation and workplace confrontations, gives an impression that factor 2 could be “workplace harmony”.

**Factor 3:** consisting of two variables, viz. student performance and performance appraisal. These can be combined to form a factor “performance concerns and wellbeing”.

**Factor 4:** is a combination of two variables, i.e. salary and assignment activities. These two can be possibly combined into “benchmark and compensation”.

**Factor 5:**
- Additional roles and additional responsibilities apart from teaching does not distract the normal routine. (0.74)

**Factor 6:**
- You need to be clear with your duties and responsibilities for flawless work. (0.894)
Discussion

From the above analysis, it can be inferred that major factors that affect workplace stress of faculty include workplace environment, workplace harmony, performance concerns and wellbeing and benchmarks related to compensation. This is in alignment with the fact that besides academic teaching number of factors such as absence or presence of appropriate resources, number of working hours, supportive feedback, congenial workplace environment, degree of autonomy, greatly influence workplace atmosphere thereby affecting the load or stress faced by faculty members in educational institutes. In addition to this, the other factor is salary given to faculty linked to their performance or as per legal norms and kind of consultation and confrontation as faced by faculty members during workplace interaction also adds to the level of stress at workplace.

Conclusion

The main aim of the study was to identify the major factors responsible for workplace stress and cause of concern among the faculty members in private institutions and universities. To fulfill the aim of our research a comprehensive questionnaire was designed and then administered among the 73 faculty staff of seven private institutions/universities of Punjab. The research design of the present study is descriptive and data collection was done using questionnaire administration while the review of literature was done using the secondary data collected from various sources like reports, magazines, and journals to support the findings of the study. Analysis was done using the factor-analysis technique by running it on SPSS version 17. The analysis provided with the useful findings that major factors responsible for causing stress among the faculty staff include workplace environment, workplace harmony, performance concerns and wellbeing and benchmarks coupled with compensation. The study thus puts emphasis on the need to improve the working conditions of faculty through both administrative and academic support simultaneously with an appropriate balance between their personal and professional life.

References

A Review of Environmental Sustainability Practices of Major Organized Retailers in India

Girish Taneja*
Rajan Girdhar**

Abstract

Constantly growing pressures from environmentalists, consumers, society, and various other stakeholders have prompted the retailers worldwide to address environmental issues by pursuing sustainable business practices. Majority of the environmental impacts of retailers are on account of their activities related to distribution, location, store operations, and merchandising. A number of retailers mainly in the developed countries like U.K, U.S. and Europe have embraced sustainability into their business and they do report continuously to stakeholders about their progress towards reducing environmental impact of business. But still there is dearth of literature related to environmental sustainability in retail industry, particularly in India. This paper aims to bridge the existing research gap by investigating through review of relevant literature the underlying variables of environmental sustainability in retailing that are used further to review the environmental sustainability practices of major organized retailers in India.

Keywords: Environmental sustainability, Green retailing, Indian retailers, Content analysis.

Introduction

Climate change, constantly growing carbon emissions and pressure from stakeholders are the key drivers of new thinking for organizations, not only in the developed countries but also in the developing countries like India where companies are now increasingly becoming aware of their environmental impacts, to incorporate low carbon business practices into their strategies. According to CII-ITC (2009), the companies that are adopting low-carbon operations and mitigating their exposure to climate change risks, generate competitive advantage in the long-run.

Unlike manufacturing sector, retailers were not earlier considered as major polluters due to which only a handful studies have been conducted in the past to investigate environmental sustainability practices of retailers. Since majority of environmental impacts of retailers are on account of their business activities including distribution, location, store operations, and merchandising (Bansal and Kilbourne, 2001), a number of retailing giants, mainly based in the developed countries like U.K, U.S. and Europe have recognized and embraced sustainability into their business. Moreover, there has been a complete disregard in the existing literature towards environmental aspects of retailing for a long time since 1970s until the natural environment became topic of interest for marketing researchers (Bansal and Kilbourne, 2001). So far, most of the researches related to corporate environmental management and sustainability have been produced mainly in the field of manufacturing sector alone. The retail industry has remained an under-researched area in the context of environmental sustainability for a long time.

Furthermore, Global Reporting Initiative’s report on sustainability reporting practices and trends in India (GRI, 2012) revealed that there are around eighty companies in India that have adopted GRI guidelines to measure and report their economic, environmental and social performance but none of them were belonging to the
retail sector. Given this research gap, it seems relevant to examine the environmental sustainability practices undertaken by retailers in India. Since organized retailing is more energy intensive than small or unorganized retailers due to sheer size of its business activities that have different potential impacts on the environment (Sinha, 2011) so only major organized retailers have been included in the study. The following sections of this paper include objectives and research methodology, review of relevant literature, review of environmental sustainability practices or efforts of major retailers in India followed by findings and discussion along with future research directions.

Objectives and Methodology

Despite increasing significance and integration of ‘Sustainability’ into almost every industry of the world as well as in the academic literature, only a limited number of studies exist on issues related to sustainability in retail industry (Erol et al., 2009) and most of them have been conducted mainly into the developed countries such as U.K, U.S. and Europe. Moreover, the review of literature has also revealed dearth of studies related to environmental sustainability practices of Indian retailers. Thus, this paper is an attempt to fill the existing research gap by investigating the extent of environmental sustainability practices undertaken by major organized retailers in India. In addition to the aforementioned objective, this paper also includes underlying concepts and potential benefits of environmental sustainability to the natural environment as well as retailers. In most of the previous studies related to sustainability practices of retailers, only major retailers were included and studied (Thompson, 2007; Erol et al., 2009; Fieldson and Rai, 2009; Bobe and Dragomir, 2010; Meriem and Ling, 2011; Table 2). Similarly, in this research eight major organized retailers in India have been identified on the basis of their annual turnover for the financial year 2011-2012 (Annexure-I).

The observation based method of content analysis is applied on the information accessed from retailers’ web site in order to analyze extent of retailers’ environmental commitment and efforts. The content analysis is deemed an appropriate method when the phenomenon under study is communication (e.g. words, character, theme etc.) and it includes observation as well as analysis (Malhotra and Dash, 2011, p. 195). For the purpose of this research, two major dimensions including operations based and product based environmental sustainability efforts of retailers have been explored. Both dimensions include nine independent variables which have been identified through literature review and were used for further analysis in examining extent of retailers’ environmental practices or efforts (Table 3). Out of eight major retailers only four were retailed for further analysis while remaining four of them were excluded from sample because of non availability of required information about retailers’ environmental sustainability practices.

Literature Review

Environmental Sustainability: Concept and Benefits

Goodland and Daly (1996) have defined environmental sustainability by input and output rule as “keeping wastes within assimilative capacities, harvesting within re-generative capacities of renewable resources, and depleting non-renewable energy resources at the rate at which renewable substitutes are developed”. This definition provides a broad set of activities and responsibilities to be performed by any firm to become environmentally sustainable in an economy. In order to achieve rapid economic growth without compromising capacity of ecosystem to sustain, the sustainability should be integrated within the core business (WWF and CII-ITC, 2008). But in fact, sustainability is a complex and dynamic concept in nature (Gao and Zhang, 2006) because of which integrating the sustainability into business is one of the most difficult challenges (Erol, 2009). In order to face the environmental sustainability challenge, companies are now increasingly shifting or planning to shift towards more sustainability-oriented business models. In addition to the aforementioned complexities, rapidly growing consumer awareness and pressure from various stakeholders such as shareholders and policy makers towards organizations’ environmental impacts have manifested in an increased demand of environmentally-friendly products (Walker, 2008) and improved environmental performance of firms globally (Urban and Govender, 2012).
Sommer (2012) argued that very large companies, i.e. General Electric had previously ignored sustainability but now it has been considering it as a central part of their business strategy. The pursuit of environmental sustainability is helpful for the firms to achieve long-run economic growth (Ekins, 2011). Integration of environmental sustainability into business can result into a number of benefits for business as well as to the environment (Table 1).

Environmental Sustainability in Retailing
Retailing typically links production and consumption (Jones et al., 2011) because retailers act as intermediary between producers or suppliers on one hand and the customer or end users on the other (Bansal and Kilbourne, 2001).

<table>
<thead>
<tr>
<th>Key ES benefits</th>
<th>Author(s) &amp; Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced GHGs and carbon (CO₂) emissions</td>
<td>Thompson (2007); Iles (2008); Fieldson &amp; Rai (2009); Gupta &amp; Singh (2010); Lai et al. (2010); Jones et al. (2011)</td>
</tr>
<tr>
<td>Reduced water and land pollution</td>
<td>Robinson (2007); Jones et al. (2008); Iles (2007); Walker (2008); Fieldson &amp; Rai (2009); Lai et al. (2010); Bobe &amp; Dragomir (2010)</td>
</tr>
<tr>
<td>Increased energy efficiency</td>
<td>Mills (1984); Bansal &amp; Kilbourne (2001); Iles (2007); Walker (2008); Fieldson &amp; Rai (2009); Gupta &amp; Singh (2010); Jones et al. (2011); Meriem &amp; Ling (2011); Datar &amp; Laghate (2011)</td>
</tr>
<tr>
<td>Reduced material used in packaging</td>
<td>Bansal &amp; Kilbourne (2001); Bobe &amp; Dragomir (2010); Lai et al. (2010); Gupta &amp; Singh (2010); Jones et al. (2011); Datar &amp; Laghate (2011)</td>
</tr>
</tbody>
</table>

But in the present scenario, due to growing pressures from the government, customers, society, media and other stakeholders, the retailers are expected to do a lot more than mere acting as an intermediary. Retailers are expected to improve their value chain by mitigating their environmental impacts (Lai et al., 2010) that has led them to embrace sustainable business practices (Santos, 2009; Datar and Laghate, 2011). As a result, sustainability is increasingly becoming a core consideration for the retail industry worldwide. For instance, by offering environmentally-friendly products or services to the consumers (Simms, 1992; Jones et al. 2011) and establishing environmentally-friendly operations for reduction of carbon footprints, a number of retailers, mainly in the developed countries including U.S., U.K and Europe have integrated environmentally sustainable business practices, also known as ‘green retailing’ (Thompson, 2007; Robinson, 2007; Lai et al. 2010). The concept of green retailing has found its existence into literature in not too distant past.

Table 1: Key benefits of environmental sustainability

<table>
<thead>
<tr>
<th>Key Benefits</th>
<th>Author(s) &amp; Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural environment protected</td>
<td>Melvill (2010); Jones et al. (2011); Datar &amp; Laghate (2011)</td>
</tr>
<tr>
<td>Greater performance, reduced business risk, competitive advantage.</td>
<td>Iles (2007); Gupta &amp; Singh (2010); Datar &amp; Laghate (2011)</td>
</tr>
<tr>
<td>Enhanced brand reputation and image, new market creation.</td>
<td>Megicks et al. (2008); Fieldson &amp; Rai (2009)</td>
</tr>
<tr>
<td>Cost saving and enhanced ROI and profits</td>
<td>Mills (1984); Bansal &amp; Kilbourne (2001); Iles (2007); Walker (2008); Fieldson &amp; Rai (2009); Lai et al. (2010)</td>
</tr>
</tbody>
</table>
A retail business can be called green when it uses efficiently or rather stops using the scare natural resources by shifting towards minimum use of plastic material, use recyclable packaging material, use renewable energy sources, recycle waste and reduce emissions (Datar and Laghate, 2011). Similarly, Bansal and Kilbourne (2001) have argued that an environmentally sustainable retailer would aim to integrate and streamline all operations in order to reap the maximum possible utility of available resources. Moreover, adoption of sustainable business practices can also help the retailers to gain significant business advantages and greater performance (Iles, 2007) by minimizing overall business risk leading to higher return on investment and competitive advantage (Datar & Laghate, 2011). Some significant variables of environmental sustainability to be considered by retailers while mitigating environmental impacts of their business are shown in Table 2.

Retailers can play inevitably important role in minimizing their environmental impacts by implementing corporate measures effectively (Meriem & Ling, 2011). Simms (1992) identified two major areas of retailing-product and operational issues under which the retailers need to address environmental issues. Product related issues include offering green products to consumers and operational issues include environmental management starting from store operations to communicate the environmental commitments to the stakeholders. Thompson (2007) argued that retailers can make simple changes into their operations to reduce carbon footprint and energy requirements.

It can be safely argued that along with product based, the operational or non-product efforts of retailers are equally important in order to ensure environmental sustainable in retail business. Product and operations-based environmental sustainability efforts in retailing are exhibited in Figure 1.

### Table 2: Summary of selected papers on environmental sustainability in retailing

<table>
<thead>
<tr>
<th>Author(s) &amp; year</th>
<th>Time / sample size / country</th>
<th>Significant variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thompson (2007)</td>
<td>2007/ five leading retailers/ UK.</td>
<td>Low energy devices, use of LEDs and low energy bulbs for lighting, use of green energy, environmental friendliness of retail space, and green home delivery.</td>
</tr>
<tr>
<td>Fieldson and Rai (2009)</td>
<td>2009/ Large department stores/ UK.</td>
<td>Greenhouse gases emissions, carbon footprints or CO₂ emissions, waste reduction and recycling, replacement cycle of retail fit-out, energy efficiency, retail building operations and waste.</td>
</tr>
</tbody>
</table>
The operations-based ES efforts are grouped into five major variables: energy and water conservation, waste minimization and recycling, environmentally-friendly retail space, green supply-chain and logistics, and the environmental policy and reporting. The product-based ES efforts include: product life cycle assessment (LCA) and disposal, green products, reduced packaging material, and eco-labeling and promotion.

Pantaloon Retail India Ltd. (PRIL)
Pantaloon Retail is part of Future Group that is India’s largest and one of the oldest organized retailers and it operates in multiple retail formats across value and lifestyle segments. With more than 15 million square feet of retail space, retailer’s stores are located across 85 cities and 60 rural locations in India. However, the retailer’s web-site provides very brief information on its sustainability initiatives within three major dimensions such as inclusive growth, community-driven development, and environmental responsibility. However, the web site of retailer contains very limited amount of information related to environmental initiatives that are too provided in the form of brief text or statements, the major environmental responsibilities of retailer include environmentally-friendly retail space, energy efficiency, green product design and packaging, green product-line, and green supply-chain and logistics.

Shopper’s Stop (K. Raheja Group)
From a single store in 1991 to one of the largest chain of departmental stores in India, today Shopper’s Stop has made a remarkable presence in organized retail industry of the country. The retailer provides its CSR report for the year 2011 on corporate web site. The report included several initiatives towards addressing social as well as environmental concerns. Shopper’s stop also recognized itself as a “responsible corporate citizen” who has taken various initiatives at company level, associates level, and through customers to support the social as well as environmental causes. When retailer’s CSR report was analyzed, under operations - based ES efforts it was found that retailer formulated ‘Energy Management Policy’ in 2007 and deployed various energy savings and conservation systems within stores at selected locations which had resulted into 16 percent reduction in energy use that saved a huge amount of company’s costs. In addition to that, two major efforts for water conservation included rainwater harvesting in few selected stores and use of equipment named ‘Orifice’ to control water flow in taps that together resulted into savings in the store water consumption by 30 percent. It also ran E-waste collection drive under which the electronic and electric appliances were collected from consumers by ECORECO, a well known E-waste recycling organization. Whereas, on the other hand, under Product - based ES efforts,
retailer has run ‘Back to Earth’ campaign in its ‘Home Stop’ division to promote a range of eco-friendly products made of recycled materials.

**Easyday (Bharti Retail)**

Bharti retail’s Easyday operates through three formats Easyday (convenience store), Easyday market (supermarket), and Easyday hyper (hypermarket) with more than 186 stores across 12 states in India. The retailer does not publish a separate sustainability or CSR report on its web site, but it provides brief information about various initiatives taken by the group company under sustainability program. ‘Our Community’ and ‘Press release’ section of the web site contains this information. Most of the sustainability initiatives of retailer have been aimed to serve the community or society. For instance, more than 1500 units of blood have been donated and more than 200 customers benefited from health check-up camps organized across stores by the retailer. However, retailer has taken relatively fewer ES initiatives oriented towards conservation of the environment, such as cleaning of nearly 13 tons of garbage by associates, and participation of more than 2200 customers in “Cleaner and Greener” environment campaign. One of the most significant ES efforts of retailer included a joint initiative by Hindustan Unilever (HUL) and Easyday stores to promote plastic recycling among consumers of National Capital Region (NCR) for the duration of three months in 2011.

**Table 3: Environmental initiatives of major retailers in India**

<table>
<thead>
<tr>
<th>Environmental initiatives</th>
<th>PRIL</th>
<th>Shopper’s Stop</th>
<th>Easyday</th>
<th>Lifestyle</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Operations – based</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy and water conservation</td>
<td>☐</td>
<td>☐</td>
<td></td>
<td>☐</td>
</tr>
<tr>
<td>Waste minimization and recycling</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Eco – friendly retail space</td>
<td>☐</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green supply – chain management</td>
<td>☐</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental policy and reporting</td>
<td>☐</td>
<td></td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td><strong>II. Product – based</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product LCA and disposal</td>
<td>☐</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green products</td>
<td>☐</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced packaging material</td>
<td>☐</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eco-labelling and promotion</td>
<td>☐</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Retailers’ web site*

**Lifestyle International (Landmark Group)**

Dubai based Landmark Group launched its first Lifestyle departmental store in Chennai in 1999 and established itself as one of the leading retail companies in the country. Presently, it has 32 stores in India covering total 2.5 million sq. ft. of retail space. The group takes health, environmental and community related initiatives under its social responsibility. Under health initiative, it runs ‘Beat Diabetes’ campaign with an aim to create awareness...
and educate people about the condition. Whereas, under environmental responsibility, the group has taken important initiatives such as recycling paper for stationary requirement, using non-polluting measures for supply-chain, reducing energy and water consumption by 5 percent and looking forward to achieve ISO 14001 certification for adopting environmental best practices.

**Discussion and Conclusion**

Findings suggest that so far only a few of major retailers have integrated environmentally sustainable business practices in India. Overall lesser extent of adoption of the environmental initiatives by retailers might be due to the fact that majority of them strive to achieve greater profitability alone and hence they tend to ignore impacts of their business operations on the natural environment. Such organizations that do not integrate sustainability into their business must remember that stakeholders worldwide are increasingly expressing their interest towards organizations’ social and environmental performance over financial performance alone (Walker, 2008). In this research, two dimensions were explored including operations and product based environmental initiatives of retailers. These two dimensions include nine environmental variables (initiatives) which have been further used to measure extent of retailers’ commitment towards minimizing impact of their business on the natural environment.

The analysis of four out of eight major retailers in India reveals that under first dimension of ‘operations - based environmental initiatives’, Shopper’s Stop is the only retailer that has undertaken most of the initiatives including energy and water conservation, waste minimization, eco-friendly retail space, and sustainability policy with environmental reporting in order to minimize its environmental impacts. But, it has not taken any major initiatives towards greening its supply-chain and logistics operations. Whereas, among other three retailers, PRIL has taken most of the environmental initiatives except waste minimization and recycling as well as environmental policy and reporting, the practices that are pursued by Easyday. Likewise, Lifestyle International has undertaken only two operations - based environmental initiatives. Whereas, under the second dimension of ‘product - based ES efforts’, only PRIL has taken most of the environmental initiatives such as adoption of green merchandise, reduction in packaging materials, and eco-labelling. It clearly indicates absence of product - based environmental initiative among most of the retailer.

The whole review suggests that none of the major retailers in this study has adopted all environmental initiatives that were explored on the basis of previous researches. The inadequate adoption of environmental sustainability by major retailers lead to the conclusion that environmental issues are not yet as important as various other issues such as profitability for retailers in India. Moreover, a huge variability exists among the retailers in term of their adoption of environmental practices. For instance, out of the total nine environmental initiatives listed under two dimensions, PRIL has adopted six, followed by Shopper’s Stop that has adopted five of them and the least of them were adopted by both Easyday and Lifestyle International. Jones at al. (2011) argued that embedding environmental sustainability into core business strategy requires senior management commitment along with integration of such issues in everyday decision-making as well as reporting process. Hence, the lack of environmentally sustainable business practices among most of the retailers in India can be attributed to the ignorance of top management towards environmental issues and commitment. Meriem and Ling (2011) suggested that the retailers must avoid determining more aspirational goals, rather they must fully implement their environmental commitments into everyday business practices for mitigating the impacts their business have on the natural environmental.

In addition to the above findings, it is also observed in our study that Shopper’s Stop and Easyday both consider sustainability equivalent to the corporate social responsibility (CSR). However, Roy and Pal (2009) argued that CSR needs to be redefined as ‘corporate sustainability responsibility’ in order to broaden the domain of corporate responsibility rather than earlier having a narrow domain of social responsibility only. Therefore, retailers must integrate into their business each of the core dimensions of sustainability including social, economical and environmental
performance while assessing their overall corporate performance. Since, current research has analyzed environmental sustainability of major retailers in India by accessing information from retailers’ web sites. The future research may involve an empirical analysis of actual versus reported environmental initiatives of retailers. Moreover, in future, an empirical study can be conducted for assessing retailers’ carbon footprints and their initiatives for minimizing as well as reporting them. In addition to this, a more comprehensive and standard framework can be developed to examine the environmental best practices and commitments of the retailers in India.

References


Annexure - I: Major organized retailers in India

<table>
<thead>
<tr>
<th>Retailer</th>
<th>Year of Inc.</th>
<th>Turnover F.Y 2011-12 (Rs. crore)</th>
<th>ES initiatives or CSR report (on web-site)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Pantaloon Retail India Limited (PRIL) - Future Group</td>
<td>1994</td>
<td>11509.27* (F.Y ended June 30, 2012)</td>
<td>Yes (Available, but without comprehensive data or information)</td>
</tr>
<tr>
<td>2. Reliance Retail Limited (RRL)</td>
<td>2006</td>
<td>7599*</td>
<td>Not Available</td>
</tr>
<tr>
<td>3. Trent – Tata Retail</td>
<td>1998</td>
<td>869.88#</td>
<td>Not Available</td>
</tr>
<tr>
<td>4. Shopper’s Stop – K. Raheja Corp.</td>
<td>1991</td>
<td>2189.19*</td>
<td>Yes (Available for the year 2011 only)</td>
</tr>
<tr>
<td>5. Aditya Birla Retail Limited (ABRL)</td>
<td>2007</td>
<td>4000*</td>
<td>Not Available</td>
</tr>
<tr>
<td>7. Spencer’s – RP Sanjeev Goenka Group</td>
<td>1863</td>
<td>1198.95#</td>
<td>Not Available</td>
</tr>
<tr>
<td>8. Easyday – Bharti Retail</td>
<td>2008</td>
<td>470 ** (F.Y 2010-11)</td>
<td>Yes (Major highlights or key initiatives only)</td>
</tr>
</tbody>
</table>

Perception of organizational politics and ingratiatory tactics: Mediating role of individual values

Seema Singh*
Harshita Tolani**

Abstract

It has been well established that whenever you talk about group behavior organizational politics or political behavior comes into play. Social influence processes combined with individual’s value system possibly plays a critical role in the perception of organizational politics. The present study made an attempt to understand the relationship between perception of organizational politics and ingratiatory tactics (a technique of social influence), and whether employees’ individual values play a mediating role in this relationship. A significant positive relationship was found between politics perception and ingratiatory tactics. Further individual values do mediate the influence of ingratiatory tactics on politics perception.

Keywords: Organizational Politics, Perception, Values, Social influence

Introduction

Politics is assumed to be a given fact being present in organizations. Behavior in organizations is often political in nature as evidenced by our personal experiences. More recently, some conceptual and empirical research has added further support to these notions. Unfortunately, systematic inquiry in this area has been sparse and limited; leaving largely unexplored the potential antecedents and consequences of organizational politics. Furthermore, even less work has been done concerning both the identification of factors that contribute to perceptions of organizational politics. The objective undertaken by this study is to understand the relationship between ingratiatory tactics, personal values and perception of organizational politics.

According to Benjamin Franklin “Politics is how interests and influence play out in an institution.” Organization is a coalition of interest, so exists in the identification and solution of the problem. Politics in organizations has been traditionally defined as “individual or group behavior that is informal, ostensibly parochial, typically divisive, and above all in a technical sense, illegitimate - sanctioned neither by formal authority, accepted ideology, nor certified expertise” (Mintzberg, 1983). The existence of power and politics is the inevitable phenomena in every organization. Organizational politics represents a unique domain of interpersonal relations in the workplace. Its main characteristics are the readiness of people to use power in order to influence others and secure their interests, or alternatively avoid negative outcomes within the organization (Bozeman, Perrew, Kacmar, Hochwarter & Brymer, 1996). Russell (1938) claimed that power expresses the capacity of some persons to produce intended and forseen effects on others. Politics depends on power and power is distributed unequally among members of the organization. Therefore, whoever holds some power in the organization occasionally uses it to influence others. In other words, power is a social resource aimed at obtaining influence,
which is a social process, and both are initiators of politics. Power is considered a special case of the exercise of influence. (Wrong, 1979).

More work needed to be done on the conditions under which political behavior occurs, as well as the types of political behaviors that are demonstrated and their consequences. Gandz and Murray (1980) suggested that rather than exclusively on objective state, it is appropriate to construe organizational politics as a subjective experience and, thus, as a state of mind. Many years ago, Lewin (1936) suggested the very important notion that people respond on the basis of their perceptions of reality, not reality per se, and later on, Porter (1976) argued that perceptions are important to study and to understand, even if they are misperceptions of actual events, with particular reference to organizational politics.

Ferris et al. (1989) recently proposed a conceptualization of organizational politics perceptions. As noted in this conceptualization, the perceptions of politics are influenced by organizational, environmental, and personal factors and in turn influence organizational outcomes such as job involvement, job anxiety, job satisfaction, and withdrawal from the organization. We would like to suggest that organizational politics represents more of an encompassing term to capture a variety of different types of opportunistic behavior. Most of the social psychological laboratory research has focused on tactical behaviors (Tedeschi, 1981). The tactical-defensive category includes such behaviors as apologies, accounts (excuses and justifications), disclaimers, and self-handicapping. Tactical assertive behaviors include ingratiatory, intimidation, self-promotion, exemplification, entitlements (verbal claims of responsibility for positive events), and enhancements (Jones & Pitman, 1982; Schlenker, 1980). This study specifically focuses on influence of ingratiatory behavior on perception of political behavior.

Liden and Mitchell (1988) proposed that although ingratiation, impression management, and organizational politics were clearly related, they have their different meaning. We agree to it and suggest that ingratiation is a particular type of impression management, and impression management is a form of organizational politics.

**Ingratiatory Behavior and Organizational Politics**

Ingratiatory behavior is a form of upward influence and leads to be the part of politics being practiced in the organization, and is a form of the political tactic which takes place for one’s own self interest and benefit outcomes. The objective of this study is to see the influence of ingratiation behavior on organizational politics being practiced in the organization, and the impact of individual’s values on this relationship.

In today’s environment individuals are very concerned with developing career management strategies that will enhance their career success. For this members frequently use ingratiation tactics in order to achieve career success. Tedeschi and Melburg, 1984 have defined ingratiation as “a set of assertive tactics which have the purpose of gaining approbation of an audience that controls significant rewards for the actor”.

Subordinates may try to use ingratiation in order to increase the pay, promotions, and recognition that they receive within the organization. This can, of course, become a problem within an organization when individuals with low productivity levels (but with strong ingratiation behaviors) begin to achieve greater career success than those individuals who are better performers, but do not engage in ingratiation behaviors. Furthermore, it must be pointed out that ingratiation tactics do not necessarily involve activities which are illicit or non-sanctioned by the organization, and in fact most ingratiation strategies are not illicit. However, ingratiation can become detrimental to an organization if it becomes excessive.

The success of an influence attempt depends on a variety of issues, like the choice of tactics, organizational attributes and interpersonal relationships. It can be regarded as an attempt made by an employee to sway the superior’s manner of thinking to be in line with that employee’s intentions. Ingratiation behaviors need not always be deceitful and illicit, or driven by attempts to exert influence and/or make political gains (Linden and Mitchell, 1988). Individuals may use ingratiation simply in order to be liked.
This tactic involves giving compliments or doing favors for superiors or co-workers. Most people have a difficult time rejecting the positive advances of others. Ingratiation usually works as a tactic insofar as the target often feels positive toward the source even if the ingratiation attempt is fairly blatant and transparent.

In the behavioral sciences, the notion of “social reciprocity” has been offered to help explain the process of ingratiation. In social reciprocity, there is a feeling of a social obligation to repay the positive actions of others with similar actions. For example, if someone pays you a compliment, there is a strong expectation that you should respond with a compliment of your own. If you fail to do so, you may be judged as being rude. Similarly, ingratiation involves giving positive strokes to a person with expectation that he or she will feel obligated to return them in some form (Vecchio and Appelbaum, 1995).

The incidence of ingratatory behavior is higher in the upper levels of management (Allen et al., 1979). However, at any level in the organization, superiors tend to use ingratatory behaviors less than subordinates. Thus, ingratiation tends to be used more as an upward influence process than as a downward influence process.

Although ingratiation is often viewed as an individually initiated behavior, there is evidence that ingratiation is organizationally induced, as well as individually initiated, and it is the combination of these forces that determines the amount of ingratiation within an organization (Ralston, 1985). Thus, management is left with the responsibility of structuring and controlling the organization in a way that limits the negative effects of ingratatory behavior.

Regardless of the intent of the ingratiator, four common tactics of ingratiators have been identified. These tactics include other enhancement, rendering favors, opinion conformity, and self-presentation (Jones, 1964; Tedeschi and Melburg, 1984, Wortman and Linsenmeier, 1977).

Other enhancement involves expressing favorable opinions and evaluations of the target person by the ingratiating individual. The effectiveness of such a tactic stems from the fact that when a person perceives that another is favorably disposed towards them, he or she tends to like the other individual in return (Wortman and Linsenmeier, 1977). The use of praise, approbation and flattery in order to raise a person’s self-esteem are all forms of other enhancement. Rendering favors, the second tactic, is often combined with the technique of other enhancement and is based on the concept that the target individual will feel a sense of debt toward the ingratiating individual, as well as see the individual as a helpful and friendly person. Opinion conformity- Opinion conformity consists of a person expressing an opinion or behaving in a manner that is consistent with the opinions, judgments, or behavior of the target individual (Jones, 1964). Self-presentation is regarded as behaving in a manner perceived to be appropriate by the target person (i.e. person being ingratiated) or in a manner to which this individual will be attracted. Jones and Wortman (1973) noted that self-presentation has two interrelated characteristics: providing explicit descriptors about one’s own characteristics and behavior, and behaving in ways that imply one possesses certain characteristics.

**Personal Values, Ingratiatory Behavior, and Politics Perception**

Individual differences could influence differences in ingratatory behavior and thereby the perception of politics in organizations. Employees vary in their ability and willingness which may reflect their value system to use upward influence tactics to elevate the rating of their performance. What one values in life i.e. the desired end state (Rokeach, 1973), and the modes of behavior an individual employs in order to achieve the desired end state may affect the influence tactics that one employs in an organization. Therefore it can be expected that individual values may have a role to play on relationship between ingratatory behavior and perception of political behavior.

Values are important and enduring beliefs or ideals shared by the members of a culture about what is good or desirable and what is not. Values exert major influence on the behavior of an individual and serve as broad guidelines in all situations. Values are defined as general and enduring beliefs or ideals of an individual about what is good or desirable and what is not (Leimgruber, 2011).
Values are therefore essentially a conception of “the desirable” (Kluckhohn 1951). As guiding principles, they are limited in number and serve as a basis for numerous specific evaluations and subsequently constrain behavior. Rokeach discussed two types of values - terminal and instrumental. Terminal Values refer to desirable end-states of existence. These are the goals that a person would like to achieve during his or her lifetime. These values vary among different groups of people in different cultures. Terminal values according to Rokeach are true friendship, mature love, self-respect, happiness, inner harmony, equality, freedom, pleasure, social recognition, wisdom, salvation, family security, national security, a sense of accomplishment, a world of beauty, a world at peace, and a comfortable life and exciting life.

Instrumental Values refer to preferable modes of behavior. These are preferable modes of behavior, or means of achieving the terminal values. The instrumental values are: cheerfulness, ambition, love, cleanliness, self-control, capability, courage, politeness, honesty, imagination, independence, intellect, broad-mindedness, logic, obedience, helpfulness, responsibility and forgiveness.

Many researchers have shown the impact of personal values on an individual’s behavior. Recent research from social psychology suggests that personal values predict political behavior (Leimgruber, 2011). He further found that the effects of personal values were mediated by political values. According to social psychologists, political reasoning and behavior is mainly determined by abstract principles or personal values which reflect basic social and human needs (Rohan and Zanna 1994, Braithwaite 1997). It needs to be checked whether personal values mediate the effect of influence tactic like ingratiatory behavior on politics perception.

Studies have shown the impact of individual differences upon the use of impression management tactics. Kacmar, Carlson, and Bratton’s (2004) investigated the relationships among situational and dispositional factors and the use of ingratiatory behavior. Nagy, Kacmar, and Harris, (2011), showed the existence of negative relationships between core self evaluations and the use of self-promotion, ingratiation, exemplification, intimidation, and supplication.

Many other individual factors have been found to influence the effect of ingratiatory tactics on an individual’s behavior. Ralston (1985) identified the following three individual factors that he determined to be significant in encouraging ingratiatory behaviors: Machiavellianism, Locus of control, and Work task uniqueness. An individual’s unique characteristics are a result of a person’s personality and achieved characteristics. Pandey and Rastogi (1979) have given support to this conclusion through experiments where individuals judged high in Machiavellianism used ingratiatory tactics much more often than those individuals judged as being low in Machiavellianism. Ralston, (1985) states that an individual with an internal locus of control is more likely to use ingratiatory tactics to influence people due to his or her belief that he or she has control over his or her success or failure.

**Method**

**Sample** - Sample comprised of eighty participants. They belonged to the executive and managerial level with experience of two years and above. All of them were from the head office of multinational private sector software organization located in the NCR i.e. national capital region of India.

**Measures Used:**

1. **Perception of Organizational Politics Scale** - The Perception of Organizational Politics Scale (POPS), developed by Kacmar and Ferris (1991), assesses employee perception of the extent to which a job setting is political in nature including politics in the organization, behavior of supervisors, and actions of co-workers. Twelve items are used in the measure to describe general political behavior, political behavior to “get ahead”, and ambiguity in pay and promotions policies and rules. Reliability- Coefficient alpha values ranged from .87 to .91 (Cropanzano et al., 1997; Kacmar et al, 1999; Ferris, 1991).

2. **Measuring Ingratiatory Behavior in Organizational Settings** (MIBOS), developed by Kumar and Beyerlein (1991), uses 24 items to assess the frequency with which employees use four types of ingratiatory behaviors in superior-subordinate relationships. The types of ingratiatory behaviors are opinion conformity, other enhancement, favor rendering, and self-
presentation. Reliability- Coefficient values ranged from .56 to .79 for opinion conformity, .74 to .84 for other enhancement, .72 to .86 for favor rendering, and .73 to .77 for self-presentation (Harrison, Hochwarter, Perrewe, & Ralston, 1998; Kacmar & Valle, 1997). Coefficient alpha values for the single combined measure of ingratiatory behaviors single measure ranged from .86 to .93 (Harrison et al., 1998; Kacmar & Valle, 1997; Kumar & Beyerlein, 1991).

3. Value Attainment- This measure was originally developed by Rokeach (1973). The original measure was designed to assess the ranking that a person assigned to 18 terminal values and 18 instrumental values. Terminal values describe desirable end states such as a comfortable life and can be categorized as self-centered or society centered. Instrumental values refer to modes of behavior and can be categorized as moral focused or competence focused. Moral-focused instrumental values include such modes of behavior as honesty or responsibility. Competence-focused instrumental values refer to modes of behavior such as logical or self-controlled. Studies of organizations have tended to use terminal values to assess the extent to which an employee's job or work situation has helped the employee attain desired end states (George & Jones, 1996; Hochwarter, Perrewe, Ferris, & Brymer, 1999). Agle, Mitchell, and Sonnenfeld (1999) used an eight-item subset of the terminal values to describe the extent to which CEOs were self-focussed or other focussed. Although originally developed as a rank-ordering (ipsative) measure, the response options have been changed to a Likert-type scale in some applications in the 1990s (Agle et al., 1999; George & Jones, 1996; Hochwarter, Perrewe, Ferris, & Brymer, 1999).

Reliability- Coefficient alpha values for terminal values using a Likert-type response scale ranged from .85 to .93 (George & Jones, 1996; Hochwarter, Perrewe, Ferris, & Brymer, 1999).

Procedure: Data were collected from respondents in the sample over two weeks. Prior permission was taken from the management. All the participants were personally given the survey questionnaire after explaining the major objectives of the study. They were ensured of the confidentiality of their responses.

Results

The various descriptive statistics and Intercorrelations are given in Table 1. The table shows that there is a positive relationship between the ingratiatory behavior and organization politics. There exists a negative correlation between individual values and ingratiatory behavior. There exists a negative correlation between individual values and the organizational politics along certain dimensions. There exists a significant positive relationship between the individual values and the organizational politics with respect to different dimensions. There exists a significant positive relationship between the organizational politics and ingratiatory behavior with respect to specific dimensions. There exists a significant negative relationship between the organizational politics and individual values with specific dimensions. There exists a significant negative relationship between the organizational politics and individual values with specific dimensions.
Mediation analyses were done in order to assess the mediating role of individual values in the relationship between ingratiatory behavior and organization politics. All the three preconditions identified by Baron and Kenny (1986) were met. First, ingratiatory behavior (predictor variable) significantly predicted individual values (i.e. the mediator variable). Second, ingratiatory behavior (predictor variable) significantly predicted organization politics (criterion variable). Finally, individual values (mediator variable) significantly predicted organization politics (criterion variable); and the effect of ingratiatory behavior (predictor variable) on organization politics (criterion variable) was less, i.e. $\beta = -0.23$ as compared to the earlier $\beta = -0.30$, when both ingratiatory behavior (predictor variable) and individual values (mediator variable) are put in the regression equation. This indicated that individual values significantly mediated the relationship between ingratiatory behavior and organization politics as the prediction power of ingratiatory behavior for organization politics was reduced when both individual values and ingratiatory behavior were together considered as predictors of organization politics.

**Table 1: Descriptive statistics and correlations among measures**

<table>
<thead>
<tr>
<th>Variables</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Individual Values</td>
<td>231.79</td>
<td>11.21</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Ingratiatory Behavior</td>
<td>46.04</td>
<td>9.81</td>
<td>-0.84**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Organizational Politics</td>
<td>24.96</td>
<td>5.17</td>
<td>-0.76**</td>
<td>0.72**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Instrumental values</td>
<td>118.38</td>
<td>5.95</td>
<td>0.63**</td>
<td>-0.49**</td>
<td>0.49**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Terminal values</td>
<td>112.14</td>
<td>13.15</td>
<td>0.40**</td>
<td>-0.57**</td>
<td>0.26**</td>
<td>-0.04</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Opinion Conformity</td>
<td>12.56</td>
<td>3.36</td>
<td>-0.51**</td>
<td>0.66**</td>
<td>0.39**</td>
<td>-0.27*</td>
<td>-0.38**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Other Enhancement</td>
<td>10.77</td>
<td>3.30</td>
<td>-0.55**</td>
<td>0.60**</td>
<td>0.37**</td>
<td>-0.42**</td>
<td>-0.23**</td>
<td>0.30**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Favor Rendering</td>
<td>14.04</td>
<td>3.40</td>
<td>-0.71**</td>
<td>0.83**</td>
<td>0.60**</td>
<td>-0.38**</td>
<td>-0.53**</td>
<td>0.37**</td>
<td>0.32**</td>
<td>1</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>9. Self-Preservative</td>
<td>8.61</td>
<td>3.01</td>
<td>-0.59**</td>
<td>0.71**</td>
<td>0.64**</td>
<td>-0.30**</td>
<td>-0.41**</td>
<td>0.19</td>
<td>0.18</td>
<td>0.64**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. General Political Behavior</td>
<td>11.22</td>
<td>3.78</td>
<td>-0.60**</td>
<td>0.61**</td>
<td>0.83**</td>
<td>-0.34**</td>
<td>-0.22</td>
<td>0.30**</td>
<td>0.38**</td>
<td>0.52**</td>
<td>0.54**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Get Ahead</td>
<td>8.36</td>
<td>2.22</td>
<td>-0.34**</td>
<td>0.21**</td>
<td>0.54**</td>
<td>-0.32**</td>
<td>-0.005</td>
<td>0.01</td>
<td>0.008</td>
<td>0.17</td>
<td>0.32**</td>
<td>0.13</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>12. Pay and Promotion Policies</td>
<td>12.56</td>
<td>1.83</td>
<td>-0.52**</td>
<td>0.52**</td>
<td>0.45**</td>
<td>-0.31**</td>
<td>-0.29*</td>
<td>0.47**</td>
<td>0.25*</td>
<td>0.41**</td>
<td>0.32**</td>
<td>0.11</td>
<td>0.04</td>
<td>1</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).**
Mediation analyses were done in order to assess the mediating role of instrumental values in the relationship between ingratiatory behavior and organization politics. All the three preconditions identified by Baron and Kenny (1986) were met. First, ingratiatory behavior (predictor variable) significantly predicted instrumental values (i.e. the mediator variable). Second, ingratiatory behavior (predictor variable) significantly predicted organization politics (criterion variable). Finally, instrumental values (mediator variable) significantly predicted organization politics (criterion variable); and the effect of ingratiatory behavior (predictor variable) on organization politics (criterion variable) was less, i.e. $\beta = .63$ as compared to the earlier $\beta = .72$, when both ingratiatory behavior (predictor variable) and instrumental values (mediator variable) are put in the regression equation. This indicated that instrumental values significantly mediated the relationship between ingratiatory behavior and organization politics as the prediction power of ingratiatory behavior for organization politics was reduced when both instrumental values and ingratiatory behavior were together considered as predictors of organization politics.

### Table 2: Mediation analyses for individual values: Predicting organizational politics with ingratiatory behavior

<table>
<thead>
<tr>
<th>Predictors</th>
<th>F</th>
<th>beta</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ingratiatory behavior</td>
<td>194.37</td>
<td>-.84</td>
<td>-13.94***</td>
</tr>
<tr>
<td>Dependent Variable: Individual values</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ingratiatory behavior</td>
<td>84.57</td>
<td>.72</td>
<td>9.20***</td>
</tr>
<tr>
<td>Dependent Variable: Organizational politics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ingratiatory behavior &amp; Individual values</td>
<td>58.46</td>
<td>Ingra. .27 Indi.V. -.54</td>
<td>1.99* -4.00***</td>
</tr>
</tbody>
</table>

Note: * $p<0.05$; ** $p<0.01$; *** $p<0.001$; Ingra. = ingratiatory behavior; Indi.V. = individual values

### Table 3: Mediation analyses for Instrumental values: Predicting organizational politics with ingratiatory behavior

<table>
<thead>
<tr>
<th>Predictors</th>
<th>F</th>
<th>beta</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ingratiatory behavior</td>
<td>24.41***</td>
<td>.49</td>
<td>-4.94***</td>
</tr>
<tr>
<td>Dependent Variable: Instrumental values</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ingratiatory behavior</td>
<td>84.57***</td>
<td>.72</td>
<td>9.20***</td>
</tr>
<tr>
<td>Dependent Variable: Organizational politics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ingratiatory behavior &amp; Instrumental values</td>
<td>46.33***</td>
<td>Ingra. .63 Instru.V. -.18</td>
<td>7.17*** -2.10*</td>
</tr>
</tbody>
</table>

Note: * $p<0.05$; ** $p<0.01$; *** $p<0.001$; Ingra. = ingratiatory behavior; Instru.V. = Instrumental values
Terminal values were not found to mediate the relationship between ingratiable behavior and organization politics. All the three preconditions identified by Baron and Kenny (1986) were not met. First, ingratiable behavior (predictor variable) significantly predicted terminal values (i.e. the mediator variable). Second, ingratiable behavior (predictor variable) significantly predicted organization politics (criterion variable). Finally, terminal values (mediator variable) significantly predicted organization politics (criterion variable); but the effect of ingratiable behavior (predictor variable) on organization politics (criterion variable) increased, i.e. β = .83 as compared to the earlier β = .72, when both ingratiable behavior (predictor variable) and terminal values (mediator variable) are put in the regression equation. This indicated that terminal values did not significantly mediate the relationship between ingratiable behavior and organization politics.

Table 4: Mediation analyses for terminal values: Predicting organizational politics with ingratiable behavior

<table>
<thead>
<tr>
<th>Predictors</th>
<th>F</th>
<th>beta</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ingratiable behavior</td>
<td>Dependent Variable: terminal values</td>
<td>34.92***</td>
<td>-.56</td>
</tr>
<tr>
<td>Ingratiable behavior</td>
<td>Dependent Variable: Organizational politics</td>
<td>84.57***</td>
<td>.72</td>
</tr>
<tr>
<td>Ingratiable behavior &amp; terminal values</td>
<td>Dependent Variable: Organizational politics</td>
<td>46.85***</td>
<td>Ingra. .83 Termi.V. .20</td>
</tr>
</tbody>
</table>

Note: * p<0.05; ** p<0.01; *** p<0.001; Ingra. = ingratiable behavior; Termi.V. = terminal values

Discussion

The findings of the study suggest that organizational politics is positively associated with ingratiatory. Among the four ingratiatory tactics, strongest association of perception of organization politics (POP) was with favor rendering and self presentation. Favor rendering is a technique of other enhancement and is based on the concept that the target individual will feel a sense of debt toward the ingratiating individual, as well as see the individual as a helpful and friendly person. Self presentation is regarded as behaving in a manner perceived to be appropriate by the target person (i.e. person being ingratiated) or in a manner to which this individual will be attracted. Perception of politics in terms of pay and promotion, and general political behavior had a stronger relation with organization politics (criterion variable); but the effect of ingratiable behavior (predictor variable) on organization politics (criterion variable) increased, i.e. β = .83 as compared to the earlier β = .72, when both ingratiable behavior (predictor variable) and terminal values (mediator variable) are put in the regression equation. This indicated that terminal values did not significantly mediate the relationship between ingratiable behavior and organization politics.
Among the two types of individual values instrumental values had strongest relation with ingratiatory tactics of other enhancement followed by favor rendering; while terminal values had strongest relation with favor rendering followed by self presentation. Blickle 2000, found support for the idea that work values function both as higher order goals and as individual constraints of influence behavior. Values have an impact in the following of the influence strategies. Verkasalo, and Lindeman 2006, assessed the effect of personal ideals on socially desirable responding (impression management, and self-deception). Furthermore, they found that high impression management scorers strove for collective values but high self deception scorers strove for individual values. A study by Krishnan 2001, highlights the importance of values of leaders. He found that transformational leaders give relatively high priority to “a world at peace” and “responsible” and relatively low priority to “a world of beauty”, “national security”, “intellectual”, and “cheerful” i.e. transformational leaders give greater importance to values pertaining to others than to values concerning only themselves. This suggests less encouragement of ingratiatory tactics and negative political behavior on the part of subordinates by the transformational leaders.

Ingratiatory tactics significantly predicted POP i.e. more the ingratiatory tactics used higher was the POP. Further individual values were found to significantly mediate the influence of ingratiatory tactics on perception of politics. Greater use of ingratiatory tactics led to weak individual values and thereby higher POP. Among the two types of individual values instrumental values was found to significantly mediate the influence of ingratiatory tactics on POP i.e. greater use of ingratiatory tactics led to weakening of instrumental values and thereby there was higher POP. Terminal values was not found to be a significantly mediating the relationship between ingratiatory tactics and POP.

It can be concluded that ingratiatory tactics used within organizations positively impact the perception of organizational politics. Also the nature of individual values held by employees and the strength with which they relate to it negatively impact the perception of organizational politics. Furthermore individual values specifically instrumental values significantly influence the relationship of ingratiatory tactics and perception of organizational politics. We can conclude that perception of organizational politics in organizations would be high where use of ingratiatory tactics is high, thereby weakening the individual values of employee’s specifically instrumental values. Employees’ value system strongly mediates the positive relation between ingratiatory behaviors and politics perception.

References

Southern Management Association Meeting, New Orleans, LA.


Management of conflict in pharma Channel Sales: 
A Critical Analysis on branded pharma products

Makarand Upadhyaya*

Abstract

India is the 2nd largest producer of pharma products in the world where many of the world players have made their presence. Larger part of the business is trade oriented which makes the role of channel partners very important. Supremacy and politics is a kind of magnet between company and channels in channel sales. It could work either way depending upon the handling and relative positioning. Ideally it should help in aligning partner’s interest in the channel with the overall vision of the organization. In monopolistic kind of products the relative supremacy of the channel partners remain subdued but in competitive products supremacy shifts towards channel partners. In this paper the study is done on trade sales in pharma products business in North India which is reasonably competitive in present scenario with a presence of number of small, large and even multinational players. The paper discusses about the existence of supremacy and political factors of channel partner in the Pharma products trade and probable solutions of countering its negative impact on companies.

Keywords: Supremacy, Politics, Pharma products, Channel, Trade

Introduction

Supremacy is the ability to get partner’s to do things they wouldn’t do naturally (Fedor & Bettenhausen, 2008). Collaboration and cooperation between partners vis a vis company policies is important, especially in global trade where geography, demography, different cultures and languages adds to the diversity (Porter & Mayes, 1979). Politics can be described as the use of supremacy to influence the environment to better achieve personal and commercial goals (Coopey & Burgoyne, 2000). The selection or use of supremacy types like personal, legitimate, expert, reward or coercive depends on the situation, relative stakes and the environment (Brass & Burkhardt, 1993). A political pyramid exists when people compete for supremacy. The individual will not get supremacy as he wishes but have to enter into the decisions on how to distribute authority in a supply chain. There is scarcity of supremacy when individuals gain supremacy in absolute terms at others expense and also when there is relative shift in the distribution of supremacy (Zaleznik, 1971).

In this study a survey of over 100 pharma channel partners and working executives were interviewed across 15 locations including rural, semi urban, urban and metro cities and analysis revealed that dealer development and management is very crucial for pharma products manufacturers. The study shows the differential behaviors and business pattern of channel partners in different areas namely rural, semi urban, urban and metro cities (Cropanzano & Grandey, 1997). In metro cities an increase in direct sales by pharma products producers is posing a lot of challenge to trade channel partners in recent times. This is despite of the fact that pharma products production recorded continuous growth in last few years. “Sub- dealers, who are serviced by front line dealers, are disappointed and not satisfied because they are of opinion that the pharma products companies do not recognize & appreciate their role in the structure of the channel sales.

*Associate Professor, College of Business Management, Jazan University, Jazan, Saudi Arabia.
Another matter of concern for retailers is that front line dealers do not pass the appropriate benefits deserved by them. At the same time the concern of Dealers is the conversion of quality retailers into Dealership of their own company or the competitor resulting into their direct loss of volumes and profits. This clearly indicates that this segment has a huge growth prospects in the years to come. It will challenge the role & position enjoyed by the channel resulting in reduced margin and aggressive competition.

Analysis of Supremacy and Politics

In channel sales the role of the channel partners is very important. There are different layers of channels in different businesses and in pharma products industry normally trade vertical has two to three layers. The top most layers exist in many companies which is generally the most important and supreme. In few companies the role played by this layer is handled by the company itself. If it is the external agency in this layer, it is called by different names like sales promoters/ CFA/ Marketing organizers, etc. Their role is defined clearly by all companies but still they are much more supreme than their position. The second layer which is also first layer in some companies is called as stockiest/dealer. They remain in direct touch with the company and directly do the business with the respective company. There is another layer of channel partners normally known as retailers. They do the transactions with the respective dealer/stockiest and are indirectly associated with the company. Role of a dealer/stockiest is to buy the product from the company and sell it to the retailers and/or to the customers. Dealers are managed by the company officials and/or by the upper layer depending upon the system being followed by the respective company. Different dealers have different sizes of business and enjoy different supremacy.

Findings for Channel Sales

In today’s competitive environment there is a lot of volume selling pressure and companies, employees as well as dealers are under stretched target pressure (Cropanzano & Li, 2006). In managing those business requirement there are various factors. The factors which impact the supremacy of dealers are:

1. **Size of business of the dealer** - It means the business turnover of channel partner with the company.
2. **Association with the company (Longevity)** - It represents the number of years of business association of the dealer with the company.
3. **Stakes of the company in that respective market** - It represents as how important that particular market is for the company. Is it primary, secondary or tertiary market?
4. **Total market size in which respective dealer operates and the respective market share** - It represents the total market potential vis a vis the market share of that particular dealer.
5. **Competitor’s position in respective market** - It represents company’s position as compared to competitor’s position in that market.
6. **Strength of secondary network of the dealer** - It represents the dealer’s own network of sub dealers/retailers.
7. **Investment capacity of the dealer in the market** - It represents the financial soundness and investment capacity of the dealer.
8. **Strength of customer bases of the dealer** - It represents the market presence and regular customer base of the dealer with good footfall.
9. **Approach and appetite of the dealer for growth** - It is about the attitude of the dealer with respect to present and future business.
10. **Pharma products business has a limited piece of total business pie** - It means the cases where the dealer’s total business size is too big as compared to our business. In other word the dealer has other businesses which are much larger than our business.
11. **Individual/Firm goodwill** - The goodwill of dealer and its firm is too good which enhances the image of the company as well.
12. **TINA or limited alternative** - This represents the situation where the company has no alternative.
13. **Strong infrastructure** - This represents the situation where the dealer has a good infrastructure to support the business.
14. **Availability of other options/opportunities** - This represents the situation where dealer has other better options available.

Apart from this there are some other factors by virtue of which a dealer becomes more supreme. These are the political factors which enhance the supremacy of channel partners.
1. **Relationship with senior management of the company** - This represents the situation where dealer has good rapport with the senior management of the company.

2. **Networking with other dealers and capacity to influence them** - This represents the leadership style of the dealer where he has the capacity to influence other dealers to support his thoughts.

3. **Proximity to the people in dominance** - It means where dealer has connection with those people who are in supreme.

4. **Position or supremacy to influence the people in position at local bodies** - This represents the position where dealer may influence the business with the help of local bodies.

5. **High nuisance value** - This represents those dealers who have big nuisance value and have the capacity to escalate small issues and even non issues.

6. **Capability to exploit weakness of systems/individuals** - This represents those dealers who have expertise in taking advantage of weakness of individual officers or sometimes systems.

7. **Limited authority of dealing officials** - It means when dealing officials have small authorities in taking decisions, respective dealers, at times take advantage of this.

8. **Strong/Influential personality** - It means some dealers have a strong persona and they take advantage of this.

Further, there are various reasons to exercise supremacy and use of politics by dealers and the most common are:

1. To get extra benefit in the business.
2. To satisfy their ego.
3. To exhibit the supremacy.
4. To pressurize respective officers and company to keep them on back foot.
5. To hide his weakness.
6. To improve bargaining supremacy.
7. To draw attention and priority.
8. To extract better services.

Though there is no readymade solution with organizations for countering these supremacy and politics issues of channel partners, as each dealer has different combination of these factors and so need to be handled separately but there are certain ways by which several factors may lose its negative impact. These are:

1. **Strong and transparent system with minimum deviation** - If the company is system oriented and does not deviate from this in routine, individual dealers would not try to take chance.

2. **Importance of front line executives** - Companies should portray its front line executives as the face of the company and show good respect for them.

3. **Less interference of seniors on day to day business** - Day to day business should be dealt by the front line executives only and there should not be any interference of the senior management.

4. **Seniors to build strong brand equity of the product** - Seniors should spend more time and energy in uplifting the brand equity of the products and company. This will improve the importance of the product and company. The dealer would always have a fear of losing that brand if he does not work as per company policy.

5. **Effective value system of the company** - Strong value based companies have very little impact of supremacy and politics of dealers.

6. **Strong two way communication with in organizational hierarchy** - Effective communication between front line executives and seniors would reduce the impact of supremacy and politics of dealers.

7. **Periodical training and development of employees as well as dealers** - Value addition would make them more focused about their business and so the role of supremacy and politics would be diluted.

8. **Relatively better retained margins to the dealers** - If the retained margin in the business remains good, the focus of the dealer would always be more towards business and he would have fear in doing politics.

9. **Information flow must maintain hierarchy** - All the decisions and information should follow the hierarchy. This will keep frontline executive as well as seniors always updated and there will not be the scope of communication gap.

10. **Complaints should be handled on merit basis and not on as who lodged it** - There needs to be proper analysis of problems and solution should come on the basis of merits.
11. **Conducive work environment** - There needs to be conducive work environment both for the dealers as well as company officials. This will utilize the energy in a productive way.

12. **Good back end support to front line executives** - Since front line executives are face of the company, they must get good back end support not only from marketing department but also from other support functions like accounts, MIS, logistics etc.

13. **Strong supply chain management** - The role of supply chain is very important as the market is highly demanding w.r.t services. The expectation level is increasing day by day and if the company has the supply chain system efficient and effective, it will be a big support to have a command in the market.

14. **Maintaining desired and designed service standards** - Each business desire certain service standard and if they are maintained, it reduces the irritants of the market.

15. **Delivery of agreed quality and proper handling of complaints** - Quality of product and timely complaint handling adds on to the brand equity.

16. **Visible growth opportunities both for employees and channel** - When dealers as well as company employee see the growth opportunity in the business, both remain focused and reduce the chance of deviation towards other things.

17. **Timely decision making** - It is very important to make timely decisions. At times even saying no timely is better than saying yes after a long time.

18. **Clarity in business policy** - When there is clarity and transparency in business policy; it reduces the unexpected expectation level.

**Discussion**

This study attempted to examine the influence of Supremacy and Politics on channel sales. Harrel- Cook and Dulebohn (2000) found that supremacy and politics in the channel sales are very important in any competitive business and the pharma products trade falls in the similar category. The main finding of the research is that for an effective trade business it is very important to create an environment where politics does not harm the business. The findings strongly support the work of Baum (1989) that systems and policies should be strong enough with clarity to all so to avoid the impact of undue supremacy and politics.

Butcher and Clarke (2001, 2008) found that role of effective communication and timely decisions are very important to counter the impact of this into the trade. Breaux and Ferris (2009) reported that while creating the network utmost care is required to assess the mutual requirements and expectations. Davidson and Perrewe (2005) pointed that long term as well as short term goals must be kept in mind while dealing with channels. Emerson (1962) asserts that periodic development and training is an essential component.

Role of senior management is very crucial and the real delegation and emsupremacyent of front line executives and different layers in hierarchy would help in reducing the political impact on the business. Nobody should be allowed to take the undue advantage of the position and situation and clarity and transparency must be maintained at all levels. Information flow should also follow the systematic route and without bypassing any relevant link. Decision making process needs to be speedy and in line with the business policy.

Focus should always be there on quality of product at reasonable cost with timely delivery with all applicable services. If these components are better than the competition, negative impact of politics would be minimal. Also if the channel earn reasonable margin in the product and company takes care of the smooth pull among the customers, politics cannot easily impact the business.

Research work of Russ and Fandt (1989) further contributed in understanding that in those businesses where product is monopolistic in nature or the competition is not intense different approach may take place or alternatively the supremacy of channels would be too low. Mayes and Allen (1977) quoted however in competitive products all aspects need to be taken care off. Gandz and Murray (1980) included all the aspects and factors of the study may be studied further individually and deeper study may be done to analyze as why such behavior is visible or what all factors contributes to a particular behavior. This research leaves scope of research where the similar study may be done in
Conclusion

Supremacy and politics play important role in both the success and failure of organizations. It is important to judge the right equilibrium for supremacy and politics to make it functional. The weak links in channel partners occur because of these imbalances. The right approach for having smoother trade systems would be having positivism in roles of supremacy and politics among channel partners. As the strength and success of such businesses depends on the quality network, it is very important for the organizations to take care of mutual interests. It must have a close watch on routine developments and must take timely actions and decisions, including expansion, before the supremacy of channel partners go beyond their control. Also organizations should discourage the growth of politics and suppress it for the larger interest of all.

References

Innovation Management:
The case of Fujitsu

Deepa Agnihotri*
Shahbaz Hasan**

Abstract

Innovation presents a considerable management challenge. Applying innovation is the application of practical tools and techniques that makes changes, large and small, to products, processes, and services those results in the introduction of something new for the organization that adds value to customers and contributes to the knowledge store of the organization.

The concept of innovation still remains a subject of confusion to all. Innovation is neither an invention nor an up-gradation. The current study on innovation management will focus on 'low carbon society' with Green policy Innovation, an initiative of Fujitsu. In this the Fujitsu Group sees its social responsibility as an IT enterprise in starting to tackle the problems of achieving a prosperous, low carbon society.

This essay will concentrate on the innovative aspects of Green Policy Innovation being done by Fujitsu, which has given Fujitsu remarkable profitability and won various awards and recognitions.

Keywords: Innovation, Fujitsu, Green Policy, Environment

Introduction

Applying innovation is the application of practical tools and techniques that make changes, large and small, to products, processes, and services that results in the introduction of something new for the organization that adds value to customers and contributes to the knowledge store of the organization.

The concept of innovation still remains a subject of confusion to all. Innovation is neither an invention nor an up gradation. Creation is also not appropriately referred as innovation. However, it has been accepted by all that innovation demonstrates changes. Then what innovation is. (Abernathy, Henderson, Porter, 1978) etc. refer innovation as changes either radical or incremental, and where radical changes indicate creation and incremental changes demonstrate up gradation. (Von Hippel, 1990) emphasizes on improvement to explain innovation that is also synonymous to up gradation. (Chesbrough, 2003) whereas, identifies innovation as something before invention and after commercialization that creates value.

The dictionary meaning of innovation refers to novelty, modernism, modernization, improvement, advance or originality, and these meanings mostly refer to changes. However (Everett Rogers, 1962) based on personal perceptions and the differences between “change” and “innovation” as viewed by him in the context of ELT (English Language Teaching) defined innovation as "an idea, practice, or object that is perceived as new by an individual or other unit of adoption" (Rogers 1962). So far scholars from different disciplines perceived and described innovation based on individual's understanding and achievements on the specific field of activities. As a result, no generic definition of innovation has been developed, and consequently no uniform indicator has been established to identify innovation and to distinguish innovation from other aspects.
According to number of studies done by (Oerlemans et al 1998, Wood 1998) innovations may occur in any number of areas like in the products that an organization is currently manufacturing or in the type of service that is being provided by the organization. Innovations could also be in the technological areas or even in administrative areas of the management of an organization. Innovation is the application of new knowledge to the production of goods and services; it means improved product quality and enhanced process effectiveness. Innovation generates wide improvements in productivity, which is the primary source of enhanced well-being, higher real incomes and resources.

**Development of New Knowledge**

Low carbon society is the challenge for humanity in the 21st century. Fujitsu has the goal to cut down the emission of greenhouse gases by half by the year 2050. It will become necessary due to the need to boost energy efficiency. ICT solution support is an integral part of it. Fujitsu which is a global ICT solution company, has developed advancements in their system to help to reduce the burden on environment and on the society also. It recognized the importance of global environment protection which will further lead to sustainable development. The company through their individual and collective actions is continuously strived to safeguard a rich natural environment for future generations.

The current study on innovation management will focus on 'low carbon society', an initiative of Fujitsu. In this the Fujitsu Group sees its social responsibility as an IT enterprise in starting to tackle the problems of achieving a prosperous, low carbon society.

This essay will concentrate on the innovative aspects of Low carbon society which have given Fujitsu remarkable profitability.

The company focused on preventing the global warming through Innovation. The Fujitsu Group believed in innovation based measures must be recognized as a necessary and integral complement to the largely improvement driven measures. The IT industry has a tremendous role to play in putting these innovation based measure into practice.

Innovation can be defined as “the process of making changes to something established by introducing something new that adds value to customers”

Innovation has been defined by different researchers and academics from different perspectives. Definitions and models of innovation were developed depending on expertise and the field of the activities of researchers and academics. Any generic definition or model of innovation is yet to develop.

**Fujitsu’s Innovation Management Strategy**

Fujitsu’s philosophy is to drive business decisions by taking the stance that environmental preservation is not an additional cost but a corporate value. The idea of innovation came to the company by the corporate mission.

Through our constant pursuit of innovation, the Fujitsu General Group contributes to the creation of a comfortable and safe society and brings about a prosperous future that fulfils the dreams of people throughout the world.

[Fujitsu General Group business goals]
- Global business development
- Harmonious coexistence with the world’s people
- Business operation with open communication

From 1970, Fujitsu has demonstrated its ongoing commitment to sustainability by conducting a number of focused environmental protection programs. This was then extended in 1993 to become a more formal environmental program which has involved the following stages:

- **Stage I–II (1993-2000):** Establishing environmental management as a corporate agenda.
- **Stage III (2001-2003):** Embracing recycling, waste minimisation and green procurement.
- **Stage IV (2004-2006):** Transitioning from environmental management to management for a sustainable environment.
- **Stage V (2007-2009):** Becoming more aware of environmental issues and identifying the most suitable approaches to implement.
• **Stage VI (2010-):** Establishing global targets and working towards the 2020 vision.

As a result, all operations throughout Fujitsu have been transformed, thereby delivering both efficiency gains and optimising business processes as a result of re-engineering. The key areas focused on include: policy, procurement, disposal, infrastructure, energy management, managed services and transformation through efficiency gains and business process re-engineering.

From 1970, Fujitsu took this environmentally conscious approach further and demonstrated an ongoing commitment to sustainability by conducting a number of focused environmental protection programs. Initially focused on implementing environmental controls associated with manufacturing plant operations, these programs quickly spread across the organisation, with the most recent achievement being to assist Fujitsu’s customers achieve a seven million ton reduction in carbon emissions.

In December 1998, Fujitsu became the first company in the industry to establish a recycling system in Japan. The scheme involves the Fujitsu Group collecting waste products from industrial users for disposal and recycling. From its initial beginnings, Fujitsu now offers a certified recycling service and collects waste products from both industrial and individual users.

Fujitsu is a founding member of the Byte back program launched in Victoria. The Byte back program is a free service available to all residents and small business owners in Victoria who want to dispose of unwanted, old and unused computers in a safe and environmentally responsible way.

The increasing number and density of servers in data centres in recent years result in major increases in power consumption and consequent heat generation and more power is needed to operate the air conditioning equipment to keep them cool. Fujitsu based on knowhow acquired in actual operation of 50 data centres provides "Green infrastructure solutions" consulting services to support the design, configuration and operation of highly energy efficient IT services.

**Sucessfull Exploitation**

Different kinds of innovations need different sorts of organisational atmospheres as well as management skills.
complementing their respective organisational environments. (Abernathy and Clark, 1985) further accentuate the above statement by emphasising that those firms achieve competitive advantages which gain a position in one or more of the dimensions associated with innovation (reliability, performance, ease of use, aesthetic appearance, image, security, etc.). Superiority in one or more of the above stated innovative elements is valued by the customers, which in turn gives competitive advantage to the organisation. They also argue that the importance of an innovation in a competitive environment rests on its ability to impact the firm’s existing resources, skills and knowledge. Innovation or innovative idea can come from outside as well as from within the organisation but those organisations earn profit from the innovation which exploit the idea to their advantage.

(Dr Bernd Kosch, 2011) in the Fujistu Forum stated the first meaning is the optimization of ICT products, involving recycling, the removal of hazardous materials from production and optimizing the supply chain. The second and perhaps most common meaning, at least within the IT industry, is around the energy efficiency of the finished product, whether that is reduced CO2 emissions in hardware, systems management or the data centre - this is referred to as energy efficiency in IT. The final definition, and a more complex issue, is energy efficiency by IT - this covers all kinds of initiatives and industries where IT is being used to reduce CO2 emissions, including the construction, assessment and control of things like power grids, traffic systems and buildings. Fujitsu’s target is to have over 50 percent of its products ‘super green’ certified by next year.

(T. Koga, 2003) observed that The Fujitsu Group links cost saving and environmental improvement through a “Green Process Activities” program (in addition to its other ongoing environmental management activities) so that the promotion of sustainable development is made and the improvement of global environment is done. The “Green Process Activities” were designed to boost the production department to take leadership role in the reduction of the usage of chemicals, energy with a goal of zero waste emission. These activities were dependent upon environmental management department of Fujitsu.

The development of “Cost Green Index,” a performance indicator that combines productivity, cost performance and environmental performance for materials inputs at Fujitsu. For each materials input, the Cost Green (CG) Index is calculated as follows:

\[ CG \text{ Index} = (\text{amount of input per unit production}) \times (\text{input unit price}) \times (\text{input environmental impact level}) \]
Fujitsu divided the potential environmental impacts of the materials inputs into five ranked categories. For example, the highest (and most negative) ranking of 5 is assigned to materials inputs considered to be human carcinogens, with lower rankings assigned to materials inputs considered to have less serious potential human and environmental impacts.

CG Index calculations allowed Fujitsu to rank materials inputs at the plant in the following order: fluorine gas; amine chemicals; silicon chemicals; special gases; organic chemicals; general chemicals; general gas; and chlorine gas. In response, the plant initiated green process activities to reduce the use of fluorine gas by 9% by shortening the time used to clean firm forming devices with the gas. Overall, during six months of green process activities at the Mie plant, the use of chemicals and gas was reduced by 7% and the cost of those materials inputs was reduced by 16.5%.

Now there is implementation of The CG Index and Green Process Activities at Fujitsu’s mass production plants for semiconductors. Each plant sets targets for legal compliance, environmental protection, energy savings, materials savings, recycling, etc. The plants also conduct a self-assessment on a 100-point scale in terms of their progress towards the targets. If an ENVIRONMENTAL MANAGEMENT ACCOUNTING plant gains a score over the prescribed level, it is recognized as a Green Process Certified Plant. Production plants have to continuously implement Green Process activities to stay certified as a Green Process Certified Plant.

Conclusions
Green policy innovation is a project to provide the products, solutions and services that embody environment conserving technologies and know how developed within the Fujitsu Group with the aim of reducing the environmental burdens of customer and society as a whole.

As a global Enterprise group, Fujitsu has set a global target to make a significant contribution to cut the emission of greenhouse gases. The whole Fujitsu group is actively engaged in achieving this target.

1. The company has tried the reduction in the CO2 emission by more than a cumulative 15 million tons over four year period FY 2009 to FY 2012.
2. The company will have In House Implementation of Advanced Green Information Communication Technology (ICT) with the help of load reducing technologies. The company will use environmental management dashboard and power dashboard to reduce the load.
3. The company will optimize the natural energy usage. In the company’s Kawasaki Plant, the solar power generation system is combined with electric storage batteries and for this the supercomputer simulations are used to control it.
4. The company is using the cloud technology in manufacturing. The cloud has concentrating server which offers reductions in power consumptions as well as cost and promises to accelerate technology development. High speed graphic compression is used to smooth remote network access which provides stress free operating environment for manufacturing.

The company is able to achieve the various external recognitions due to the implementation of initiatives of Environmental Management Accounting and Green Policy innovation.

<table>
<thead>
<tr>
<th>Major External Recognition in FY2010 (Fujitsu Group)</th>
<th>Year/Month</th>
<th>Sponsor</th>
<th>Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister of Economy, Trade and Industry Award, Green IT Award 2010</td>
<td>2010/10</td>
<td>Green IT Promotion Council</td>
<td>Significant contribution to energy efficiency of IT equipment through development of quantum dot semiconductor laser</td>
</tr>
<tr>
<td>Grand Prize, 12th Green Purchasing Awards</td>
<td>2010/10</td>
<td>Green Purchasing Network</td>
<td>Biodiversity conservation initiatives by Fujitsu Group procurement division</td>
</tr>
<tr>
<td>Performance Award, The Green Grid Most Improved Data Center Energy Efficiency Awards 2010</td>
<td>2010/10</td>
<td>The Green Grid, Japan office/ DatacentreDynamics</td>
<td>Continuous monitoring of datacenter energy trends, and creation of energy-saving working groups</td>
</tr>
<tr>
<td>2010 Environment Minister's Award to Distinguished Organization of Merit in Promoting the Creation of a Sustainable Society</td>
<td>2010/11</td>
<td>Japan Ministry of the Environment</td>
<td>For the establishment of medium- to long-term goals for reduction of waste generated by business sites, steady progress in achieving goals, and significant reduction in waste</td>
</tr>
<tr>
<td>Incentive Award, 7th Life Cycle Assessment Society of Japan Awards</td>
<td>2010/12</td>
<td>Life Cycle Assessment Society of Japan</td>
<td>Use of LCA for product development and product manufacturing activities</td>
</tr>
<tr>
<td>2010 Minister of the Environment Award for the Prevention of Global Warming, Technology Introduction and Diffusion</td>
<td>2010/12</td>
<td>Japan Ministry of the Environment</td>
<td>Activities to reduce CO2 emissions through modal shift for product and parts shipments</td>
</tr>
<tr>
<td>Low CO2, Kawasaki Pilot Brand '10</td>
<td>2011/2</td>
<td>Kawasaki City, Japan</td>
<td>Significant reduction in ICT equipment energy consumption through development of advanced private cloud system at a Japanese university</td>
</tr>
</tbody>
</table>

Source: Fujitsu Sustainability Report 2011, pg 28-31

The company got Green IT Award, Grand Prize Green Purchasing Award, Performance Award, The Green grid most improved Data centre Energy efficiency Award. The most prestigious among the recognitions was 2010 Minister of the Environment Award for the prevention of global warming, Technology Introduction and Diffusion for the activities to reduce the CO2 emission and significant reduction in ICT equipment energy consumption.
It is evident from the above graph the cost incurred and the actual and estimated benefits derived is more.

The company is able to generate the reputation of environmental friendly company globally; the Fujitsu Group has developed a super green product certification where a new version of a product has a 25 percent or greater reduction in energy usage over the previous version - achieved by a reduction of size, heating/cooling requirements and environmental impacts. Due to the reduced burden on environment and achievement of their targets in regards to sustainability.

The environment protection cost is always showing lesser trend then the environment protection effect, i.e. the impact is synergic.
References

5. Dr. Bernd Kosch, 2011, Fujitsu Forum, Cutting the Energy Bill.
Paradigm for Sustainable Business: People, Planet and Profit

Shuchi Loomba*
Romica Bhat**

Abstract

The green marketing has evolved over a period of time. The evolution of green marketing has three phases. First phase was termed as “Ecological green marketing” and during this period all marketing activities were concerned to help environmental problems and provide remedies for environmental problems. Second phase was “Environmental green marketing” and focus shifted on clean technology that involved designing of innovative new products which take care of pollution and waste products. Third phase was “Sustainable green marketing”. As the time is passing by environmental issues are taking its toll worldwide and these issues are influencing all activities through one way or another very few academician find a need to talk on this grave issue or inculcate it into their literature but companies have found a new strategy to sell off their products and are cashing on the same since a long time. Though the consumer understanding on environmental marketing is in very initial stage they are in capable to understand the importance of this issue, a majority of people believe that green marketing refers solely to the promotion or advertising of products with environmental characteristics. Terms like phosphate free, recyclable, refillable, ozone friendly and environmentally friendly are most often associated by consumers with green marketing while this concept is much broader in meaning.

The Objective of this paper is to identify the key ideas which trigger the promotion of these Eco-friendly goods and how consumer behavior affects the sale of these goods in Northern India.

Keywords: Ecological Green Marketing, Environmental issues, Eco-Friendly, Clean Technology

Research conducted over a sample of 550 people of eleven states of Northern India (Jammu and Kashmir, Himachal Pradesh, Uttrakhand, Haryana, Punjab, Rajasthan, Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Jharkhand and Bihar). The paper will introduce the concept of Green Marketing, its benefits, consumer behavior towards these products and its impact on the sale of eco friendly goods.

Keywords: Green Marketing, Consumer Behavior, Eco-friendly, Eco-tourist.

Introduction

“Do not wait for extraordinary circumstances to do good actions; try to use ordinary situations” Jean Paul Richter

In the early 20th century earth’s mean surface has increased about 0.80 °C primarily due to human activities resulting in increased concentration of green house gases. The whole world today is worried by the emission of dangerous gases on such a larger scale which is resulting in global Warming.

Each and every country today is doing their level best to slow down their carbon emission and urging its business units and citizen to work for the same. At the time of crisis business houses and government units has coined in new marketing strategy for attracting people towards going green and that strategy is named as Green Marketing. According to American Marketing Association “green marketing is the marketing of products that are presumed to be environmentally safe”. By environmentally safe we mean those goods and services which do not harm mother earth in any way. The term green implies to underlying concern for preservation of natural resources and a noninvasive lifestyle. Each business unit today is modifying its strategy to meet its global demand and society’s new concern about rising global temperature.
The term green marketing was first coined in late 80’s and early 90’s; American Marketing Association held the first workshop on ecological marketing in 1975, the proceeding of this workshop resulted in one of the books on green marketing entitled Green Marketing. From then till now Green Marketing has come a long way in its journey till date it has been divided in three phases: The first phase was ecological Green marketing, the second phase was Environmental Green Marketing and the third phase is Sustainable Green Marketing.

In the first phase (Ecological Green marketing) the marketing activities were mainly concerned with providing remedies for environmental problems. During 90’s public concern over global warming were rising and marketers begun to recognize both the need and the value of environmental marketing. Estimates suggest that manufacturers identified 10% of all new products were introduced in 1990 as green or environmental friendly. This was 20 times more than the number of green products manufactured in 1985. The interdependence between the global ecology and global economy was clearly established. No doubt its ultimately the consumer who consumes which in turn lead to manufacturing units to produce, Their consumption uses the earth’s capacity to produce material and absorb waste, but due to sudden rise in population around the world it ultimately become the manufacturers task to redirect their needs and wants towards consumption that is ecological and least harmful.

In the second phase (Environmental Green marketing) the focus shifted on clean technology that involved designing of innovative new products which take care of pollution and waste issues. Clean technology includes recycling, renewable energy, green transportation, greywater and many other appliances that are energy efficient. Clean technology is described by Clean edge (clean technology research firm) as “a diverse range of products, services and processes that harness renewable material and energy source, dramatically reduce the use of natural resources, and cut or eliminate emission and waste”.

In the third phase (Sustainable Green Marketing) as the name suggests the name suggests attempts were made to keep up with the already made efforts, now the whole world wants to bring those inculcate green practices in their daily lives.

Resolutions, Summits and associations were created all over the world to keep a tab on the natural activities and their causes. If we talk about India the condition was no different from Green Revolution to Himalayan Summit on global warming each and every drill was done by the Government to bring down the carbon emission level and the corporate were also not lagging behind companies like Amul, Dabur, Infosys all were designing such products which can keep a pace with the current market demands. In 2012 a survey declared Amul as the topmost company which was applying green technology as its best. Now the question arises what exactly Green is/ everybody has its own perceptions and logics but if we think about Green it is much wider term than perceived. Green is always taken as any product which directly or indirectly is helping in nature conservation. We also associate it with buying one thing or another bit it is not only the exchange of environmentally safe goods but it also covers those habits which are somewhere doing contribution in safeguarding the environment like using less water in bathing, planting of trees, cultivating kitchen garden each and every such habit is somewhere green basically green color today symbolizes protection of mother earth. If we take all these things into consideration then we can say that “Green Marketing is promoting of ideas, goods and services which directly or indirectly are cooperating in up gradation of current environment status”. In this paper we have tried to give a glimpse of the present scenario and practices regarding green marketing done by government and the corporate and analyze whether these practices are effort are reaping the fruits as expected and if not then what are the reasons behind it.

Objective

World has today has become a boiling pot and each and every human being is worried about the rising temperature of the world. Government of each and every country is trying its level best to curb this menace, in India many efforts are also being taken for the same cause. In this paper we just want to give an idea to the government and the manufacturing companies that how much their cause is reaching to the common man what he/she thinks and what changes they want in the existing scenario. The study has been planned as under:-
a. To find the potential of Green Marketing.
b. To find out the awareness of Green Marketing amongst people.
c. To analyze the impact of Green Marketing on the sale of eco friendly goods.
d. To suggest measures to encourage Green Marketing practices.

**Methodology**

The research is based on primary data, collected and collated through a survey from over a sample of 550 people of different areas of northern India. Data was collected through a questionnaire.

Secondary data was collected from articles published in books, journals, magazines, research papers, news papers and reports was also incorporated.

**Limitation**

The research being empirical one was based on a survey conducted through questionnaire. People were not ready to fill it and we had to convince them for the same. The other problem was lack of awareness about the research topic.

**Findings**

Q1. Do you know what Global Warming is?
   Figure 1 indicates that 94.50% population has awareness about the global warming, 3% of them don’t know about it and 2.50% have only heard about it.

Q2. Are you aware with the term Green Marketing or Green Products?
   Figure 2 indicates that 64% of population are aware with the term Green marketing and Green products, 36% of them have no awareness with this.

Q3. Have you seen any advertising or campaign of Green Products?
   Figure 3 indicates that 44% of population are aware of campaign of green products, 56% of them don’t have awareness about it.
Q4. Do you consider environmental aspect of the product before buying?
Figure 4 indicates that only 20% of population consider environmental concern while buying a product, 34% of them don’t consider while buying and 46% sometimes think about the environment while buying a product.

Q5. Do you buy any Green Product?
Figure 5 indicates that 25% population buy green products, 75% of them hadn’t bought any green product.

Q6. Does the prices of these products are higher than other products?
Figure 6 indicates that 37% of population feels that the prices of green products are higher than other products, 8% don’t feel so, 4% feel doesn’t matter about the higher price and 51% never analyzed it.

Q7. Are these products easily available in the market?
Figure 7 indicates that 16% of population agrees that green products are easily available in the market, 42% of them don’t agree and 42% of them feel sometimes these are easily available.
Q8. Do you think companies are trying to cheat you on the name of Green Product?

Figure 8 indicates that 28% of population think companies are trying to cheat on the name of green products, 19% don’t think so and 53% don’t want to comment anything on this.

4. **No threat to Environment**- As the name itself says the products are made with ecological raw material so they do not create any havoc for the mother Earth.

### Limitations of Green Marketing

1. **Raw Material**- The products manufactured on the eco-friendly basis require renewable and recyclable material as their raw material which is costly in price and in turn raise the production cost of the manufacturers.
2. **Public Awareness**- People today are not too much aware of the green technology and whenever any product comes on these lines in the market. They get few purchasing handling resulting increased stock of the manufacturers.
3. **High Price**- Due to the usage of costly raw material the final product automatically turn out to be costly and in Indian case where maximum people are of middle class it doesn’t goes will with their purchasing power.
4. **Shelf Life**- Shelf life of edible or eco-friendly product is very less and if you have to extend this shelf life you have to keep them at certain temperature and conditions and consumer today in no mood to take such pain.
5. **Easy unavailability**- Eco-friendly products are not easily available in the market. There are specific retailers or outlets where one can fetch them and every time it is not possible to go and buy the product.
6. **Costly R & D**- The research and development of these goods is usually higher than the other products and in today’s profit oriented corporate sector management gets relevant on performing such practices what they want today is low production cost & higher benefits.

### Benefits of Green Marketing

1. **Increasing environmental awareness**- By adopting green product strategy top run companies will be able to strengthen the cause by spreading it more and more among the people.
2. **Burning topic**- Today Global marketing is a burning topic all over the world and what would better then it to mould strategy around it and earn profit. Recent study suggests that green business registered 32.30% greater from 2002 to 2012.
3. **No health hazard**- Green product do not create any health hazard so it is safe for any age group and people can use without worrying about side effects and diseases.

### Government and Corporate initiatives for Green Marketing in India

Sir Nicholas stern has called climate change “a result of greatest market failure that the world has seen” because of the effects that the whole worked has to suffer due to it. Presently Global Warming has reached to such a stage where irreversible damage will be done to the nature and everybody on earth has to bear the brunt of it. To avoid the irreversible damages around the globe Green technology is the need of the hour.
In India the situation is all together different with a pace of 8 to 9% of economical growth, underlying social, economic and institutional factors and its race to become economic power has propelled it to no. 3 in the list of top carbon polluters in the world. But its journey of repairing the wounds of rising global temperature started long back and it is still going on. National Council for environmental Policy and Planning was setup in 1972 which was later evolved into Ministry of Environment and Forest (MOEF) in 1985. Indian Forest Act of India was conceptualized in 1927 during British era and later amended in 2012. The Legislature and Regulatory measure which have been developed aiming at preservation, conservation and protection of the environment. Some important legal instruments are:-


Indian government has not only implemented acts and policies in this concern but also came up with the products that are eco-friendly; it also finances premier institutes and colleges to come up with innovative products and ideas for the same. Products based on solar energy have been floored in the market with 70% subsidy from the government recently. Indian Government has come up with the world’s first national market based mechanism called Perform, Achieve and Trade (PAT) it will set benchmark efficiency level for 563 big polluting from power plants to steel mills and cement plants that account 54% of countries energy consumption. Indian Government has also rolled our Renewable Energy certificates trading scheme for corporate. New Delhi, capital of India was being polluted at a very fast pace until Supreme Court of India forced to change to alternative fuels. In 2002 a directive was issued to completely adopt CNG in all public transport. Corporate are also rubbing shoulders with the Government for the cause Amul has planted 155.68 lakhs saplings in three years. This is the second IDF award that Amul has bagged. In 2007, it was given the award for nutria-marketing initiative in nutrition and health category the award was given for the launch of pro-biotic ice cream, the first product of its kind in the world. ITC has been Carbon Positive three years in a row (storing twice the amount of Co2 than the company emits) and is close to 100% solid waste recycling. Maruti has been promoting its 3R policy since its inception; as a result company has not only been able to recycle 100% of treated waste water but also reduced fresh water consumption. HCL’s Environment management Policy under HCL ecosafe with an aim to encapsulate knowledge, awareness and key developments on all environmental issues faced by today’s world and to incorporate it in HCL operations. So in the conclusion we want to say that every business unit in the country weather government or corporate are working with full zeal and zest to work for the cause.

**Suggestions**

1. Create awareness among the people so that they can relate themselves with the cause and do efforts for the same.
2. Tag the products with reasonable price so that they can come under the maximum people purchasing power.
3. Arrange for the easy availability of the product as everybody has a very busy life and they don’t want to take pains to search corner to corner for buying things.
4. Offer fringe benefits to attract the customers.
5. Emphasize on the personal benefit using terms like safe, non-toxic, ozone friendly to attract customers.
6. Business houses should be ready to prove their claims because while buying such products public becomes skeptical about the claims so in such cases manufacturers should be ready to prove the same.
7. Create maximum advertising opportunities for the product so that it can create a niche for itself among the customers.

**Conclusion**

Considering the current situation of carbon emission in India; Green Marketing should be on the top in the priority list of
Government and the Corporate companies and it certainly is but the only loophole in all the efforts taken by the government and corporate is public attitude and until and unless we will not mend the gap between information and the end result we can reach nowhere. All the effort makers have to understand one thing that it is ultimately the public who can bring fruits to their tree of efforts. Our study based on north India gives an indication that maximum people are not aware of even the term global warming, leave the Green marketing aside, so if we have to conserve nature and its resources we have to connect with the people and think from their point of view, make them aware, change their attitude towards the policies and initiatives taken by the effort makers then only we can think of making India carbon emission free and increased sale of eco-friendly goods.

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Global Economic Recession and its implications for Indo-US Trade

Mili Saxena*
Padmini Ravindra Nath**

Abstract

In the early years of Globalization, the United States of America has emerged as a leading trade partner of India and bilateral trade grew rapidly. India which was in the midst of a rapid economic expansion became a preferred destination for many American companies which began to look on India as a lucrative market and an effective outsourcing destination.

However, in the last four and a half years, the world had witnessed a severe financial and economic crisis following the subprime mortgage crisis in the United States (Nanto 2009; Bosworth and Flaaen 2009).

The global economic crisis emerged in India at a very unfortunate time. The crisis confronted India with the major challenge of contraction in trade particularly with the United States. In the above context the research paper aims at identifying the impact of global economic meltdown on India’s export and import trade with U.S, analyzing the role of US state policies on India’s trade with US and studying the relevance of Indian trade policy in mitigating the impact of economic meltdown. In order to facilitate the analysis, a time period of eleven years since 2000-01 to 2010-11, is being taken under consideration. The tools of analysis will include Growth rates, Correlation and Net Terms of trade.

Keywords: Economic Crisis, Economic Recession, Outsourcing, Growth Rate, Trade

Introduction

The financial crisis which originated in the United States in the past few years is considered by many economists to be the worst since the great depression of the last century. The crisis has threatened to undo the economic development achieved by many countries and to erode people’s faith in an open international trading system (Lamy 2009).

In fact since 2008 it is being increasingly referred to as the Great Recession. Stiglitz (2008) called this ‘the first global recession of the new era of globalisation’.

Since the advent of globalization, India had been growing rapidly till; it was affected by the financial crisis which appeared in mid-2007. International trade has played an important role in India’s economic development and acceleration of growth. The globalization process has resulted in an increase in international trade in goods and services in India. Indian economy has now become a part of the growing international market and is marking its presence on the global platform through the exchange of goods, services and capital. Eventually, India is more integrated with the world economy than it was in 1980s or early 1990s. Today India accounts for over 3 per cent of world trade in goods and services, about 2.8 per cent of world GDP, and 21 per cent of world population, respectively (World Bank Report, 2009).

Foreign trade played a crucial role in India’s achievements in attaining an impressive rate of economic growth. India’s exports has not been affected to same extent as other economies of the world during the phase of global slowdown, yet exports which had suffered a decline since October-2008 continued of first seven consecutive months in 2009-10 as well. However, the declining trend became less steep from 2005 onwards and turned the positive phase from the month of November, 2009 reversing the
earlier trend (GoI 2011). The global economic meltdown confronted India with daunting challenges because the country was no longer insulated from events occurring in the rest of the world. There was a change in the popular perception even in the US with India being increasingly viewed as a threat and competitor rather than as a partner. This has found increasing reflection in the economic policies and packages adopted by the Obama administration.

The broad objective of the study is to identify the impact of global economic meltdown on India’s export and import trade with U.S in the light of US state policies on India’s trade with US and studying the relevance of Indian trade policy in mitigating the impact of economic meltdown.

**Genesis of the Problem**

Many causes for the financial crisis have been suggested with varying weights assigned by experts (Bernanke, 2009). The Senate Financial Crisis Report (popularly known as the Levin-Coburn report) stated that “the crisis was not a natural disaster, but the result of high risk, complex financial products; undisclosed conflict of interest, and the failure of regulators, the credit rating agencies and the market itself to rein in the excesses of Wall Street.” Critics have also argued that the 1999 repeal of the Glass Steagall act of 1933, in effect, erased the separating line between Wall Street investment banks and depository banks. Krugman (2009) too has emphasized that the regulatory framework was not able to keep pace with financial innovation. As the Obama regulatory reforms speech delivered on June 17, 2009 rightly points out, the US was trying to regulate twenty first century markets with twentieth century measures.

The causes discussed before were endemic to the system but the immediate trigger of the crisis was something else- namely the bursting of the United States housing bubble which had peaked in 2005-06. The bursting of the bubble began a foreclosure epidemic which rapidly snowballed into a full blown crisis. The tendency of mortgage lenders to relax underwriting standards to cope with intense competition amongst themselves, led to credit being extended to ‘subprime’ borrowers i.e. those with weak credit histories and a greater risk of loan default. Some long time critics of the US government policies like Wallison (2008) have gone to the extent of claiming that the crisis can be directly traced to risky lending by Fannie May and Freddie Mac which were Government sponsored entities.

Prior to the crisis even venerable financial institutions like Lehman Brothers, Bear Stearns, Merrill Lynch, Goldman Sachs and Morgan Stanley resorted to using complex, difficult to monitor financial instruments in order to leverage themselves. This ultimately increased their exposure to risky investments and vulnerability to financial shock. Thus, when the crisis began it spread like a wildfire through the whole system.

The most disturbing part was the failure of mainstream economists in US to predict the advent of the crisis. Bezemer (2009) credits only twelve economists with predicting the crisis including Nouriel Roubini who was ridiculed and even labeled “Dr Doom” by orthodox economists and popular newspapers.

**Effects on the Global Economy**

The economic crisis which originated in the US spread around the world through two main mechanisms (Bailly and Elliott, 2009). Firstly, foreign financial institutions bought a lot of mortgage-backed securities issued in the US and consequently experienced losses just like the Wall Street firms. Secondly, the US economic crisis triggered a huge drop in the world trade. The US imports have been an important component of world demand. In the post 2007 scenario not only was there a collapse in the US consumer spending but there was also a sharp fall in the investment in Eastern Europe and parts of Middle East and Asia.

The resulting worldwide decline in purchase of capital goods hit the capital good producing countries like Germany, Japan and the United States very hard. It must be mentioned here that in spite of a common tendency to blame the US for the current global economic crisis, it is not strictly true. It cannot be denied that Europe, Japan and now even China are facing problems largely their own making even if they have been exposed to the US initiated slowdown.
Lamy (2009) pointed out that the crisis has threatened to undo the economic development achieved by many countries and to erode people's faith in an open international trading system. Some developing countries like Cambodia and Kenya have seen a reduction in growth due to fall in trade, investment and remittances sent by migrant workers. This has led to a dramatic rise in the number of households living below poverty line (Velde, 2009).

On the other hand, a global economy in recession will in its turn make it harder for the US to recover, as it remains dependent on capital flows from the rest of the world. According to the World Economic Outlook Database (September 2011) of the International Monetary Fund, China was the largest economy by incremental GDP followed by India, US and the European Union. Thus a slow down at this juncture in China and India will spell danger for any plans of a rapid global recovery.

**India-US Economic Relations: through the Mirror of Time**

Post independent India and the US shared many commonalities including religious and ethnic diversity, commitment to human freedom and democracy. In the early years following India's independence, close linkages were maintained between the two countries. However, divergent foreign policy views led to some tension in political relations during the cold war which was aggravated by the Pokhran nuclear test in 1974.

Despite this, in 1975 US was India's largest trading partner and second largest investor after UK (CII, 2009). The decade of eighties marked the beginning of gradual integration of Indian economy with the rest of the world. The then Prime Minister Shri Rajiv Gandhi's visit to the US in 1988 marked a turning point in the bilateral relations. This was particularly important in view of the unilateral activist trade policies followed by US in the early eighties. Elliott & Bayard (1994) in particular criticize the aggressive use by US of section 301 of the Trade Act of 1974 (popularly called super 301) which gave the President broad authority to retaliate against "unjustifiable, unreasonable or discriminatory" foreign trade practices. The inception of wide ranging economic reforms in 1991 combined with the collapse of the Soviet Union and Eastern Bloc countries set the stage for a new paradigm in economic interaction.

The nuclear test of 1998 led to a brief setback which was rectified by President Clinton's visit in 2000. During this visit, a vision document was signed to promote dialogue through dedicated platforms and summit level meetings with special focus on economic relations. This also led to the lifting of US imposed sanctions in September 2001.

The nodal US agency which engages with India on trade and investment matters through a number of avenues is the office of the United States Trade Representative (USTR). In 2005 the US India Trade Policy Forum (TPF), which is the principal trade dialogue between the two countries, was launched. It has five focus groups at present- agriculture, intellectual property rights, services, tariff barriers and non tariff barriers. The Indo-US CEO's forum was set up in 2006 to provide private sector inputs to revitalize the economic relationship. The Private Sector Advisory Group (PSAG) created in 2007 provides strategic recommendations to the TPF. The main objective of all these initiatives is to enhance the bilateral trade relationship.

**The Post 2008 Scenario**

India is in a much better position compared to the other trading partners of US, because it has minimal direct exposure to the toxic assets of the subprime crisis. However, the shocks have been transmitted via the financial sector and bilateral trade.

In 2008, US and India held initial talks on the Bilateral Investment Treaty (BIT) that would provide binding legal rules regarding investments from each other. The formal negotiations regarding BIT commenced in August 2009, just after the US-India strategic dialogue announced during Secretary of State Clinton's visit in July 2009. The 'Framework for Cooperation on Trade and Investment' signed between both the countries reaffirmed that, "The United States and India recognize that each benefits from the other's success in expanding economic opportunity, creating jobs, reducing poverty, and enhancing the well being of its citizens."

The visit by US President Barack Obama to India in November 2010 was the high-water mark in economic engagement between both the countries. A few weeks before the President's visit a
It would be interesting to observe the truth about Indo-US trade in the light of the above framework. In order to facilitate the analysis a time segment of eleven years from 2000 to 2011 has been identified.

### Table 1: India-US Trade – Major trends

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of E/Ts to US (%)</th>
<th>Growth rate of E/Ts to US (%)</th>
<th>Share of I/Ts from US (%)</th>
<th>Growth rate of I/Ts from US (%)</th>
<th>Balance of Trade (Rs crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>20.88</td>
<td>-</td>
<td>5.96</td>
<td>-</td>
<td>2873601.67</td>
</tr>
<tr>
<td>2001-02</td>
<td>19.42</td>
<td>-4.49</td>
<td>6.12</td>
<td>9.06</td>
<td>2558063.53</td>
</tr>
<tr>
<td>2002-03</td>
<td>20.66</td>
<td>29.87</td>
<td>7.23</td>
<td>43.16</td>
<td>3122554.56</td>
</tr>
<tr>
<td>2003-04</td>
<td>17.99</td>
<td>0.13</td>
<td>6.44</td>
<td>7.05</td>
<td>2966271.33</td>
</tr>
<tr>
<td>2004-05</td>
<td>16.47</td>
<td>17.15</td>
<td>6.27</td>
<td>35.97</td>
<td>3039344.24</td>
</tr>
<tr>
<td>2005-06</td>
<td>16.83</td>
<td>24.21</td>
<td>6.33</td>
<td>33.06</td>
<td>3496862.55</td>
</tr>
<tr>
<td>2006-07</td>
<td>14.93</td>
<td>11.12</td>
<td>6.31</td>
<td>26.87</td>
<td>3226307.1</td>
</tr>
<tr>
<td>2007-08</td>
<td>12.71</td>
<td>-2.32</td>
<td>8.35</td>
<td>59.35</td>
<td>-123735.38</td>
</tr>
<tr>
<td>2008-09</td>
<td>11.47</td>
<td>15.67</td>
<td>6.17</td>
<td>0.23</td>
<td>1164013.98</td>
</tr>
<tr>
<td>2009-10</td>
<td>10.93</td>
<td>-4.19</td>
<td>5.90</td>
<td>-4.99</td>
<td>1183218.65</td>
</tr>
<tr>
<td>2010-11</td>
<td>10.18</td>
<td>25.91</td>
<td>5.42</td>
<td>13.37</td>
<td>2500397.54</td>
</tr>
</tbody>
</table>

*Source: DGCI & S, Ministry of Commerce, Govt. of India*

It can be observed from table 1 that although India may be the US’s twelfth largest trading partner in 2010, if the Congressional Research Services Report (2011) is believed, there are certain significant & disturbing trends which are enumerated below:

- a. The growth rate Indian exports to US have fluctuated wildly.
- b. There is a clear decline in the export growth rate after 2005-06 which ultimately became negative in 2007-08 and again in 2009-10.
- c. The post 2007-08 growth rates have been much lower compared to the earlier period.
- d. The growth rate of imports from US too have fluctuated sharply.
- e. The growth rate of imports from US is highest in 2007-08 (a year in which export growth was negative).
- f. After 2008-09 the growth rate of imports has been much lower as compared to previous years.
- g. The share of exports to US has declined steadily after 2005-06 (which is considered as the first year of crisis by many) pointing to a reduction in the importance of US as an export destination.
- h. The share of imports from US too have declined after 2005-06 with one exception (i.e. 2007-08).
- i. The balance of trade between the two countries was continuously improving till 2006-07, but it became negative in the year 2007-08, showing the severe impact of global meltdown on the India-US trade relations.
j. In 2008-09, i.e. the post meltdown era, the balance of trade is much lower as compared to that of the pre meltdown era, but it is showing signs of improvement.

Table 2: Correlation (Exports and Exchange Rate)

<table>
<thead>
<tr>
<th></th>
<th>Exchange Rate (Re per US dollar)</th>
<th>Exports (Rs crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate (US $)</td>
<td>Pearson’s Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Covariance</td>
<td>-296</td>
</tr>
<tr>
<td>Exports (Rs Crores)</td>
<td>Pearson’s Correlation</td>
<td>-296</td>
</tr>
<tr>
<td></td>
<td>Covariance</td>
<td>-1464107.377</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Exports (Rs crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>time</td>
<td>Mean N  Std. Deviation</td>
</tr>
<tr>
<td>pre meltdown</td>
<td>5.0098E6 5 8.66209E5</td>
</tr>
<tr>
<td>post meltdown</td>
<td>9.1804E6 6 1.38685E6</td>
</tr>
<tr>
<td>Total</td>
<td>7.2847E6 11 2.45060E6</td>
</tr>
</tbody>
</table>

Table 3: Correlation (Imports and Exchange rate)

<table>
<thead>
<tr>
<th></th>
<th>Exchange Rate (Re per US dollar)</th>
<th>Imports (Rs crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate (US $)</td>
<td>Pearson’s Correlation</td>
<td>-442</td>
</tr>
<tr>
<td></td>
<td>Covariance</td>
<td>-2754903.662</td>
</tr>
<tr>
<td>Imports (Rs Crores)</td>
<td>Pearson’s Correlation</td>
<td>-442</td>
</tr>
<tr>
<td></td>
<td>Covariance</td>
<td>9.539 E12</td>
</tr>
</tbody>
</table>

Table 4 : Comparison between pre and post recession period.

<table>
<thead>
<tr>
<th></th>
<th>Exports (Rs crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>time</td>
<td>Mean N  Std. Deviation</td>
</tr>
<tr>
<td>pre meltdown</td>
<td>2.09788E6 5 7.108989E5</td>
</tr>
<tr>
<td>post meltdown</td>
<td>7.27252E6 6 2.017153E6</td>
</tr>
<tr>
<td>Total</td>
<td>4.92041E6 11 3.088595E6</td>
</tr>
</tbody>
</table>

The table 4 gives the comparative statistics of the pre recession and post recession era. Mean value of both exports and imports has increased in the post meltdown era. However the standard deviation has declined showing less fluctuation in the exports as well as imports.

Suggestions

After the analysis made in the present study, it is suggested that there is a need to boost the exports, keeping in view its growth impulses and employment potential. Efforts must be made not only to improve competitiveness, but also to diversify the export basket and destinations. We need to be cognizant of the fact that due to financial turmoil, the consumption pattern of the developed countries and their demands for goods and services have undergone a sea change and this will be less likely to be reversed in near future. Thus the time requires, setting up of newer markets for selling our products in the near future.
There seems to be some truth in Cohen & Dasgupta (2011)'s assertion that, 'Even as non military trade and investment and social and cultural ties between India and the United States have advanced in recent years, Washington remains in two minds about its relationship with New Delhi.'

**Conclusion**

There seems a district possibility that in the post 2008 scenario the US is looking desperately for increased market access in countries like India. In fact, Kronstadt et.al (2011) identifies market access barriers and intellectual property rights as longstanding issues of friction. India particularly resists opening its markets to subsidized agricultural imports due to sensitive political reasons. The narrow view adopted by US on trade in services could also be responsible for India’s inflexible stance on agricultural imports. India in the meantime continued to remain on US special 301 "Priority Watch List" in 2011 for failing to provide adequate IPR enforcement.

Thus, in the post 2008 scenario, the fall of US as a super power is coinciding with the rise of India as a force in the International arena. This leads to a very real danger of both the countries drifting apart and increasingly perceiving each other as competitors rather than natural allies.

**References**


Mushrooming Growth of Management Institutions-A case study of Management Education in Assam

Tazyn Rahman*

Abstract

21st century India witnessed a sea change in its educational system. Process of liberalisation, privatization and globalization has not only replaced traditional approach with a more efficient professional approach; but also introduced new age courses in accordance with industry demand which have more economic value in today's time. Management education is one among those which got a new dimension with this changing time. Today managers are in great demand in every sector of economy. India needs a huge reservoir each year of people who are trained for business and for management and demands is to last for coming years. Assam too is trying to catch on this opportunity and there has been a tremendous growth in the number of institutes offering management programs. Apart from Government Universities, Private universities and private institutions are also offering management programs. But it is matter of concern whether the demand is for what is being taught these institutes. In management education, quality has become a necessity. To make India an intellectual capital of the world, we have to create a dynamic environment, which can encourage superior quality management education colleges and effort should be made to breathe life into management education. This paper is intended to study whether these Management Programmes are capable of meeting the future corporate and societal expectations and to critically examine the quality of management education particularly in Assam on the basis of various parameters, such as, quality, profile and diversity of students, curriculum, faculty, placement, management, infrastructure, etc

Keywords: Management education, Quality, University, Assam

Introduction

Management education in India was initiated just after independence with establishment of Indian Institute of Management. 21st century India witnessed a sea change in its educational system. Process of liberalisation, privatization and globalization has not only replaced traditional approach with a more efficient professional approach; but also introduced new age courses in accordance with industry demand which have more economic value in today's time. Management education is one among those which got a new dimension with this changing time. Recently and particularly during the last 4-5 years the country has witnessed a tremendous growth in the founding of management institutions most of them in private sector offering management programs in different functional areas of management. Assam too is trying to catch on this opportunity and there has been a tremendous growth in the number of institutes offering management programs. Apart from Government Universities, Private universities and private institutions are also offering management programs. But the mushroom growth of these institutions is also posing the threat of the quality of the education imparted by them.

Objectives of the Study

At present various Government & Private Universities and AICTE approved institutions are engaged in imparting management education in Assam. This paper is intended to study whether these Management Programmes are capable of meeting the future corporate and societal expectations and to critically examine the quality of management education particularly in Assam on the basis of various parameters, such as, quality, profile and diversity of students, curriculum, faculty, placement, management, infrastructure, etc. The primary objectives of the study are to examine the following:

*Assistant Professor, Jaipuria Institute, Ghaziabad, UP, India. Email: tazyn08@gmail.com
• To study the Student preference and behavior on selection of Institute.
• To study the Student satisfaction level.
• To find out the Pitfalls in the Management Education System in Assam.

Research Methodology
For conducting the research both Primary and Secondary sources were used to collect data. Primary data were collected with the help of a structured, non-disguised questionnaire on Universities and AICTE approved institutions located in Assam. 15 students of 2nd year were interviewed from each institute mentioned below:
• Assam Institute of Management
• School of Management, Assam Downtown University
• Royal Business School
• North East Regional Institute of Management
• Don Bosco Institute of Management
• Center of Management Studies, Dibrugarh University
• Department of Business Administration, Tezpur University
• Department of Business Administration, Guwahati University
• School of Business, Kaziranga University
• Girjananda Chaudhary Institute of Management

Besides, input received from students secondary data was collected from various literatures of the institutions namely Prospectus and Course Curriculum and websites.

Limitations of the Study
1. The sample size taken is assumed to represent the entire management student of Assam.
2. The study is based on a limited sample of 150, which may not give true picture of the population.
3. Conclusions are drawn based on response of respondents.
4. Duration of the study was for a period of 30 days only which is not sufficient for a detailed study.

Findings of the Study

<table>
<thead>
<tr>
<th>Gender</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>102</td>
<td>68</td>
</tr>
<tr>
<td>Female</td>
<td>48</td>
<td>32</td>
</tr>
</tbody>
</table>

From the above table & graph, it can be interpreted that out of 150 respondents of different age profile, male represented 68% of the sample while 32% were females.

<table>
<thead>
<tr>
<th>Education Background</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. COM</td>
<td>46</td>
<td>31</td>
</tr>
<tr>
<td>BBA</td>
<td>39</td>
<td>26</td>
</tr>
<tr>
<td>BA</td>
<td>29</td>
<td>19</td>
</tr>
<tr>
<td>B. Sc</td>
<td>24</td>
<td>16</td>
</tr>
<tr>
<td>B. Tech</td>
<td>12</td>
<td>8</td>
</tr>
</tbody>
</table>
From the above table & graph, it is understood that out of 150 respondents interviewed, 57% of the students enrolled in the MBA / PGDM program are from commerce and management stream.

From the above analysis, it is opined that out of 150 respondents interviewed majority of the students were without any work experience.

### Table 3: Professional / Industrial Experience of Respondents

<table>
<thead>
<tr>
<th>Experience</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>With work experience</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td>Without work experience</td>
<td>132</td>
<td>88</td>
</tr>
</tbody>
</table>

From the above table & graph, it can be interpreted that out of 150 respondents, 51 % respondents are from service class and 41% are from Business class.

### Table 4: Family Background of Respondents

<table>
<thead>
<tr>
<th>Family Background</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>77</td>
<td>51</td>
</tr>
<tr>
<td>Business</td>
<td>62</td>
<td>41</td>
</tr>
<tr>
<td>Farmer</td>
<td>11</td>
<td>8</td>
</tr>
</tbody>
</table>

### Table 5: Career Objective of Respondents

<table>
<thead>
<tr>
<th>Career Objective</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public/Private Sector Job</td>
<td>108</td>
<td>72</td>
</tr>
<tr>
<td>Family Business</td>
<td>28</td>
<td>19</td>
</tr>
<tr>
<td>Self Entrepreneurship</td>
<td>14</td>
<td>9</td>
</tr>
</tbody>
</table>
From the above table & graph, it was understood that out of 150 respondents interviewed majority of students enrolled in MBA / PGDM program want to do jobs at Public/Private Sector and rest either will join their family business or are keen to start their own business.

**Table 6: Student Selection Factor of the Institutes**

<table>
<thead>
<tr>
<th>Selection Factor</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ranking of the Institutes</td>
<td>1</td>
</tr>
<tr>
<td>Past Placement Record including salary packages, companies visited</td>
<td>2</td>
</tr>
<tr>
<td>Tuition Fee &amp; Infrastructure (Internet, library, computer lab, Class rooms)</td>
<td>3</td>
</tr>
<tr>
<td>Internship, Personality Development and Training on Communication Skills</td>
<td>4</td>
</tr>
<tr>
<td>Faculty and teaching methodology, Specialization offered</td>
<td>5</td>
</tr>
</tbody>
</table>

From the above analysis, it is opined that out of 150 respondents interviewed about factors influencing the selection of Institute, 41 students have selected the institute based on its ranking. Placement figures, highest salary package received by the students is the next highest priority as the students are enrolling into the program to get a good job. Tuition fees and the infrastructure in terms of classrooms, computer labs, library, provision of laptops, wi-fi facility in the campus, location of the premises of the B school are voted third in the priority list. The students expect faculties to be rich in experience and qualification and teaching those concepts in class in an interesting, interactive and industry relevant manner. The students expect the faculty to have good subject knowledge and market awareness in the subject they teach and expect them to give real life examples and current happenings in the field of business. Teaching methodology, innovation in curriculum, industry interface, summer internships etc. is low on the consideration of students while they select the institute.

<table>
<thead>
<tr>
<th>Satisfaction Factor</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition Fee &amp; Scholarship</td>
<td>1</td>
</tr>
<tr>
<td>Summer Internship and Placement including companies visited</td>
<td>2</td>
</tr>
<tr>
<td>Training on Communication Skills and Personality Development</td>
<td>3</td>
</tr>
<tr>
<td>Industrial Interface / Visit, Seminars and International tour</td>
<td>4</td>
</tr>
<tr>
<td>Faculty and teaching methodology, Specialization offered</td>
<td>5</td>
</tr>
</tbody>
</table>

From the above analysis, it is opined that out of 150 respondents interviewed about satisfaction level, 38 are of the opinion that they are satisfied with the tuition fee and scholarship offered. Around 32 respondents are satisfied with Internship and placement offered in corporate.

**Pitfalls in the Management Education System of Assam**

- No Executive Programmes or educational programmes for working managers are organized by any Management Institute in Assam.
- The faculty in Management Institutes of Assam are mostly outsourced and do not have industrial experience and thus lacks understanding of real-world business problems. Most of the faculty members do not have a Doctoral degree.
- Management Programmes in Assam are largely concentrated an imparting formal teaching of management concepts and tools. Inadequate integration with real business world hampers their efforts to get their students job ready. In most of the Institute, Black Board Method of teaching is used.
Most of the Institutes give more attention on quantitative analytical techniques and little attention is given to developing leadership and interpersonal skills.

Most of the Institutes adopts lecture method as mode of instruction and few teach using the case study method and only a few use a combination of the two.

The study reveals that except one, no other Management Institutes in Assam have specialized in recent modes of delivery, viz. case study, Simulation exercises, study abroad programmes, National and International internship programmes, Joint-venture between Management Programmes worldwide, Diversification of Faculty and students and faculty exchanges.

The Management Institutes have not transformed themselves into technology enabled management education.

Institutes lay stress on the knowledge acquired through examinations and the work experience, creative thinking and communicating skills are not given due importance.

The infrastructure available to most of the institutes are inadequate, library are not having adequate books, national and International journals , Wi-Fi facilities etc.

The relation between Industry / Corporate world and Institutes are very poor. The frequency of industry visit is very poor and its looks like that institutes are just compiling the basic need of the curriculum.

Institutes are offering traditional specialization like HR, Marketing, and Finance. Very few institute offer Retail, Insurance, and International Marketing. Specialization like Advertising Management, Technology Management, Media Management, and Energy Management are not offered by any Institute.

Most of the Institutes face lack of soft skills among students, which is necessary for becoming successful managers.

The placement of students and companies visiting the campus are not satisfactory at all. The companies conducting the campus interview mostly belong to Insurance, Retail banking, NGO and Direct marketing sector. Students are highly dissatisfied with performance of placement department. It was also observed that management of some institutes gives dual duties to placement cell i.e. Training & Placement and Admission & Counseling. Due to dual nature of duty and target of Admission, they give less attention on placement activities.

To upgrade the faculty for B school, Faculty Development Programmes is must. Majority of the Institutes are not implementing it nor deputing its faculties in other institutes. Majority of the faculties were not involved in research activities. Institutes are not supporting its faculties to pursue Ph.D.

Suggestions

- A Regulatory/Professional body should be created to frame regulation on teaching and evaluation, and monitoring of Management Programmes.
- Curriculum of the management courses should be developed combining/integrating theory and practical based on real context of the industry.
- Education in Management Programme should include more of Case Studies, Simulation games and role plays.
- The students of Management Programmes should be sent to business houses in India and abroad on internship for a requisite period to gain hand on experience on the way the business is conducted and a firsthand feel of the corporate culture.
- Case study competitions to solve the real-life problems should be held, so that students develop creative thinking and it will also help them to enhance their analytical ability.
- Institutes should offer specializations in Retail, Insurance, International Marketing, Advertising Management, Technology Management, Media Management, Energy Management etc.
- Institutes need to improve the quality of their library facilities by having adequate books, national and International journals, Wi-Fi facilities etc.
- Faculty should be from academics as well as from the industry. Institute should encourage faculties to pursue higher studies and should be provided with assistance for participating in national and international conference and faculty development programs etc.
Institute should induct a few international faculties & provide an opportunity to the students to listen about other country’s business culture & system. It should also ensure that at least 25% of the curriculum deals with international subjects like International Economics, International Marketing, International Financial Management or International Business Management etc.

**Conclusion**

It is observed that the Management Institutes are not adopting change that is taking place in the field of management education to cope with the emerging dimensions of management education. Majority of the faculty do not have a combination of practical business experience and theoretical competence. Most of the faculty members do not have a Doctoral degree. The study reveals that most of the Management Institutes in Assam have not specialized in recent modes of lecture delivery, viz. case study, Simulation exercises, study abroad programmes, National and International internship programmes, Joint-venture between Management Programmes worldwide, Diversification of Faculty and students and faculty exchanges. The Management Institutes need to transform themselves into technology enabled management education. The students of Management Programmes should be sent to business houses in India and abroad on internship for a requisite period to gain hand on experience on the way the business is conducted and a firsthand feel of the corporate culture. Overall it can be said that management institutes is Assam has a long way to go, to be at par with the best B-Schools in India and Abroad. But nothing is impossible if there is a will and we are sure that in the near future Assam will have some premier management institutes.

**References**

Substitution of Current for Future Consumer Expenditure Behaviour in NCT of Delhi: An Empirical Analysis

Ritu Sharma*

Abstract

The present study is composed to investigate the substitution of current for future Consumer Expenditure Behaviour in National Territory of Delhi. The data used in this study were collected from the period of 2006 and 2009. The regression analysis technique is used to identify the relationship between household income and household consumption expenditure in India. The model for the study was estimated using the ordinary least square (OLS) technique.

Keywords: Substitution, income, consumption, savings, behavior

Introduction

An economy in different stages of growth moves first away from primary to secondary, and then from secondary to tertiary production (Arthur, Lowis 1961). This directly affects trade and business. Concurrently consumer and consumption profile changes with the diversification of economy and its output leading to diversification of necessities yield place first to conveniences and subsequently to luxury and conspicuous consumption goods. Living styles in this process become sophisticated and refined. Consumer preferences profile tilts in favors of glamour and ostentation. Keynes made consumption and by implication, savings a function of income though he treated investment as exogenous. He used consumption function as an instrument of equilibrium at less than full employment in the economy. This he did by formulation of aggregate consumption function.

Keynes theory implies that consumption is expected to display (i) smooth pattern, which leads to the consumption smoothing in the time series models and (ii) stability. As income grows, consumption will also grow, despite marginal propensity to consume being constant, though the consumption will not grow at the same rate at which income grows. Consequently APC tends to decline while APS rises. Modern consumption theory begins with Keynes (1936) analysis of the psychological foundation of consumption behavior in his General Theory. “The fundamental psychological law, upon which we are entitled to depend with great confidence both a priori and from our knowledge of human nature and from the detailed facts of experience, is that men are disposed, as a rule and on the average, to increase their consumption, as their income increases, but not by as much as the increase in their income (The General Theory, 1936, p.96)”

Evidence shows that as income increases, the amount of discretionary spending and variety of these discretionary
spending increases. The ultimate objective of all production is consumption for the satisfaction of varied needs of man. A free market economy provides freedom to the consumers to buy and consume goods of their choice. Buying preferences of the consumers send signals to the producers to produce various commodities in required quantities. Producers, therefore, would focus on producing those commodities which are desired by the consumers. Consumer behavior is related to likes and dislikes and expectations of the consumers. Not only likes and dislikes, consumer also has to make a choice between current consumption and postponement to future consumption. Analyzing substitution of current for future consumption expenditure aspect of consumer behavior is the make objective of this paper. Research in Marketing Management, deals mainly with consumers’ choices in market place, researchers have focused so far mainly on consumer’s choices for goods purchased for current consumption; this study of choice between current and future consumption goes beyond this as it explores the virgin territory of market research where current consumption becomes the genesis of future growth of the economy and hence, business. This aspect has not received attention. Naturally there exists gap in current stock of knowledge.

Importance of this topic “substitution of current for future consumption expenditure” lies in the fact that research helps in understanding the dynamics of economic development resulting in the change in consumption pattern and changing consumer behavior with rise in income in NCT region of Delhi.

**Objective of Study**

1. Analysis of Household’s substitution between current and future consumption expenditure in NCT region of Delhi.

**Hypothesis**

H0: There is a significant choice between current and future consumption, reflected by savings, in NCT region of Delhi.

H1: There is no significant choice between current and future consumption, reflected by savings, in NCT region of Delhi.

**Data Collection**

The basic material for the present analysis, i.e. Monthly Per Capita Consumption Expenditure (MPCE) and the corresponding total consumer expenditure for households of NCT of Delhi have been taken from the published reports of NSS 63rd and 66th round. This analysis thus covers the period from July 2006 (NSS 63rd round) and July 2009 (NSS 66th round). Data relating to SDP, savings rate and state population are taken from Economic Survey of Delhi 2006 and 2009.

**Methodology**

Data collected from NSS reports is further arranged on the bases of proportion for estimation. Tables are reported below;

<table>
<thead>
<tr>
<th>MPCE</th>
<th>Average House Hold Size</th>
<th>No of HH as per MPCE</th>
<th>Sample population</th>
<th>Proportion of sample population</th>
<th>Annual Sample Exp.</th>
<th>Proportion of Sample annual Exp.</th>
<th>Income of Delhi Per MPCE</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 500</td>
<td>9.26</td>
<td>3446</td>
<td>31909.96</td>
<td>0.001935287</td>
<td>95729880</td>
<td>0.00013</td>
<td>158392523.2</td>
<td>63809260.53</td>
</tr>
<tr>
<td>501-1000</td>
<td>6.13</td>
<td>737320</td>
<td>4519771.6</td>
<td>0.27411671</td>
<td>40705063030</td>
<td>0.05374</td>
<td>67349688922</td>
<td>27132176200</td>
</tr>
<tr>
<td>1001-1500</td>
<td>4.91</td>
<td>807260</td>
<td>3963646.6</td>
<td>0.24038865</td>
<td>59478480880</td>
<td>0.07851</td>
<td>98411767152</td>
<td>39645697690</td>
</tr>
<tr>
<td>1501-2000</td>
<td>4.06</td>
<td>747648</td>
<td>3035450.88</td>
<td>0.184095105</td>
<td>63762681185</td>
<td>0.08421</td>
<td>1.055E+11</td>
<td>42501354184</td>
</tr>
<tr>
<td>2001-2500</td>
<td>4.77</td>
<td>261165</td>
<td>1245757.05</td>
<td>0.075553117</td>
<td>33642914892</td>
<td>0.04443</td>
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</tr>
<tr>
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<td>269999</td>
<td>1039496.15</td>
<td>0.063043733</td>
<td>34309609927</td>
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<td>56767914938</td>
<td>22869252929</td>
</tr>
<tr>
<td>3001-30000</td>
<td>3.32</td>
<td>798934</td>
<td>2652460.88</td>
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<td>5.25187E+11</td>
<td>0.69361</td>
<td>8.68963E+11</td>
<td>3.50066E+11</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>16488493.12</td>
<td>1</td>
<td>7.57182E+11</td>
<td>1.25282E+12</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source:* Authors own creation
Empirical Analysis

The paper has used Solow consumption function. Consistent decrease in consumption per rupee worth of savings highlights substitution of future for current consumption, whereas increase in the temporal values of the ratio highlights substitution of current for future consumption. This has been examined by linear regression model as below:

\[ \frac{C}{S_t} = \alpha_0 + \alpha_1 Y_t + \alpha_2 S_t \]

Where,

- \( C/S_t \) = Consumption with respect to savings
- \( Y_t \) = Income
- \( S_t \) = Savings

OLS estimates of regression of consumption per rupee worth of savings in 2 periods are reported below:

**Regression results for 2006**

**Consumption and Income**

\[ -519242411.1 + 0.614X_1, R^2 = .99, F=1088809.424> F^* = 1.53 \]

\[ t = 1043.46 \]

Marginal propensity to consume on the evidence furnished by the above relation is Rs.0.61, Marginal propensity to save is Rs. 0.39.

**Ct/St and Income & Savings**

\[ -0.47846467 + 1.64X_1, -0.64 X_2, R^2 = 1, F= 2.87E+09> F^* = 4.85E-19 \]

\[ t = 447.92 \quad t = -174.89 \]

Corresponding to 1% increase in income, consumption relative to savings, i.e. consumption Per Rupee worth of Savings, increases by 1.64%. Since coefficient of X2 is negative we can say that corresponding to 1% increase in income, savings decrease by .64% per rupee worth of savings. Thus, current consumption is being substituted for future consumption/Savings.

OLS can be used only for linear relations, but ratios are non linear. For this reason, log linear function has been used for Ct/St, income and savings.
Thus we accept our null hypothesis that there is a significant choice between current and future consumption, reflected by savings, in NCT region of Delhi since, current consumption is being substituted for future consumption/Savings.

**Regression results for 2009**

**Consumption and Income**

\[-3.7E+08 + 0.68X1, R^2=1, F=10107304> F*=5.84E-17\]

\[t = 3179.19\]

Marginal propensity to consume on the evidence furnished by the above relation is Rs.0.68, Marginal propensity to save is Rs. 0.32.

**Ct/St and Income & Savings**

\[-0.40608139 + 1.48 X1, -1.48X2, R^2 = 0.999994243, F = 260570.1> F*=1.3812E-08\]

\[t = 425.61\]

\[t = -422.85\]

Corresponding to 1% increase in income, consumption relative to savings, i.e. consumption Per Rupee worth of saving, increases by 1.48%. Corresponding to 1% increase in income, savings decrease by 1.48% per rupee worth of savings. Thus current consumption is being substituted for future consumption/Savings.

Thus in this year also we accept our null hypothesis that there is a significant choice between current and future consumption, reflected by savings, in NCT region of Delhi since, current consumption is being substituted for future consumption/Savings.

**Main Findings**

1. Corresponding to 1% increase in income, consumption relative to savings, i.e. consumption Per Rupee worth of Savings, increases by 1.64%. Since coefficient of X2 is negative we can say that corresponding to 1% increase in income, savings decrease by 64% per rupee worth of savings in year 2006.
2. Corresponding to 1% increase in income, consumption relative to savings, i.e. consumption Per Rupee worth of saving, increases by 1.48%. Corresponding to 1% increase in income, savings decrease by 1.48% per rupee worth of savings in year 2009.

**Conclusion**

New breed of Indians are using the current income for full consumption. In certain case they may be over drawing form their future income also for satisfaction of current wants. This study shows that savings are being substituted for current consumption across NCT of Delhi. For corporations, the middle class in India thus presents significant business opportunities. Consumption plays a huge role in helping to drive the economy. As Indians continue to climb the economic ladder, the composition of their spending will change considerably. With rapid economic growth over the last decade, the income of the average household in urban India has grown drastically this is the reason why substitution for future for current consumption is exhibited by the results. Economic growth not only lifted millions of households out of poverty, but also gave rise to an emerging middle class - with new consumption patterns and, potentially, a strong interest in sound and stable political and economic institutions at least this is true for NCT of Delhi. While there is no denying the issue of under-reporting/underestimation of NSS consumption expenditure data, particularly of the rich segment, nonetheless, the data does offer meaningful insights into understanding the historical trends and distributional characteristics of India’s consumption story.

**References**

**Journal Articles**

A Comparative Study of Customer Satisfaction Factors in Organised vs. Unorganised Retail Sector at Indore City

Poorva Ranjan*

Abstract

Customers are people who buy products and services from other people (usually companies of one sort or another). What customers think and feel about a retail store and/or its products is a key aspect of business success. Attitudes are shaped by experience of the product, the opinions of friends, direct dealings with the retail store, and the advertising and other representations of the company. Customer satisfaction refers to the extent to which customers are happy with the products and services provided by a business. In other words Customer satisfaction, a business term, is a measure of how products and services supplied by a company meet or surpass customer expectation. I have tried to measure Customer satisfaction levels using survey techniques and questionnaires. Gaining high levels of customer satisfaction is very important to a business because satisfied customers are most likely to be loyal and to make repeat orders and to use a wide range of services offered by a business.

Keywords: Customer Satisfaction, Organized Retail Sector, Unorganized Retail Sector, Customer, Business Success

Introduction

“There is only one boss, The Customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else.”
- Sam Walton (Founder - Wal-Mart)

The retail sector provides a good example of the way in which different groups of customers will have different expectations. Some customers just want to buy standard products at the lowest possible prices. They will therefore shop from supermarkets that offer the lowest prices and provide a reasonable range of goods. In contrast, some supermarket shoppers are seeking such aspects as variety and quality. They will therefore choose to buy from an up-market supermarket. Additionally some customers will have special tastes such as wanting to buy Fair-trade products or organic fruit and vegetables. It is clear therefore that to be successful a business has to have a clear understanding of their target customers and the expectations of this group.

“A customer is the most important visitor on our premises; he is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favor by serving him. He is doing us a favor by giving us an opportunity to do so.”
- Mahatma Gandhi

Most markets are made up of groups of customers with different sets of expectations about the products and services that they want to buy. Marketing oriented businesses will therefore need to carry out research into customer requirements to make sure that they provide those products and services which best meet customer expectations in the relevant market segment.

*Associate Professor, Marketing Management, Jaipuria Institute of Management Studies, Indirapuram, Ghaziabad, UP, India.
Email: poorvaranjan@jaipuria.edu.in
The Rationale of the Study

Due to advent of shopping malls and big organised chain stores the customers at Indore are now having wide variety and options to choose from. Customer Satisfaction may be measured directly by survey and expressed as a percentage, such as Percent of Customers Completely Satisfied. I have tried to study the population of Indore in order to find out their view point with respect to organised and unorganised retail. I am trying to find out the customer preference as well as the deciding factor between organised & unorganised retail sector.

The Objectives of the Study

a. To study the 7P marketing mix factors of organised retail sector at Indore.
b. To study the 7P marketing mix factors of unorganised retail sector at Indore.
c. To compare the organised and the unorganised retail sector on the basis of marketing mix factors by applying statistical tools.

The Research Methodology

A. The Type of the Study: It is a Descriptive as well as Analytical Research since I do not have the control over the variables I have just collected the view points of the customers for the purpose of the fact finding of the retail sector at Indore. Also the data has been treated with statistical tools in order to arrive at conclusions.

B. The Study Area and Sample: The Organised and Unorganised Retail sector at Indore city were studied for the research purpose. Sample size is Two hundred. Random sampling approach was used to collect sample.

C. The Study Sample: The Tool for Data Collection: A Closed ended Questionnaire was framed where the customer’s preferences were collected on a Likart Scale (5 point scale). Total of 30 questions were asked segmented on the 7P’s of marketing. As per the survey conducted at Indore city with a sample size of 200 customers were asked to rate the 7P’s offered at organised and unorganised retail store on a scale of 0 to 4.

D. The Data Analyses Tool Used: T - Test, Paired T - Test, One way Annova and Mean Plots were used to analyze the data collected. SPSS was used to process data and generate results. Simple percentage based calculations were also done.

The Factors Considered for the Study

Product: Product is any merchandise/commodities or services offered for sale; “good business depends on having good merchandise”; “that store offers a variety of products” or “The Quality of product offered is good at particular store”, sometimes the customers wants “products as per season or trends” presence of “variety of brands” also contributes to overall product criteria. Either way product here refers to products or services. The product or service retailer offers needs to be able to meet a specific, existing market demand. Or, retailer needs to be able to create a market niche through building a strong brand.

Note: (All the data is in represented percentage, Figures have been rounded off to nearest whole number in all tables and charts)

<table>
<thead>
<tr>
<th></th>
<th>N=200</th>
<th>No Reply</th>
<th>Never</th>
<th>Sometimes</th>
<th>Mostly</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Organised Retail</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>31</td>
<td>68</td>
</tr>
<tr>
<td>2</td>
<td>Unorganised Retail</td>
<td>0</td>
<td>2</td>
<td>22</td>
<td>60</td>
<td>16</td>
</tr>
</tbody>
</table>

Table - 1
PRICE
Pricing is one of the most important elements of the marketing mix, as it is the only mix, which generates a turnover for the organisation. The remaining 6p’s are the variable cost for the organisation. It costs to produce and design a product; it costs to distribute a product and costs to promote it. Price must support these elements of the mix. Pricing is difficult and must reflect supply and demand relationship. Pricing a product too high or too low could mean a loss of sales for the organisation.

Hence the below mentioned points will evaluate the pricing strategy of a retail store.
- The Prices of product offered in the store
- The membership offered at store
- The Prices offered in memberships
- The discounts offered at the store
- The store provides off season sales
- The Prices offered during sale period

Table - 2

<table>
<thead>
<tr>
<th></th>
<th>N=200</th>
<th>No Reply</th>
<th>Never</th>
<th>Sometimes</th>
<th>Mostly</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organised Retail</td>
<td>1</td>
<td>0</td>
<td>4</td>
<td>3</td>
<td>73</td>
<td>20</td>
</tr>
<tr>
<td>Unorganised Retail</td>
<td>2</td>
<td>1</td>
<td>17</td>
<td>58</td>
<td>23</td>
<td>1</td>
</tr>
</tbody>
</table>

PROMOTION
Promotion is concerned with any vehicle a retailer employs for getting people to know more about their retail store and what product or service it offers. Advertising, public relations, point-of-sale displays, and word-of-mouth promotion are all traditional ways for promoting a product. Promotion can be seen as a way of closing the information gap between would-be retailers and would-be buyers. Retailer’s choice of a promotional strategy will be dependent upon store budget, the type of product or service retailer is selling, and availability of said promotional vehicle.

Some of the attributes of promotion are.
- The store advertises by newspaper
- The store advertises through Billboards
- The store advertises through television
- The customers come to know about offers, discounts or sale on time
PLACE

This term really refers to any way that the customer can obtain a product or receive a service. This can occur through any number of distribution channels, such as in a retail store, through the mail, via downloadable files, on a cruise ship, in a hair salon, etc.

Some of the attributes of the place strategy for retail store are as follows:
- The condition of the Parking Space
- The Provisions For Entering Through The Entrance and The Elevator/Lift
- The Distance Of store From Home Is or Distance from Parking to the Store Is.

PEOPLE

An essential ingredient to any service provision is the use of appropriate staff and people. Recruiting the right staff and training them appropriately in the delivery of their service is essential if the organisation wants to obtain a form of competitive advantage. Consumers make judgments and deliver perceptions of the service based on the employees they interact with. Staff should have the appropriate interpersonal skills, attitude, and service knowledge to provide the service that consumers are paying for.
• The Attitude of the sales staff in the store & billing counter person
• The Knowledge of sales staff regarding the products
• The Helpfulness of sales staff in the store

**PHYSICAL EVIDENCE**

PE is the element of the service mix which allows the consumer again to make verdict on the organisation. If we walk into a restaurant our expectations are of a clean, friendly environment. PE is an essential part of the service mix; consumers will make perceptions based on their sight of the service provision which will have an impact on the organisations perceptual plan of the service.

Some of the PE aspects include the following:
- The Interiors Inside The Store, Lighting, Air-conditioning
- The Arrangement of the Racks and/or Products on the racks in the store
- The Seating arrangements inside the store, Cleanliness etc.
Applying T - Test on sample collected for People and Physical evidence with reference to organised retail sector at Indore I have hypothesized that there is no significant difference between the population mean (hypothesized value) and the sample mean. OR the respondents always prefer organised retail sector due to People and Physical Evidence (PE). (H0: \( \mu = 4 \), Ha: \( \mu \neq 4 \))

<table>
<thead>
<tr>
<th>Table - 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>N=200</td>
</tr>
<tr>
<td>1 Organised Retail</td>
</tr>
<tr>
<td>2 Unorganised Retail</td>
</tr>
</tbody>
</table>

**Analysis of Organised retail customer satisfaction at Indore**

The table below is showing the Mean values and Standard Deviation of the samples collected for the 7P marketing Mix for the Organised Retail Sector from Indore City

<table>
<thead>
<tr>
<th>Table - 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-Sample Statistics</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Organised Product</td>
</tr>
<tr>
<td>Organised Price</td>
</tr>
<tr>
<td>Organised Promotion</td>
</tr>
<tr>
<td>Organised Place</td>
</tr>
<tr>
<td>Organised Process</td>
</tr>
<tr>
<td>Organised People</td>
</tr>
<tr>
<td>Organised PE</td>
</tr>
</tbody>
</table>

Applying T - Test on sample collected for People and Physical evidence with reference to organised retail sector at Indore I have hypothesized that there is no significant difference between the population mean (hypothesized value) and the sample mean. OR the respondents always prefer organised retail sector due to People and Physical Evidence (PE). (H0: \( \mu = 4 \), Ha: \( \mu \neq 4 \))

<table>
<thead>
<tr>
<th>Table - 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-Sample T - Test (Test Value = 4)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Organised People</td>
</tr>
<tr>
<td>Organised PE</td>
</tr>
</tbody>
</table>

The calculated t - value for the variable People is - 1.978. Its corresponding table value at 199( \( \bar{t} \) ) degree of freedom at 5% level of significance is 1.96. (At df = \( \bar{t} \) (0.05) = 1.960) since the calculated value is greater than the table value therefore we reject the null hypothesis. But this value is accepted at 1% level of significance (At df = \( \bar{t} \) (0.01) = 2.570). In other words the customers prefer organised retail outlet due to the working staff
(People) which corroborates to the percentage preference shown in the survey at 95% respondents prefer the organized retail outlets due to its well trained and polite staff. The retailers must therefore understand the importance of conducting training and development programmes for their personnel so that they can attend to their customer well and in turn create satisfied customers.

The calculated t-value for the variable Physical Evidence is -1.955. Its corresponding table value at 199 (∞) degree of freedom at 5% level of significance is 1.96. (At df = ∞ (0.05) = 1.960) since the calculated value is lesser than the table value therefore we accept the null hypothesis. In other words the customers always prefer Organised Retail Outlet due to the working good (PE) interiors and facilities provided there. In the survey 97% of the customers preferred the organised retail outlet due to its interiors and the ambience of the store. Hence the retailers must understand the importance of physical evidence in the retail sector.

In the next step I have applied T - Test on sample collected for Product, Price, Place, Promotion and Process with reference to organised retail sector at Indore, based on the hypothesis that there is no significant difference between the population mean (hypothesized value) and the sample mean. OR the respondents though not always but sometimes prefer organised retail sector due to Product, Price, Place, Promotion and Process. (H₀ : μ = 3, H₁ : μ ≠ 3)

<table>
<thead>
<tr>
<th>Product</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
<th>Mean Difference</th>
<th>Lower</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organised Product</td>
<td>20.107</td>
<td>199</td>
<td>0.000</td>
<td>0.68000</td>
<td>0.6133</td>
<td>0.7467</td>
</tr>
<tr>
<td>Organised Price</td>
<td>1.822</td>
<td>199</td>
<td>0.070</td>
<td>0.08000</td>
<td>-0.0066</td>
<td>0.1666</td>
</tr>
<tr>
<td>Organised Promotion</td>
<td>1.910</td>
<td>199</td>
<td>0.058</td>
<td>0.11500</td>
<td>-0.0038</td>
<td>0.2338</td>
</tr>
<tr>
<td>Organised Place</td>
<td>11.922</td>
<td>199</td>
<td>0.000</td>
<td>0.50000</td>
<td>0.4173</td>
<td>0.5827</td>
</tr>
<tr>
<td>Organised Process</td>
<td>1.486</td>
<td>199</td>
<td>0.139</td>
<td>0.06500</td>
<td>-0.0213</td>
<td>0.1513</td>
</tr>
</tbody>
</table>

**Product**

The calculated t-value for the variable Product is 20.107. Its corresponding table value at 199 (∞) degree of freedom at 5% level of significance is 1.96. (At df = ∞ (0.05) = 1.960) since the calculated value is greater than the table value therefore we reject the null hypothesis. In other words the customers most of the time does not prefer Organised Retail Outlet due to the Product Factor.

**Price**

The calculated t-value for the variable Price is 1.822. Its corresponding table value at 199 (∞) degree of freedom at 5% level of significance is 1.96. (At df = ∞ (0.05) = 1.960) since the calculated value is lesser than the table value therefore we accept the null hypothesis. In other words the customers most of the time prefers Organised Retail Outlet due to the Price Factor.
Promotion
The calculated t-value for the variable People is 1.910. Its corresponding table value at 199 (∞) degree of freedom at 5% level of significance is 1.96. (At df = ∞, t (0.05) = 1.960) since the calculated value is lesser than the table value therefore we accept the null hypothesis. In other words the customers most of the times prefer Organised Retail Outlet due to the Promotion factor.

Place
The calculated t-value for the variable PE is 11.922. Its corresponding table value at 199 (∞) degree of freedom at 5% level of significance is 1.96. (At df = ∞, t (0.05) = 1.960) since the calculated value is greater than the table value therefore we reject the null hypothesis. In other words the customers most of the times does not prefer Organised Retail Outlet due to the Place factor.

Process
The calculated t-value for the variable PE is 1.486. Its corresponding table value at 199 (∞) degree of freedom at 5% level of significance is 1.96. (At df = ∞, t (0.05) = 1.960) since the calculated value is lesser than the table value therefore we accept the null hypothesis. In other words the customers most of the times prefer Organised Retail Outlet due to the Process factor.

Analysis of Unorganised retail customer satisfaction at Indore city

The table below is showing the Mean values and Standard Deviation of the samples collected for the 7P marketing Mix for Indore.

Table - 11

<table>
<thead>
<tr>
<th>One-Sample Statistics</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>UnOrg Product</td>
<td>200</td>
<td>2.9100</td>
<td>0.66642</td>
<td>0.04712</td>
</tr>
<tr>
<td>UnOrg Price</td>
<td>200</td>
<td>2.0650</td>
<td>0.66557</td>
<td>0.04706</td>
</tr>
<tr>
<td>UnOrg Promotion</td>
<td>200</td>
<td>1.9850</td>
<td>0.76662</td>
<td>0.05421</td>
</tr>
<tr>
<td>UnOrg Place</td>
<td>200</td>
<td>2.9350</td>
<td>0.68051</td>
<td>0.04812</td>
</tr>
<tr>
<td>UnOrg Process</td>
<td>200</td>
<td>2.6900</td>
<td>0.65271</td>
<td>0.04615</td>
</tr>
<tr>
<td>UnOrg People</td>
<td>200</td>
<td>3.0650</td>
<td>0.74400</td>
<td>0.05261</td>
</tr>
<tr>
<td>UnOrg PE</td>
<td>200</td>
<td>2.0600</td>
<td>0.76112</td>
<td>0.05382</td>
</tr>
</tbody>
</table>

Applying T-Test on sample collected for Product, Price, Place, Promotion and Process with reference to organised retail sector at Indore. By making the hypothesis - There is no significant difference between the population mean (hypothesized value) and the sample mean. OR the respondents sometimes prefer Unorganised Retail Sector due to Product, Place, People and Process. (H₀: µ = 3, Ha: µ ≠ 3) and 3 represents mostly on a scale from 0 to 4. Where 0 is no reply and 4 is always.
The calculated t-value for the variable Product is -1.910. Its corresponding table value at 199 (degree of freedom at 5% level of significance) is 1.96. Since the calculated value is lesser than the table value therefore we accept the null hypothesis. In other words, the customers most of the times prefer Unorganised Retail Outlet due to the Product factor.

The calculated t-value for the variable Place is -1.351. Its corresponding table value at 199 (degree of freedom at 5% level of significance) is 1.96. Since the calculated value is lesser than the table value therefore we accept the null hypothesis. In other words, the customers most of the times prefer Unorganised Retail Outlet due to the Place factor.

The calculated t-value for the variable Process is -6.717. Its corresponding table value at 199 (degree of freedom at 5% level of significance) is 1.96. Since the calculated value is greater than the table value therefore we reject the null hypothesis. In other words, the customers most of the times do not prefer unorganised Retail Outlet due to the Process factor.

The calculated t-value for the variable People is 1.236. Its corresponding table value at 199 (degree of freedom at 5% level of significance) is 1.96. Since the calculated value is lesser than the table value therefore we accept the null hypothesis. In other words, the customers most of the times prefer Unorganised Retail Outlet due to the People factor.

There is no significant difference between the population mean (hypothesized value) and the sample mean. OR the respondents sometimes prefer Unorganised Retail Sector due to Price, Promotion and Physical Evidence. (H₀: μ = 2, Ha: μ ≠ 2)

<table>
<thead>
<tr>
<th>Product</th>
<th>t</th>
<th>df</th>
<th>Sig. (2tailed)</th>
<th>Mean Difference</th>
<th>Lower</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>UnOrg Product</td>
<td>-1.910</td>
<td>199</td>
<td>0.058</td>
<td>-0.9000</td>
<td>-0.1829</td>
<td>0.0029</td>
</tr>
<tr>
<td>UnOrg Place</td>
<td>-1.351</td>
<td>199</td>
<td>0.178</td>
<td>-0.6500</td>
<td>-0.1599</td>
<td>0.0299</td>
</tr>
<tr>
<td>UnOrg Process</td>
<td>-6.717</td>
<td>199</td>
<td>0.000</td>
<td>-0.3100</td>
<td>-0.4010</td>
<td>-0.2190</td>
</tr>
<tr>
<td>UnOrg People</td>
<td>1.236</td>
<td>199</td>
<td>0.218</td>
<td>0.06500</td>
<td>-0.0387</td>
<td>0.1687</td>
</tr>
</tbody>
</table>
Price
The calculated $t$ – value for the variable Price is 1.381. Its corresponding table value at 199 degrees of freedom at 5% level of significance is 1.96 (At df = $\infty$, $t (0.05) = 1.960$) since the calculated value is lesser than the table value therefore we accept the null hypothesis. In other words the customers sometimes prefer Unorganised Retail Outlet due to the Price Factor.

Promotion
The calculated $t$ - value for the variable Promotion is – .277. Its corresponding table values at 199 degrees of freedom at 5% level of significance is 1.96. (At df = $\infty$, $t (0.05) = 1.960$) since the calculated value is lesser than the table value therefore we accept the null hypothesis. In other words the customers sometimes prefer Organised Retail Outlet due to the Promotion factor.

Physical Evidence
The calculated $t$ - value for the variable PE is 1.115. Its corresponding table value at 199 degrees of freedom at 5% level of significance is 1.96. (At df = $\infty$, $t (0.05) = 1.960$) since the calculated value is lesser than the table value therefore we accept null hypothesis. In other words the customers sometimes prefer Organised Retail Outlet due to the PE factor. Now this perhaps the weakest link of the unorganised retail sector.

The Conclusion
The retail companies need to consider the recruitment process seriously. They need to spend some money on interiors and on stocking their stores and also investment in recruiting staff. They need to recruit better people and put the right people in the right place. The staff needs to be properly trained, it should be an ongoing process, and they need to monitor and measure staff performance. The retailer must measure staff performance regularly and there should be a reward and recognition programme for them. The company needs to find out what the staff feels about the working environment by doing an Employee Satisfaction Survey that guarantees anonymity and where there is no fear of a backlash. If the staff is happy then the customer will be happy as the staff will put their best foot forward. Also, it is vital to get customer feedback from the employees who interact with customers so that you know what the customer needs and feels. Hence all round communication is of importance. Some brands were practicing good customer service in some locations and not in others. There was inconsistency in recruitment, training and measurement of performance.

Hence we can conclude that todays customer knows that same product is available everywhere at more or less same prices and these days every organised retailer promotes the store but customer looks for good shopping experience and ambience of the store as well as well trained and helpful staff at the store. These two can be a differentiating factor that can make one store
popular over the other organised retailers. The data shows that the unorganised retailers are simply neglecting most important factor leading to customer satisfaction in today’s retail scenario. These unorganised retailers are not creating better shopping atmosphere which is becoming major deterrent in progress of their stores and customers are shifting to organised retailers.

Hence the prime differentiating factors that has emerged out of study is that people and physical evidence are not to be neglected for the success of retail sector. Since all the stores provide the same products and also offers discounts & use automated electronic bill processors and promote their stores as well. The same concept is explained here in this quote.

Reference

2. “Impact of Format on Retailers’ Brand: Its Threats and Opportunities: A Theoretical Analysis”, Piyush Kumar Sinha and Nilmadhab Mandal,
3. “Location Planning Theories in Valuation of Retail Premises”, 2006, written by Patrik Skogster, Shaping the Change, XXIII FIG Congress, Munich, Germany, October 8-13, 2006
The Application of Price on Y-Axis and Volume on X-Axis in Demand and Supply Analyses - Is It A Muddle?

Samithamby Senthilnathan*

Abstract

Many generally demonstrate that the application of price on Y-axis and quantity on X-axis is a conventional application and sometime, referred to as an improbable approach in demand and supply analyses, though there are valid reasons in economics and business applications. These reasons are theoretically accepted and implemented in economic processes. The derivation of demand curve from utility theory and the cost of production theory (for supply) are needed to be compromised with the theory of firm. The price determination (as a dependent variable) for a product in the theory of firm is based on quantity of the product as an independent variable. Economic processes and theories have critically handled quantity measures on X-axis without complicating the theories of demand and supply. Hence, the placement of price and quantity respectively on Y and X axes is definitely not a disorder. Rather, it contains valid reasons in economics beyond questions.

Keywords: Demand, supply, price, quantity, X-axis, Y-axis

Introduction

In economics, price and quantity of a particular product are represented on Y and X axes, respectively in the graphical analyses of demand and supply. Many have not recognized why this has taken place in economics in comparison with mathematical relationship between independent (X) and dependent (Y) variables. They term this as a misspecification in graphs of demand and supply in economics as speculated by ancient economists, and accept this approach in view of the scholarly work done by many economists as a conventional approach. This article attempts to provide some reasons for why such graphical applications are imposed to maintain consistently.

Most textbooks provide clear explanations why the price and quantity are respectively on Y and X axes. However, these explanations are mostly left out and not relatively and directly indicated when analyses fall with price-quantity relationship for their mathematical formulation and determination. Because of the comparison of the relationship between X and Y in coordinate geometry with quantity-price relationship, many people perceive that price and quantity are misrepresented on Y and X axes respectively. This note explores that the birth of a demand curve, cost of production theory, theory of firm and the contribution of economics as a base for other relevant area such as manufacturing, marketing, etc. cannot be neglected. As such, there are some valid reasons in economics to represent price and quantity on the Y and X axes, respectively.

Utility Theory and Price - Quantity Relationship in Demand

The primary reason is how the utility theory gives birth for a demand curve. The utility theory is the source of demand curve that encompasses the relationship between quantity (Q) and
total utility (TU) as independent and dependent variables respectively and explores how one’s marginal utility (MU) diminishes while one consumes a good continuously. In utility theory, quantities of a product as an independent variable determine TU of a person consuming the product continuously. The MU is derived from TU as per the additional quantity of product consumed. The utility process transforms MU-quantity relationship into price-quantity relationship for a product per person. High MU is regarded as high price and low MU is as low price. Therefore, the negative relationship of MU with quantity is implicated into price – quantity relationship. Every individual’s quantities for the respective price (level of MU) are finally summed up to derive a market demand curve. The utility theory basically considers quantity as an independent variable and therefore, the quantity is placed on X-axis as coordinate geometry implements. Because of the transition of MU into price, the transformed price is held up on Y-axis to facilitate and confirm the derivation of demand curve from MU.

**Cost of Production Theory, Theory of Firm, and Break-even-point**

As economics links with other disciplines of business, the relationship between price and quantity and locating them on Y and X axes appeal for a consistent approach. Theory of firm is related to production and related cost determination. Firms are concerned with determining cost of production based on number of outputs. In this context, the quantity is an independent variable on X-axis and the respective costs are on Y-axis as a dependent variable. In theory of firm, the information of these costs for a product needs to be incorporated with demand of the product in market. As price is independent in demand function and quantity is independent in cost of production, placing independent and dependent variable on X and Y axes respectively become mess (because of unit measure difference) and would not produce any simple derivation of decisions for determining the firm’s sales price of its product and equilibrium. As initial process begins with production process and the price is determined in cost of production with the number of products to be supplied in market, a common application for placing quantity and monetary value on X and Y axes needs to be clarified. This complexity has been settled down with placing quantity on X-axis as initially considered in theories of cost of production and utility. Further extension of this approach can be validated with break-even-point (BEP) analysis by firms.

Monopolistic competition and oligopoly models in economics are very simple models to understand practical approaches in business. The kinked demand model in oligopoly, for example, explores interdependence of a firm on other firms in determining market price for its product. As the market prices are “sticky”, how a firm compromises its incidental increase in cost of production can be explored with the BEP analysis, where the BEP approach considers quantity on X-axis. When a firm considers its personal (own) demand curve and market demand curve with its cost of production, the theory of firm appeals for the BEP approach to maintain the prices and supply of products to its market. This reveals, for an instance, a complex situation of the theory of firm where a firm’s profit maximization criterion (marginal cost MC = marginal revenue MR) is not capitalized.

A firm’s personal and market demand curves restrict (narrow) the firm’s operational demand curve in the market. Since the firm’s demand-based market function for a product is organized by its personal and market demand functions, the firm’s functional demand curve becomes kinked at a point where the price of the product seems sticky (see Appendix 1). As a result, the firm needs to compromise its MC of the product with two broken (own and market) MR curves for its equilibrium: (1) with own MR and (2) with the market MR. When MC falls in the broken area of MR curves on which the firm intends to maximize profit, it is really hard to make an appropriate selection of MR that suit to the MC to satisfy the condition MC = MR in market theory (refer to Appendix 1). As the market has determined the price of product, a firm needs to follow it. If the firm wants to react to the market predetermined price, the possible option is only to reduce the price. If the firm increases the price of product, the competitors do not follow the same approach and the firm can suffer from loss of market share. When the MC of production goes high for the firm, it needs to adjust in the market price without losing its market share. But, the firm cannot increase the price and the adjustment needs to be compromised along the broken MR curve with the MC. To compromise MC with MR, firms are compelled to employ
BEP approach to determine the amount of sacrificed profit for the quantity to be supplied to the market without losing the market share. This paves way to move into other method of profit determination apart from classical economic theory of firm. The managerial economics deals with employing BEP approach in business applications that considers quantity on X-axis as independent variable in determining the total revenue, price of a product and profit. This implies how economic theories are compromised compatibly with other related aspects of business applications.

In BEP approach, the fixed cost of a firm and an expected contribution beyond the variable cost of a product unit decide that how much quantity of that product, at least, needs to be supplied at its related price for the existence of that product in market. The firm with its total fixed cost divided by contribution per unit can determine the minimum number of products (BEQ = break even quantity) to be supplied to the market at a respective price. Note that one of the decisions to be made with the BEP analysis is to determine the price to be charged for the product in markets. In this process, the firm first determines number of quantities to be supplied to the market with the coverage of variable cost to determine its total revenue as equal to total fixed cost. In the BEP approach, the quantities of a firm’s product are represented on X-axis as an independent variable and the revenues as dependent variable for the respective quantities are on Y-axis. The application of BEP in the present economic context contributes to the firms to direct their production processes and marketing activities in an efficient manner. The BEP approach of firms that apply quantity on X-axis is consistent with theory of firm that compromises both theory of cost of production and principle of demand from utility theory (see Appendix 2).

Conclusion

Many generally articulate, from a geometrical perspective, that the application of price on Y-axis and quantity on X-axis are regarded as a conventional application and sometime, referred to an improbable approach in market forces of demand and supply, even though there are valid reasons in economics and business applications. These reasons are theoretically accepted and implemented in economic processes. The derivation of demand curve from utility theory and the cost of production theory (for supply) are needed to be compromised with the theory of firm. The price determination (as a dependent variable) for a product in the theory of firm is based on quantity of the product as an independent variable. Economic processes and theories have critically handled quantity measures on X-axis without complicating the theories of demand and supply (cost of production). The placement of quantity on X-axis is consistent with practical application of BEP in firms and in geometry. Hence, the placement of price and quantity respectively on Y and X axes is definitely not a disorder. Rather, it contains valid reasons in economics beyond questions.

References

Appendix 1

A firm’s operational (kinked) demand curve in oligopoly

Referring to Figure A1.1 below, the market demand curve AR, is AB and marginal revenue MR, is AC; and the firm’s personal demand curve AR, is KM and marginal revenue MR, is KN. As the firm needs to function with the two demand curves AR, and AR, the firm’s functional demand curve becomes AHM (shown as kinked thick line). As a firm’s profit maximization condition MR=MC, the firm needs to compromise both MR, and MR, with MC. When the firm attempts to satisfy entire market at the price P, the firm’s profit maximizing criteria MR=MC falls between R and S and that does not reveal at which value MC and MR are determined to indicate a firm’s profit maximization. This ambiguity paves way for BEP approach.

![Figure A1.1](image)

Appendix 2

A simple break-even-point analysis for a firm producing a single product only

A firm initially determines the total fixed cost, (say TFC), and then determines the amount of contribution expected from a unit to cover the TFC, (say UC).

Therefore, the minimum number of units to be produced to meet the total fixed cost,

\[ \text{BEP} = \frac{\text{Total Fixed Cost (TFC)}}{\text{Unit Contribution (UC)}} \]

The firm can work out the cost of production with cost accounting process to determine the variable cost per unit based on the minimum quantity to be produced for the product existence in market. The market unit price can be determined as variable cost per unit plus UC, normally irrespective of FC. The minimum number of units to be produced (i.e., BEP) is to represent the revenue to cover both the TFC and total variable cost (TVC) of the product. At the BEP, the total revenue (TR) is equal to total cost (TC = TFC + TVC). As the TFC is met at the BEP, any further unit that is sold in the market produces its contribution as a unit profit to the firm because the TFC is covered with BEP units. Therefore, the firm needs to determine its production size of the product beyond the quantities of BEP (refer to Figure A2.1).

If the firm is able to sell its product below the break-even quantity (BEQ = Q*), the product provides loss to the firm. The range of quantities from Q to Q* provides opportunity to the firm to keep the product in the market as its respective revenue covers a part of the total fixed cost. When the number of quantities sold to market is below Q*, the firm definitely needs to withdraw the product from market because the revenue blow Q is not enough to cover the TFC and it is not rational to supply the product to market.

![Figure A2.1](image)
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