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S. Vinoth



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Editorial Message

The present issue of the *RVS Journal of Management* includes twelve articles. This *Journal* also included some of the best selected articles from the National Conference organized by RVS Institute of Management Studies and Research during January, 2011. The editors would like to initiate discussions about more visionary approaches to understanding and managing the challenges of the new millennium. The fatigue that marks the public debate about the management questions could indicate that it is time for reflection and for taking a critical look at the way managerial problems are conceptualized and not least how the appropriate regulatory solutions are identified. We would like to offer our readers a platform for an open-minded discussion of management issues and how to go about their regulation or management from an academic perspective. The editors welcome papers exploring and critically reflecting upon the challenges of the new millennium from a management perspective. The *RVS Journal of Management* seeks to provide an outlet for original high quality peer reviewed scholarly research in the increasingly important areas of management. High quality work in all areas of management will be welcomed by the *Journal*. We hope to publish theoretical, empirical, and experimental articles which will contribute to the development of the different areas of management. We hope and believe that our journal will be of interest to a wide range of researchers, in all areas of management. We are of the opinion that by publishing original, high quality, scholarly articles the *Review* will contribute significantly to our understanding of the minute details of management in the coming years.

1st July, 2011

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Innovation Enhancement through Information and Communication Technology Adoption—An Empirical Study with Reference to the Small and Medium Enterprises of the Knitwear Industry in Tirupur

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Abstract—*Innovation vary in complexity and can range from minor improvements in existing products, processes or services to major changes that introduce first time features or assure exceptional performance. A commitment to innovation has always been recognized as an important constituent for the success of any entrepreneurial undertaking. Past research has always proved that innovation stimulates growth and provides competitive edge to the organization over its non-innovating competitors. However, successful innovation needs to be supported by the presence of specific skills and capabilities in the organization. Appropriate strategic employment of Information and Communication Technology (ICT) is considered quiet essential in today's competitive context to efficiently translate innovation strategies into enhanced firm performance. Advancement in ICT, the declining cost of the systems, improved software and technological sophistication provides opportunities for the SMEs to use ICT as a competitive tool to innovate and thereby enhance the business performance. The synergy between ICT investment, innovation and firm performance is particularly felt among the SMEs of the knitwear industry of Tirupur having a strong and vulnerable presence in the international market. Hence the need for the study is felt to investigate into the mediating effect of ICT on firm's innovativeness (technological and administrative) and thereby on business performance of SMEs. An empirical study on a sample of 100 SMEs in the knitwear industry of Tirupur revealed that the direct impact of innovation on business performance is insignificant. However, innovation is positively associated with ICT investment and usage. In the presence of firm's emphasis on innovation, an emphasis on ICT has positive impact on business performance.*

Keywords: Business Performance, Innovation, ICT, Knitwear Cluster, SMEs

INTRODUCTION

The international business environment has transformed enormously during the past few decades with increasingly rapid diffusion of new technologies, development of new business models and global competitive pressures necessitating organizations to continuously adapt themselves to survive and succeed at the market place. More and more organizations, irrespective of their size, have started considering innovation as a precondition for their success. Innovation is widely recognized to be essential for the survival and growth of individual firms, and also for the sustainability of national and regional economic growth (Hyland & Beckett, 2004). In this context, the competitive advantage of Small and Medium Enterprises is becoming increasingly dependent on three critical factors such as cost reduction, higher efficiency of working and innovations (CEI) in business processes. The increasing rate of adoption of information and communication technology and the web-internet compound by SMEs have lead to specific innovational opportunities that can be exploited to organize and address marketplaces, offer innovative products, collaborate with business partners, transform business processes, and organize the delivery of information-system services (Vladimir Zwass, 2003).

INNOVATION

“An innovation is an idea, practice, or project that is perceived as new by an individual or other unit of adoption” (Rogers, 2003). Innovation is a process of turning opportunity into new ideas and of putting these ideas into extensively used practices. Innovation is a core process concerned with renewing what the organization offers and optimizing the way it generates and delivers its output (Tidd et al, 1997). An innovation would have been invented a long time ago, but if individuals see it as new, then it may still be an innovation for them. The minimum requirement for an innovation is that the product, process, marketing method or organizational method must be new (or significantly improved) to the firm (Oslo Manual, 2005). Innovation fuels organizational growth, drives future success, and is the engine that allows businesses to sustain their viability in a global economy (Gaynor, 2002). Innovation may take any form such as (i) introduction of a new product or a qualitative change in an existing product, (ii) process innovation new to an industry, (iii) opening of a new market, (iv) development of new sources of supply for raw material and (v) other inputs and changes in the industrial organization (Joseph Schumpeter, 1930).

CLASSIFICATION OF INNOVATION

Innovations vary in complexity and can range from minor changes to existing products, processes, or services to breakthrough products, and processes or services that introduce first-time features or exceptional performance (Dibrell et al, 2008). Innovation outcomes can be categorized into distinct types based on a certain criterion. The most frequent criteria are: the target of innovation outcomes (product versus process), the area of impact (technical versus

administrative), and the degree of change (radical versus incremental) (Gopalakrishnan and Damanpour, 1998). The OSLO Manual differentiates between four types of innovations, namely, 'Product Innovation', 'Process Innovation', 'Marketing Innovation', and 'Organizational Innovation' (OECD, 2007). Product innovations lead to improvements/changes in the end product or service offered by the organization, whereas process innovation represents improvements in the way firms produce end products or services. Marketing innovations are meant to better meet the customer needs, opening up new markets, or newly positioning a firm's product on the market, all aimed at increasing the firm's sales. Organizational innovations includes new administrative procedures, new management methods, new organization forms, new methods of taking decisions, communication, new definition of roles etc., intended to reduce cost and improve firm performance. Organizational innovations can also be measured considering product, process, and administrative innovations.

INFORMATION AND COMMUNICATION TECHNOLOGY

ICT is often used as a synonym for Information Technology but is usually a more broad term that stresses the role of telecommunications in the modern information technology. ICT consists of the entire technical resources used to handle information and support communication, including computer and network hardware as well as necessary software. The technologies that facilitate strategic and technological integration of innovation include those under the broad definition of Information and Communications Technology (ICT) (Dodgson et al 2002). ICTs have altered both the nature and extent of electronification of innovation by changing performance characteristics in terms of speed, transmission and exchange, control and visualization of information (Steinmueller, 2000). With the rise of information technologies and electronic networks, knowledge-building and culture alignment activities among organizations in the interconnected networks are more important than any other time in history and have become the key to success and wealth (Kopec et al). The electronic toolkit has the capacity to transfer, transform and control information used in the innovation process (Drury & Farhoomand, 1997). The expansion of the Internet is one of the most spectacular demonstrations of modern advances in information technology (Alberto & Eulogio, 2005). Firms often invest substantial resources in IT assets (Krishnan and Sriram 2000). Although organizational innovation with information technology is often carefully considered, bandwagon phenomena indicate that much innovative behavior may nevertheless be of the "me too" variety (Swansin & Ramiller, 2004). The introduction of the Internet or of related information technology implies a technological, administrative, and/ or business innovation for those firms that decide to conduct their activities, either partially or wholly, via the Internet.

ICT, INNOVATION AND BUSINESS PERFORMANCE OF SMES

SMEs have emerged as the drivers of growth in a number of developed and developing economies across the world. In India, they have emerged as a vibrant constituent of the economy due to their considerable contribution to GDP, employment generation, industrial production and exports. According to MSMED Act 2006, Small Enterprises are those firms, whose investment in plant and machinery (equipments in the case of services) is more than Rs. 25 lakhs but below Rs. 5 crores. Medium Enterprises are those firms, with investment in plant and machinery above Rs. 5 crores, but does not exceed Rs.10 crores. Earlier researches show evidence that synergy between ICT and Innovation augments firm's performance to a greater extent. Lee and Runge (2001) found that SMEs that are innovative are more likely to employ IT successfully. According to Frishammar and Horte (2005), firm performance is enhanced when innovative activity is complemented by IT initiatives that result in the systematic introduction of new processes and products that fit with existing processes, promoting increased customer loyalty, and stimulating demand for other products. Zehir et al (2008) conducted a study on the relationship between IT, organizational learning, firm innovation and firm performance and found that if IT practices, internal learning and their benefits are positive, firm innovation and performance will also be positive. Dibrell et al (2008) investigated the mediating effect of IT on the relationship among the firm's product and process innovation and firm performance and derived that the impact of innovation on firm performance is primarily indirect felt via the mechanism of importance managers' place on IT. Dibrell (2002) concluded that appropriate strategic employment of information technology (IT) may be essential in translating strategies (e.g., innovation) into enhanced firm performance. Bharadwaj (2000) found that high IT-capable firms outperform competitors that do not invest to the same extent. ICT offers competitive competency, which aids firms in differentiating themselves in the marketplace, such as through innovation.

THE KNITWEAR INDUSTRY OF TIRUPUR

Since 1870, Tirupur has evolved as an important centre of international textile business. Today, due to its constant performance excellence, it is the principal garment clusters in India, providing employment to more than 3,00,000 people directly and indirectly. This dollar city accounts for almost 90% of India's cotton knitwear exports, worth an estimated US\$ 1 billion thus contributing significantly to the foreign exchange earnings of the country.

TABLE 1 PRODUCTION UNITS IN TIRUPUR (INDUSTRY ESTIMATES 2009)

Operations	Number of Units
Knitting/ Stitching Units	2500
Dyeing and Bleaching	750
Fabric Printing	350
Embroidery	150
Other ancillary units	250
Compacting and Calendaring	200

Source: (Tirupur Cluster Study, 2009)

Tirupur knitwear industry has a number of units all along its value chain starting from spinning, knitting, wet-processing, printing, garment manufacturing and exports. In addition there are ancillary units supplying buttons, laces, embroidery, cones and yarn etc. The main stakeholders are exporters (700 approx.) and domestic manufacturers (1700 approx.) supported by allied manufacturers and suppliers.

KNITWEAR PRODUCTION VALUE CHAIN

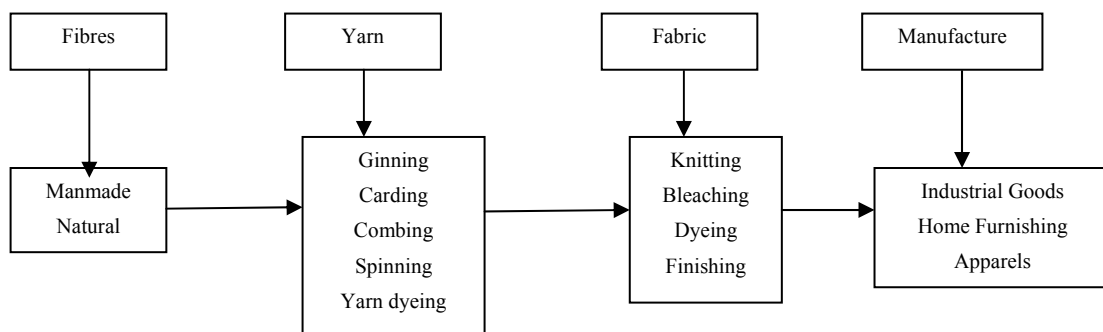


Fig. 1

ICT DIFFUSION AT TIRUPUR SME CLUSTER

The implementation of various cluster development programmes and the active role played by the Tirupur Exporters Association (TEA) have all impacted the ecosystem of this knitwear cluster positively. TEA E-Readiness Centre has been set up under Project Vikas in Public Private Partnership (PPP) mode to identify the problems faced by the industry in adoption of Information and Communication Technology (ICT) by the MSMEs in the cluster, and for undertaking possible interventions to solve the issues through ICT. The Centre supports in dissemination of latest ICT knowledge to cluster actors, provide IT training through a modern IT training centre with video E-conferencing facilities and act as a help desk place for ISV to meet local companies' needs for ICT. With increasing diffusion of ICT, use of ICT in supply chain integration and reduction of time taken in the delivery schedules assumes an important place. Earlier, the usage of ICT was mostly limited to having PCs in office which were used towards accounting functions. However, firms have started realizing the importance of and the numerous advantages offered by ICT for them as players operating in the international context. The past few years have witnessed ICT adoption and diffusion taking place at a faster rate among the Tirupur SMEs.

OBJECTIVES OF THE STUDY

Past research has always proved that innovation stimulates growth and provides competitive edge to the organization over its non-innovating competitors. However, successful innovation needs to be supported by the presence of specific skills and capabilities in the organization. Advancement in ICT, the declining cost of the systems, improved software and technological

sophistication provides opportunities for the SMEs to use ICT as a competitive tool to innovate and thereby enhance the business performance. In light of the above statements, the objectives framed for the purpose of the present study are as follows:

- To measure the mediating effect of ICT on firm's innovativeness and thereby on business performance.
- To understand the demographic profile of the SMEs studied.

HYPOTHESES

SMEs today are increasingly being recognized for their innovativeness on account of their ability to adapt easily to the environmental demands due to their operational flexibility. Innovative firms are also likely to adopt and use ICT as they realize greater value from it when compared to their non-innovative counterparts. To achieve the objective of measuring the mediating effect of ICT on firm's innovativeness and thereby on business performance, hypotheses has been framed based on the conceptual model specified by Dibrell et al (2008).

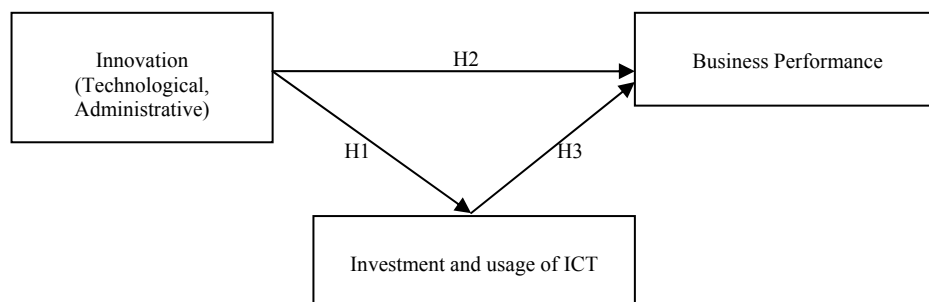


Fig. 2

Based on the model and adequate references to earlier studies, the following hypotheses have been developed for the purpose of the present study:

- H1: An emphasis on innovation will be positively associated with an emphasis on ICT in Small and Medium Enterprises.
- H2: An emphasis on innovation will be positively associated with business performance in Small and Medium Enterprises.
- H3: In the presence of a firm's emphasis on innovation, an emphasis on ICT will be positively associated with business performance in Small and Medium Enterprises.

The scope of innovation for the purpose of this study is limited to Technological (Product and Process) and Administrative innovations. ICT investment has been measured in terms of number of PCs employed as well as the total rupee value of ICT assets used in the business. The parameters identified for ICT usage were those for collaboration, communication, information handling, designing, analysis etc., Business performance indicators have been developed on a comparative scale where respondents had to rate themselves with their peer competitors on various performance dimensions. The sample size is limited to 100 SMEs operating in the knitwear industry of Tirupur.

RESEARCH METHODOLOGY

The researchers conducted an empirical study to collect and analyze data from the SMEs of the knitwear Industry of Tirupur. The study was conducted during the year 2010. A total of 100 SMEs involved in various functions of the knitwear value stream were taken as the sample conveniently. A pretested questionnaire was administered on the entire sample to collect the required data. Descriptive statistical analysis was conducted to measure the data appropriately. The product, process and administrative innovations were measured using a five-point scale by collecting data pertaining to introduction of significant improvements in products manufactured, processes involved, investment in new/ advanced machineries, stress on R&D, new administrative procedures, quality control and cost reduction techniques, SCM etc., questions pertaining to the extent of usage of ICT for information handling, collaboration, designing and analysis were measured on a five-point scale to understand the importance firms place on ICT. To measure business performance, respondents were asked to compare their firm's profitability, business growth, customer attractiveness, retention and satisfaction and production efficiency with that of peer competitors within the knitwear industry. To measure the mediating influence of ICT on innovativeness and thereby on the firm's business performance, the data were analyzed using structural equation modeling (multivariate regression model). Unlike the more traditional multivariate linear model, the response variable in one regression equation in an SEM appears as a predictor in another equation; also variables in an SEM may influence one-another reciprocally, either directly or through other variables as intermediaries. Hence, the model is expected to adequately represent the causal relationships among the variables in the hypotheses.

DATA ANALYSIS AND DISCUSSION

TABLE 2: SME BACKGROUND INFORMATION

Variables	% of SMEs	Variables	% of SMEs
Age of the firm		Annual turnover (2009-10)	
<5 years	11.0	Upto Rs. 500 lakhs	66.0
5-10	47.0	500-1500 lakhs	21.0
10-15	27.0	1500-2500 lakhs	9.0
15-20	11.0	Above 2500 lakhs	4.0
>20 years	4.0		
Ownership		Value Stream	
Sole proprietorship	45.0	Knitting	6.0
Partnership	54.0	Processing	21.0
Limited Co	1.0	Garmenting	73.0
No. of employees		Sales as per	
<20	6.0	Buyers design (100%)	67.0
20-50	47.0	Own design(nil)	74.0
>50	47.0	Own brand(nil)	99.0
Sales derived from		ICT Investment (in Lakhs)	
International market (100%)	64.0	Upto Rs. 1 lakh	47.0
Domestic market (100%)	1.0	1-5 lakhs	41.0
Both markets	35.0	5-10 lakhs	6.0
		Above Rs. 10 lakhs	6.0

The data collected were adequately analyzed to draw meaningful inferences from them. The background information relating to SMEs such as the age of the company, the nature of their ownership, number of employees, sales pattern etc. were analyzed descriptively and frequencies were derived; 95% of the respondents were the owners/ partners of the SMEs studied and the remaining 5% were managers, merchandisers etc. whereas 47% of the SMEs are 5–10 years old. More than half of the firms are partnership concerns (54%). About 73% of the SMEs studied are involved in garmenting function of the knitwear production value chain and 66% of the respondents have annual turnover upto Rs. 500 lakhs whereas 64% of the respondents cater purely to the international market. Majority of the respondents (67%) follow only buyer design specifications in production. Whereas 53% of the SMEs studied have up to 3 PCs in their offices, the maximum investment in ICT is found to be below Rs. 5 lakhs (88%).

The hypotheses set for the present study has been tested using Structural Equation Modeling (AMOS Software). Regression analysis reveals that the path between innovation and ICT investment and usage, and that between ICT and business performance are significant. Innovations ($b=0.783$, $p<0.001$) have positive associations with ICT investment and usage resulting in H1 being supported. The direct path between innovation and business performance is insignificant. Hence H2, innovation to business performance ($b=-.058$, $p=0.690$) was rejected. The innovation does not influence performance directly. In H3, ICT does have a positive path to firm performance ($b= 0.378$, $p<0.05$) resulting in support for this hypothesis. Therefore, ICT investment and usage mediates on innovation towards business performance among the SMEs studied. The effect of the innovation and the ICT investment on business performance is indicated by the RSq value (0.170). This can be interpreted as 17% of the variations of business performance as explained by the innovation and ICT investment. The rest of variation may be attributed to the variables not included in the study or by unknown variables.

TABLE 3: REGRESSION WEIGHTS (UNSTANDARDIZED) FOR THE HYPOTHESIZED MODEL

	Estimates	S.E.	C.R.	P
ICT investment <--- Innovation	0.783	0.114	6.853	***
Business Performance <--- Innovation	-.058	0.144	-0.398	0.690
Business Performance <--- ICT investment	0.378	0.139	2.713	0.007

The goodness of fit of the model is tested and the overall model fit is found to be moderate. The CMIN/DF value 4.261 (less than 5) shows that the model fits the population results moderately. However, both CFI and RMSEA values show poor fit. As the Chi-square difference is sensitive to sample size, a comparatively smaller sample size ($n=100$) adopted in the study would have resulted in this. A good rule of thumb is 15 cases per predictor in a standard ordinary least squares multiple regression analysis having at least 100 cases, with 200 being better.

TABLE 4: MODEL FIT MEASURES

Fit Measure	Default Model	Macro
Discrepancy	1167.474	CMIN
Degrees of Freedom	274	DF
P	0.000	P
Number of parameters	76	NPAR
Discrepancy / df	4.261	CMIN/DF
Comparative Fit Index	0.559	CFI
RMSEA	0.181	RMSEA
RMSEA lower bound	0.171	LO90
RMSEA upper bound	0.192	HI90
P for test of close fit	0.000	PCLOSE

FINDINGS AND CONCLUSION

The findings of the present study add on to the existing literature on the relationship between firm innovation, performance and Information and Communication Technology adoption with relevance to Small and Medium Enterprises. The results throw light on a number of aspects associated with the hypothesized model linkage. The direct impact of innovation (product, process and administrative) on SMEs' business performance has been found to be insignificant. Among the innovative practices studied, administrative innovations and process innovations are found to be mostly practiced by the respondents. The product innovations are found to be limited probably because majority of the SMEs studied follow buyer design specification in production. Emphasis placed on R&D is also found to be moderate. However the presence of ICT impacts the innovativeness of the firms and thereby positively influences business performance. The significant relationship between innovation and ICT implies that the initiatives on innovation and ICT complement each other. A proper strategic alignment of ICT and innovation can help the firms to optimize their investment in innovational activities and thereby derive performance results. As innovation leads to performance indirectly through ICT, it will be an apt decision by the firm if it invests wisely in innovational capabilities as well as ICT assets. An SME that fails to continually adopt technological and administrative innovations places itself in higher risk of being surpassed by innovative competitors.

ICT is a powerful supporting system for a firm that helps it in deriving competitive advantage from its strategic efforts. The SMEs in Tirupur Knitwear cluster operate in the international market and hence an increased knowledge and understanding of the effective ways to implement their firm's strategies with ICT reflects in enhanced business performance. The results of the present study suggest that proper integration of innovative practices with ICT enhances firm's performance on various dimensions such as profitability, turnover growth, client satisfaction and repeat business. The study, however, reveals only moderate fit of the hypothesized model for the population results. This may be due to a relatively smaller sample size of the population studied. Hence, further research in this direction with a larger sample size is suggested adding alternate measures covering more dimensions of the constructs involved.

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Gaining Competitive Advantage— A Case Study on Avis Car Rental

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INTRODUCTION

This study aims to analyze the business of Avis Europe and assess the importance of customer focus as well as their ability to gain significant competitive advantage over the key industry rivals. The report is divided into five sections. The first section identifies the mission and philosophy of the organization. The second focuses on the car hire industry, and provides an analysis of the external environment in which Avis Europe operates, it takes into consideration the PEST, Competitor and Industry analysis. The next section gives a brief on the internal resource audit followed by the SWOT analysis which is identified by drawing both internal and external analysis, this section also focuses on their ability to dominate over the car rental market. Followed section analyzes the role of customer for Avis and their ability to gain significant competitive advantage over key markets.

MISSION & PHILOSOPHY

According to Tribe (1997), “A mission statement is a concise expression of what the organization is trying to achieve and explains what it is in business for.” For Avis Europe, their mission is “to be the most valued and successful vehicle rental company in our markets, for our customers, our employees and our shareholders and to this end Avis is a dynamic global organization perpetually trying harder and committed to delivering the very highest level of service through continuous investment in our six strategic priorities:

- Customer satisfaction
- Cost efficiency
- Brand leadership
- Profitable growth
- Employee satisfaction
- People development (Avis Europe, 2006F cited in *Avis Case Study Handbook*)

At Avis, they live by a philosophy of “we try harder” (Avis Europe 2006a) this could be analyzed with the relationship they share with their customers and with their employees. It is targeted through involvement at all levels and continuous updating.

EXTERNAL ANALYSIS

To analyze the business of Avis Europe, there is a need to understand the external environment in which the company operates; to understand it, there is a need to focus on the PEST analysis. Regardless of this being a car hire industry, it is also important to analysis the competitor analysis and the industry analysis.

PEST Analysis

Political and Legal Environment

Tribe (1997) pointed out that political environment deals with laws, regulations and policy, it is important to establish the location of the political power, how political power may change in the future. Kotler (2006) also agreed with Tribe but also included pressure groups that could also influence and limit the activities of various organizations and individuals in society. The business of Avis Europe operates in Europe, Middle East, Africa and Asia. With this new legislation, Avis will be easier to expand in the European Union. In 2004, the company had already decided to set up a central office and accounting centre in Hungary and invest in this country choosing up India and China. Eastern Europe represents a strong new business for Avis and currently the company is in a good political environment (*Datamonitor* 2005). With the increase of terrorism, the path for Avis Europe is not a bed of roses as the economic slumps have reduced travel. The 9/11 impact brought a sudden awareness to the worldwide hospitality and tourism industry (Kotler 2006). This caused the transport industry to seek alternative markets, new product design, increased security, emerging energy sources.

Economical Environment

Kotler (2006) pointed out that changes in income created a great impact on the travel industry. In the 1990's as families headed dual earnings; during the 2000s, consumers continue to spend more carefully but with low prices, and since Avis is a valued car rental company for its customer, this could be the reason for its success. With the increase of oil prices over the past few years, it could result in a shift of consumer preferences. This may result in cheaper mode of transport. Oil prices in March 2006 reached a peak of \$67 a barrel which could effect Avis overall revenues (Mintel 2006). Avis Europe UK market revenue for the year 2005 was almost at par with 2003 level. As the growth in revenue of the UK market was slow, the company position was well placed to take advantages of these positive trends, as the travel industry outlook for Europe is positive in long term.

Exchange rate also plays a vital role, with a rise in the exchange rate can affect the destination. Since 2002, the exchange rate between the Euro, Pound and the \$ US shows that the \$ is less favoured, which means that European countries have a stronger possibility of spending on holidays Mintel (2005).

Social and Cultural Environment

According to Mintel (2005) driving licences have increased over the last 30 years from 48% rise to a 71% in 2003. This has been profitable for the car industry. With the increase in licensing, there have been both positive and negative effects, as the rise of traffic on roads has led to congestion which eventually discourages drivers to use car services.

Most of the car rental services are associated with airlines and with BAA recently announcing its plans for expansion of Stansted and Luton airports give a positive note for the transport industry including Avis Europe (Mintel 2005).

Technological Environment

The most dramatic force shaping destiny is technology. The internet has had a profound effect on the travel industry. Today, over 50% of business traveler's book travel service online; this is up by 33% from just two years (Kotler 2006). The use of internet has enabled the work to become easier. For Avis Europe, the online booking grew rapidly since 2004, 23% of its reservations with a growth of 50% compared to the previous year (Mintel 2006). Just like a coin has two sides, car rental companies are also battling and facing fierce competition after the advent of new rivals on the internet. The car rental business has transformed by the internet which makes online price easily comparison a cinch.

Competitors

There is competition in every field; with the car rental industry, the competition in recent years has affected Avis Europe due to the rise of new and existing companies. It enables an organization to formulate a strategy in the light of an assessment of its key rivals. The competitive landscape includes some car companies mentioned below.

Hertz

Hertz is the world's leading car rental company (ahead of Avis). In Europe, Hertz provides standard cars, as well as high range cars such as Mercedes Benz E class and Jaguar X-type. This leaves the customer with a choice and also the option to specify which model they would like to hire. Hertz operates in 7,600 rental locations in about 145 countries with its main focus on airports like London Heathrow, London Gatwick, Stansted and Birmingham etc. It offers 24 hours service around the world with tie-up with many airlines (*Datamonitor* 2005).

Europcar

Europcar is one of the leading European companies and is wholly owned by subsidiary of Eurazeo. It is represented in 143 countries in almost 3,000 locations. Their partnership with TUI and Accord group is one of the strongest marketing strategy partnership programmes. The online distribution strategy plays a key role and allows customers to book cars in four steps. Offers like the Drive Time encourage customers to rent car by the hours they use. Europcar like the other car rentals has tie up with airlines. The partnership with Easyjet is a designed package which allows customers to book fly and catch at the same time and it is also involve in sponsorship with golf and saloon racing (Mintel 2006).

Alamo Rent a Car and National Car Rental

Vanguard Rental (UK) Ltd is the parent company of Alamo Rent A Car and National Car Rental. National Car Rental focuses on the business travel market, with more than 1,000 branches in over 50 countries throughout Europe, Middle East and Africa. Alamo serves more of the leisure market with a fleet of 180,000 vehicles, with over 1,200 branches spread across 40 countries. They provide its customers with daily, weekly and monthly rental services and they also own Guy Solomon brand, a prestigious brand geared towards luxury vehicles in UK. (*Datamonitor* 2005).

In car hire market, the closest European competitors to Avis are Hertz and Europcar with relative market share of 16.5% and 15.7% in 2004 (*Avis Europe*, 2006b). An estimate of 61% of the market share accounted for the top five rental firms, with the remaining 39% being spread amongst a number of smaller, largely local operators. Europcar and Hertz are the closest competitors of Avis with an estimated market share of 15.7% and 16.4%.

Industry Analysis

Based on Porter's forces cited in Tribe 1997, an industry analysis would be conducted. The five forces enable the level of competition within a particular industry to be monitored. It therefore enables the organization in deciding where to position itself in the future to take account of the five forces. Porter's forces looks into the power of suppliers, power of buyers, threat of substitutes, threat of new entrants and rivalry amongst existing firms.

Power of Supplier

As Avis Europe is a car rental firm, the main suppliers would be petrol companies, car manufacturers and airports. Any imbalances in these firms would affect the car industry. For instance, fluctuation in oil price can directly influence Avis or a strike in these firms would affect the car hire industry.

Power of Buyer

In this context, the buyer is the customer, with increasing competition among existing rivals and the use of internet, the customer has a choice of comparing the prices and selecting which suits him. This is due to the expansion of the car hire industry in recent years.

Threat of Substitutes

As mentioned above, the trend is more on quality and cost effective holiday. With substitutes like trains, buses offering cheaper services, there is possibility that the trend could move towards this and congestion could also force them to use these substitutes.

Threat of New Entrants

With new competitors coming up, Avis has to take a right move since being the second largest car hire company gives existing rivals an option to take over them. With the brand name, Avis has an added advantage to build customer loyalty and try to retain their existing customers.

Rivalry among Existing Firms

As the industry is established with many predominant car hire company its make it all the more difficult as, with airlines going cheaper in short haul destinations it gives the customer another option making it a chase for Avis Europe.

INTERNAL RESOURCE AUDIT

Kotler (2006) suggested that it is one thing to distinguish attractive opportunities in the environment and another to have the necessary competencies to succeed with these opportunities.

Management

Avis Europe has experienced staff like John McNicholas the Vice President for Licensees with about 18 years experience within the company. Furthermore, Hayden Smith, the General Manager for Zone 2 region had 25 years experience with Avis (*Avis Europe Case Study Handbook*). It was not only at the top level management but also approximately 80% of the senior management team across Europe have been promoted within the company (Avis Europe 2006c). It could be observed that the employees are loyal to the organization and that helps Avis business to be consistent as they don't have to waste time in training a new person. The growth within the company helps to analyse the company's positive and negative sides. This would enable to correct the areas that would go unseen.

Employees

A survey conducted in 12 corporate location and the results reported that staff satisfaction levels have risen from 67.5% to 69% in the year 2004–05 (*Avis Europe Case Study Handbook*). Once the staff members are satisfied, the service delivered would also be exceptional. Most of the staff is well trained and all frontline staff receive two weeks' computer training to provide a quality customer service (Avis Europe 2003). To motivate the employees, several awards are offered annually both for individuals and teams.

The Market

Their mainly source of revenue in rental market is the leisure sector which targets a 37% of the revenue with European market accounting for 80% of its revenue. (*Avis Europe Handbook*.)

Production

Avis Europe fleet is spread in 3,000 locations in 108 countries, advanced e-booking system, efficient book in and return, high quality service and competitive price.

Internal Control and Risk Management

An effective system of control have continued which also takes operational, compliance control, risk management and the group's high level internal control arrangements (Avis Europe, 2006d). This helps to review an assessment of internal control, by the group's internal audit and risk management function.

SWOT ANALYSIS

This is an executive summary of different elements of strategic analysis. SWOT analysis identifies the organisation situation strength, weakness, opportunity and threats and enables the organization to react on those bases.

Strength

Leading Position

It operates in nearly 3000 locations across the world and in 2004 it was voted as the "Best Business Car Rental Company" and "Best Leisure Car Rental Company" by the UK travel agents in the Travel Trade Gazette awards. Being one of the leading car rental companies in European market had made it successful in maintaining its brand name across the globe.

Customer Satisfaction

Avis Europe measures the level of satisfaction of customers within its markets. The main aim is to make customer segmentation their first target. They improve they service by continually ensuring customer satisfaction and loyalty. (Avis Europe 2006e)

Technology

The use of internet has enabled the work to be easier. For Avis Europe, the online booking grew rapidly since 2004, 23% of its reservations with a growth of 50% compared to the previous year (Mintel 2006). The Avis Europe car rental reservation website in the UK is much faster and more straightforward.

Staff Loyalty

As discussed previously, both management and employees retain their services, which prove beneficial for Avis Europe, as they don't have to spend much on training.

Partnership between Avis and BA Extended

The strategic partnership established between them was extended for another three years. The tie up with a renowned airline makes it all the more easy for business prospective. (*Factiva Report 2006*)

Weakness

Overdependence on Debt Market

The amount spent on debt will reduce the net revenue. It would also affect its position in the debt market. The company long-term debt were recorded at 712.8% as compared to the industry average at 68.6%, almost three times more, indicating the company is over-dependent on the debt market (*Datamonitor 2006*)

Opportunities

Expansion of EU

With the expansion of EU and the increase in travel to that region in the world, would be an opportunity for Avis to run the business without much difficulty than before. The opening of the business support centre in Budapest, Hungary would be the best example of it.

Tourism Revival in the UK

The outlook for 2006 UK tourism industry is positive. In comparison with 2004, the tourist visits to UK increased with a 2.2% in the fourth quarter of 2005. As the UK market is performing sluggish in the past few years, tourism boom could boost the company's UK revenues. (*Datamonitor 2006*)

Threats

High Global Oil Prices

Global oil prices have been rising over the past few years. The prices reached a high of \$67 per barrel from the end of March 2006. This factor seriously affects Avis Europe overall revenues, especially in areas of strong public transport. To avoid this tourist prefer to take up substitutes (*Datamonitor 2006*).

Weak Price Environment

In the car rental market, a weak price environment persists. This leads to loss in margin profitability, analyzing it by segment the company growth for domestic leisure segment recorded an increase of 6% but prices remain the same compared to the previous year. (*Datamonitor 2006*)

Internet Rivals

Just as low-cost airlines are battling for business in the skies, car rental also face the same fierce competition after the advent of new rivals on the internet.

CONCLUSION

Importance of a Customer Focus for Avis

In today's competitive marketplace (*Avis Europe*, 2006f) if Avis won't provide good service it would not attract customers. If they kept their customers happy, in turn it would be a positive note for the business. One of the major ways that a service firm can differentiate itself is by delivering higher quality to its competitors (Kotler 2006). If perceived service of a given firm exceeds expectations, customers are likely to use the service again. If the strength matches with the key requirements for operating, that would enable them to a road of success. In car service industry, the most popular and renowned company tends to attract more of the customers because of their past experiences and word of mouth which could determine the future of the business. As mentioned in Porter's five forces, the power of buyers play a vital role in the industry, as they are the consumers of the product and they have the power to decide who to select, they also have the power to shape the business, or even bring down the business, that is why it is important to perceive their minds to select a particular brand. In this scenario, Avis needs to be customer-focused as they are the ones who purchase the product and only if Avis has a good reputation would the customers choose Avis to other rental services.

As technology is the strength of Avis, they could use their customer database and develop a close customer relationship. In the absence of the database, companies are clueless of what the customers perceive. As Kotler (2006) mentioned, the starting point for any business is to define stakeholders and their needs. Since main stakeholders of Avis are customers, it makes it essential to serve their needs. A recent customer research and the refocus on the business philosophy suggested that the organization is once again placing customer at the core of their business.

As Avis competitors are also trying different measures to enhance their business, Avis also has to compete with them to retain their customers. Avis enhanced its electronic monitoring capabilities for its contracted corporate customers, giving better access to data and an ability to create customized reports. With the improvement of technology customers are able to choose the type of vehicle they would like online.

Ability to Gain Significant Advantage over Key Industry Rivals

Avis being the second leading car hire company, there is an increased pressure from its competitors and it always had to improve itself to maintain its position in the market. To improve itself Avis needs to look into factors that their rival have not thought about or implemented, or to do something first before the others could react. Since the car industry is a matured market the competition prevailing is tough and pressures from its competitors urges it always to improve. The key advantages over the rivals are:

Brand Image

Avis is the leading car rental company in Europe, Africa, the Middle East and Asia with a worldwide operation in over 4,000 locations across 114 countries. Being a widely spread industry, the name is very familiar. The trend in most customers is that they just trust the brand name and since Avis had a strong brand image that makes them distinguished from their competitors.

Green Market

Avis UK in 1999 undertook their first full emission assessment when they moved to become a Carbon Neutral company. The emission from Avis Europe took a new offset through new indigenous monitored forestry. With every car in the fleet, they planted over 1000,000 plants to support their vision. As the trend now is a 'safe today for a better tomorrow', Avis going greener can target a new market that is more environmental friendly (*Avis Europe* 2006g).

Partnership with British Airways

As British Airways is one of their core sectors of revenue for Avis, getting a three extension on the partnership with British Airways enhanced their business. Avis being associated with the world leading airline British Airways would enhance their business as they are connected globally. They have the first selling rights over British Airways passengers.

Organizational Reviews

As Avis commences restructuring within the roles of its European headquarters, corporate operations and shared service centre to create an organization that is both more effective and efficient (*Avis Europe* 2006h). This would reduce cost reductions and in turn would increase internet sales and dealer sales.

Employees

As discussed earlier, that the top management and the employees most of them have a long service record, that make it easier for Avis as they know what their vision and mission are. Being in the same organization for a long time enables the employees to achieve their aims. Teamwork plays a vital role in business, as the employees know each other there is a willingness to work in a happy environment and that brings the best in a person.

As the staff members are more experienced, they gain good customer experience and are better problem solvers as they have been in the field for a long time and know how to act in situations. But if there is attrition on a large scale it would waste the company time in training and that would give a chance for the competitors to go ahead of Avis.

With all of the above factors taken into consideration, Avis has a significant competitive advantage over the key markets.

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Strategic Knowledge Management in Small and Medium Enterprises

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Abstract— *Small and medium sized enterprises (SMEs) have unique characteristics that impact the activities that lead to organizational effectiveness. One important activity is how they manage knowledge. Each stage in the firm's life cycle requires that they emphasize different knowledge managing activities. Based on extant literature, we identify four organizational stages: start-up, growth, maturity and decline/renewal. Drawing from the entrepreneurship, organizational knowledge and organizational life cycle literatures, we develop a model for knowledge management strategies that optimizes organizational effectiveness for SMEs at different phases of their life cycles. This paper builds on the knowledge-based view of the firm and suggests that small and medium sized firms can achieve sustainable competitive advantages through effectively managing their organizational knowledge. We suggest several propositions and directions for future research.*

Keywords: *Knowledge Management, Small and Medium Enterprises.*

INTRODUCTION

Small and medium sized enterprises (SMEs) are vital to the American economy. In the U.S. and Canadian economies small businesses have created the vast majority of new jobs in the last twenty years, provided half of the total employment, and accounted for 40-50% of gross domestic product (Kirchoff, 1996; Golha and Deshpande, 1997). Because of their importance to the economy, it is important to understand how they operate and what makes them successful.

One important area for SMEs that has received little attention is how these firms manage knowledge to create competitive advantages. A growing body of research on organizational knowledge suggests that knowledge may be a key source of competitive advantage for firms (Boisot, 1998; Grant, 1996; Teece, 1998). Most of this research has addressed larger, established firms and has not examined the unique needs of smaller firms.

Small and medium sized enterprises have unique characteristics that impact how they strategically manage knowledge. One dominant feature for SMEs is the rapid rate of change these smaller firms experience as they move through their organizational life cycles. Each stage in the life cycle requires that firms emphasize different knowledge managing activities in order to be successful. Based on extant literature, we identify four organizational stages: start-up; growth; maturity; and decline/renewal. The entrepreneur faces unique management

challenges in each stage. A critical challenge is how to manage knowledge. Each phase of the startup process has different characteristics and requirements. Knowledge must be managed in different ways in each phase in order for the venture to be successful.

In this paper we will present a life cycle model of firm growth and show how the different characteristics and needs of the firm at each phase require a different approach to knowledge management. If managers understand the unique demands of each life cycle stage they can develop a coherent system for managing their valuable organizational knowledge. We build on the knowledge-based view of the firm and show how small and medium sized firms can achieve sustainable competitive advantages through effectively managing their organizational knowledge. We suggest several propositions and conclude with directions for future research.

KNOWLEDGE AND ENTREPRENEURSHIP

Shane (2000) views entrepreneurship as the process of creating value by bringing together a unique packet of resources to exploit an opportunity. This definition emphasizes the entrepreneurial process and allows for legitimate examination of all the factors that impact the creation, recognition, evaluation and exploitation of resources in new ventures, whether inside an existing firm or in a new firm (Shane, 2000).

Since early researchers were focused on personal characteristics of the entrepreneurs, many of the interesting questions regarding entrepreneurial behaviors and processes have just begun to be explored (Shane, 2000; Thornton, 1999). This entrepreneurial perspective suggests that we examine the processes that lead to the discovery, evaluation and exploitation of entrepreneurial opportunities. These discoveries lead to new ventures, which drive the economy.

Hayek (1945) argued that knowledge is unevenly distributed throughout society, since different individuals have access to different knowledge. The main problem is how to find the best use of the resources that are known only to an individual in society for a purpose only that individual knows. A free market capitalist system is the most efficient and effective system for converting knowledge into new products and services, according to Hayek (1945). Hayek argues further that individuals have bounded rationality and limits to their knowledge. This suggests that we pay attention to knowledge processes that aid the discovery, evaluation and exploitation of opportunities (Shane, 2000). Zahra, Nielsen and Bogner (1999) suggest that corporate entrepreneurship is a source of organizational learning, which drives knowledge creation that in turn becomes new organizational competences. Bird, Hayward and Allen (1993) agree that commercializing knowledge is an important role of entrepreneurship, but argue that there are many challenges to doing it effectively.

ORGANIZATIONAL KNOWLEDGE THEORY

In order to understand why managing knowledge effectively is an important source of competitive advantage, we briefly review the organizational knowledge literature and the knowledge-based view of the firm. We define organizational knowledge as all the tacit and

explicit knowledge that individuals possess about products, systems and processes. This includes explicit knowledge codified in manuals, databases and information systems as well as tacit knowledge that is shared collectively in the firm in the form of routines, culture and know-how (Nahapiet & Ghoshal, 1998; Grant, 1996; Nonaka & Takeuchi, 1995).

For many small and medium sized firms the potential of the ideas that the founders have in their heads are the most valuable assets they possess. Consequently, intentionally managing that knowledge is critical to achieving competitive advantage. Both internal and external sources of knowledge are important to entrepreneurs (Kogut & Zander, 1992). Internal knowledge comes from reorganizing, accidents, experiments, and inventiveness. External knowledge comes from new people, acquisitions, joint ventures and social networks (Kogut & Zander, 1992).

Organizational knowledge is subject to path dependencies. Once a particular technological path or learning path has been taken, it becomes more difficult to diverge from that path (Kogut & Zander, 1992). There are both psychological and financial commitments to that course of action. Knowledge advances on the basis of current information and ways of doing things. It takes investment over the longer term to reap benefits of knowledge (Kogut & Zander, 1992; Cyert & March, 1963; Nelson & Winter, 1982). Path dependencies make it critically important for SMEs to be intentional about managing knowledge processes throughout the life cycle stages.

There are several important sources of external knowledge for SMEs (See Table 1). Social networks provide a forum for informal sharing between firms (trade associations, friends, university programs, college friends network). Aldrich (1999) argues that the diversity of contacts and strength of ties impacts the value of opportunities. The more diverse the ties are, the more information can be shared, since the ties allow greater access to information. Direct (“strong”) ties are a source of more information. However, weak ties are important as well. Floyd & Wooldridge (1999) argue that knowledge creation and social networks impact corporate entrepreneurship. They build on the resource-based view of firm as well as social network theory. Knowledge in the firm can be leveraged into competitive advantage and turned into new firm capabilities. In particular, individuals with casual or “weak” ties with individuals outside the firm provide a valuable source of new knowledge to the firm, often stimulating entrepreneurial development. This concept applies to smaller firms as well. Social networks are a source of new knowledge. This knowledge can be leveraged into new organizational capabilities. Alliances, partnerships and joint ventures provide additional sources of external knowledge (new technologies, new production processes, operations processes). Inter organizational networks (e.g., equity investments from investors) impact the success of firms (Stuart, Hoang and Hybels, 1999). Faced with a lack of information about the success potential of small firms, third parties rely on the prominence of the affiliates to make judgments about quality of the company. Those companies with prominent endorsements will perform better than those without them.

A firm's ability to make use of these sources of external knowledge will be moderated by its absorptive capacity (learning new ideas from internal and external sources, systems and structures that facilitate knowledge cultivation) (Cohen & Levinthal, 1990). Those firms that have systems and structure in place to absorb external knowledge will do a better job of integrating the new knowledge into their firm, which may result in higher levels of innovation and knowledge exploitation.

TABLE 1: SOURCES OF KNOWLEDGE IN SMES

Type of Knowledge	Location of Knowledge	
	Internal to Firm	External to Firm
Informal (Tacit)	Past work experience Mentoring On-the-Job-Training Friendships	Associations Personal Networks Executive MBA programs
Formal (Explicit)	Training courses Knowledge base Intranet	Alliances, JVs Acquisitions Intellectual Capital markets

The Knowledge-based View of the Firm

Researchers have begun constructing a knowledge-based view of the firm that builds on the resource-based view of the firm (Barney, 1991; Wernerfelt, 1984). These researchers suggest that knowledge is the key resource—and perhaps the only resource—capable of creating sustainable competitive advantage (Boisot, 1998; Grant, 1996; Teece, 1998). In the knowledge-based view of the firm, internal resources and capabilities, such as worker know-how, designs, customer knowledge and efficient processes, are the keys to achieving sustainable competitive advantage (Boisot, 1998; Grant, 1996; Teece, 1998; Davenport & Prusak, 1997).

Knowledge is an especially valuable category of resources and meets Barney's (1991) criteria for resources capable of providing sustainable competitive advantages. Knowledge resources are highly valuable, unique to the organization, difficult to copy and difficult to substitute (Boisot, 1998; Barney, 1991). A firm's capabilities for creating and sharing knowledge come from several factors including: 1) The special facility that firms have for the creation and transfer of tacit knowledge (Kogut & Zander, 1992, 1996; Nonaka & Takeuchi, 1995; Spender, 1996); 2) The organizing principles by which individual and functional expertise are structured, coordinated, communicated and through which individuals cooperate (Kogut & Zander, 1992); and 3) The nature of organizations as social communities (Kogut & Zander, 1992). Those organizations that are able to manage knowledge more effectively than their competitors will be able to achieve competitive advantages (Boisot, 1998).

ORGANIZATIONAL KNOWLEDGE PROCESSES

If knowledge is the key firm resource capable of creating a sustainable competitive advantage, then it is important to examine how firms manage knowledge processes. Firms must be intentional in order to manage knowledge strategically. Knowledge should be included in the top-level strategy as well as in middle and lower level objectives (Floyd & Wooldridge, 1999). Kogut & Zander (1992) suggest that the primary challenge of the firm is to create and

transfer knowledge efficiently within the firm. To this we would add that firms also might consider exploiting that knowledge by converting it into new products and services, which Kogut & Zander (1992) refer to as combinative capabilities. There are three key knowledge processes that are consistently referred to in the literature: knowledge creation; knowledge sharing; and knowledge exploitation.

Creation

The creation process involves the factors that go into creating new knowledge. This process has been referred to as exploration (March, 1991), combination (Nonaka & Takeuchi, 1995) and sensemaking (Weick, 1993). Each of these researchers outlines some key factors, processes and tensions that go into the creation of new knowledge. There is general agreement that individuals create new knowledge through intuitive connections between existing ideas or through interaction with others in the organization (Crossan, et. al. 1999).

Sharing

The knowledge sharing process has been viewed from several perspectives, but there is general agreement that this is a key knowledge process. Grant (1996) refers to the transferability of knowledge within firms and between firms. Nonaka & Takeuchi (1995) explain the socialization and externalization processes that transfer knowledge to other organizational members. Several researchers have also examined factors that motivate workers to share knowledge with each other (Argyris, 1991; Davenport, Eccles and Prusak, 1992; Nonaka and Takeuchi, 1995). Knowledge resources become more valuable when they are shared, but they are difficult to share (Szulanski, 1995).

Exploiting

The final knowledge process that has received significant attention in the literature is the exploitation of knowledge. Boisot (1998), March (1991) and Nonaka & Takeuchi (1995) all refer to the process of converting knowledge into valuable products as the exploitation process. The exploitation process is facilitated through dynamic, flexible systems that allow shared ideas to be converted into products.

ORGANIZATIONAL LIFE CYCLES

There is a strong consensus in the management literature that organizations go through a distinct life cycle not unlike that of organic life forms (Van De Ven and Poole, 1995). This life cycle is often depicted as an S-curve, containing a startup phase characterized by slow growth, followed by an adolescent period of explosive growth. The growth then slows during a maturity phase, followed by a period of decline. At this point, organizations either go through a period of renewal or cease to exist (Geroski, 2000). This process is depicted in Fig. 1.

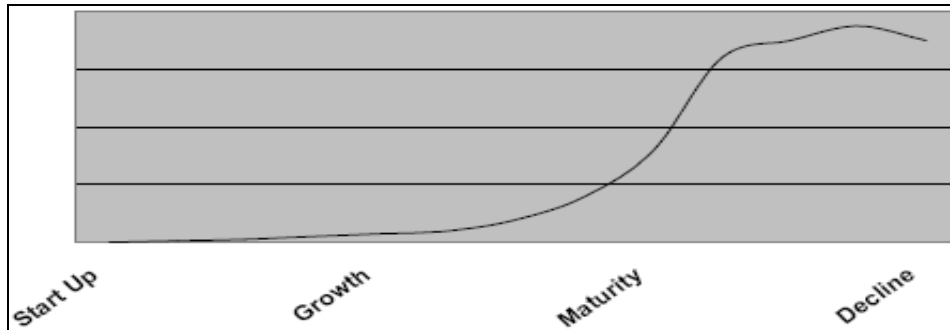


Fig. 1: The Organizational Life Cycle

There is a great variety of life cycle models in the management literature that differ with respect to the number of phases an organization goes through and the characteristics of each phase. Quinn and Cameron (1983) reviewed nine life cycle models and found that they could be summarized into four distinct phases: the entrepreneurial stage, the collectivity stage, the formalization and control stage and the elaboration of structure stage. More recently, Hanks and Collin (1993) found some empirical evidence for distinct life cycle stages based on growth rate, structural form, degree of formalization, degree of centralization and main business tasks.

The idea that organizational effectiveness should be measured differently at different phases of the life cycle is not new. Abernathy and Utterback (1978) examined patterns of industrial innovation and concluded that newer firms and mature, established firms should take different approaches to the adoption of new technologies. Newer firms are much more likely to adopt new product innovations because these firms are small and flexible. Established firms become specialized over time due to continuous incremental process improvements. It is more difficult for such mature firms to adopt new technologies. They should focus on process improvements that lead to increased economies of scale.

Quinn and Cameron (1983) reviewed four models of organizational effectiveness and found that different criteria may be appropriate at a different phase of the life cycle. During the startup (“entrepreneurial”) phase, the focus is on resource acquisition and growth. The organization requires flexibility and adaptability. During the growth (“collectivity”) phase, the firm tries to coordinate individual activity. Cohesion and morale are critical. Human resource management becomes central. As the firm moves toward maturity (“formalization”), there is a greater emphasis on productivity and efficiency. Planning, goal-setting and controlling are critical.

Kazanjian (1988) proposed a four-stage model and found some empirical support for the idea that organizations faced different dominant problems in each stage. During start up (“conceptualization and development”), firms focused on resource acquisition and technology development. As the firm shifts into the growth phase (“commercialization” and “growth”), production, market share and organizational issues dominated. As maturity (“stability”) sets in, the firm concerns itself with profitability and internal controls.

Dodge, Fullerton and Robbins (1994) point out those firms do not go through their life cycle in a vacuum. Environmental context plays a large part in determining the challenges faced by growing firms. This study specifically related the degree of competition with problems faced by firms during the early and late stages of their life cycle.

These models all contain some common characteristics. They all depict the organizational life cycle with four basic phases of birth, growth, maturity and decline/ renewal. They all show that the organization faces different challenges during each phase. Therefore, measures of organizational effectiveness must vary with the life cycle phase that the firm is in. As we discussed in the previous section, knowledge is a key resource of the firm that can lead to competitive advantage. Knowledge management is a key determinant of organizational effectiveness. Knowledge management strategies must also change as the SME moves through its life cycle.

ORGANIZATIONAL LIFE CYCLE AND KNOWLEDGE

Firms in different stages of the organizational life cycle should emphasize different knowledge processes. Employees in small start-ups have few barriers to effective communication. Knowledge is shared informally, in staff meetings and over lunch. Employees wear many hats and cross-train each other. As the business grows and moves into the growth stage, it becomes increasingly difficult to get everyone together and to understand what others in the firm are doing. Roles become more specialized and processes become more formalized. Firms tend to become more hierarchical and structured. Consequently, knowledge no longer flows as easily through the firm. Finally, in the maturity and decline/ renewal stages, the firm can be more effective if it creates more formalized structures and focuses on exploiting its knowledge by converting ideas into products and services. We now look at each of these processes in more detail (See Table 2).

Start-up

In the start-up phase, firms are small and new. They are focused on resource acquisition and finding new opportunities to exploit. They are more concerned with their external competitive environment than their internal structure. They will benefit from emphasizing knowledge creation processes through internal invention and external discovery of opportunities. When firms are small, there are few barriers to converting ideas into new products and services. Challenges are mainly in coming up with new ideas, funding development and overcoming technical and production challenges.

Proposition 1: SMEs in the Start-up Phase of Their Life Cycle that Intentionally Emphasize Knowledge Creation will be more Successful than Those who Do Not

Growth

When the firm begins to grow and add more employees, its focus shifts from resource acquisition to structural coherence. The firm will emphasize human resource functions and try to generate cohesion and high morale. Knowledge management emphasis shifts to sharing

knowledge. When the firm gets larger, the logistics of spreading knowledge throughout the firm become more challenging. Firms must take intentional actions to foster sharing, such as creating formal systems and procedures.

Firms can encourage mentoring relationships between peers and across levels to facilitate sharing (Bryant, 2001; Kram, 1985). Firms can provide training in core technologies, processes, business skills, customer service, etc. Finally by creating a formal technology-based knowledge management solution, such as a knowledge base or an intranet, firms can provide a means to capture knowledge and share it with employees. These employees can then convert this knowledge into new products and services (Boisot, 1998; Nonaka and Takeuchi, 1995).

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Proposition 2: SMEs in the Growth Phase of Their Life Cycle that Intentionally Emphasize Knowledge Sharing will be More Successful than Those who Do Not

Maturity

When a firm enters the maturity phase, it shifts focus to efficiency and productivity. Knowledge management during this phase emphasizes creating formal systems and structures that will facilitate the exploitation of knowledge and opportunities. The firm should create formal and informal mentoring programs, training programs, shared knowledge bases and an intranet to connect all parts and stakeholders in the firm. Systems should emphasize the codification and externalization of knowledge—making tacit knowledge explicit (Boisot, 1998; Nonaka & Takeuchi, 1995).

Proposition 3: SMEs in the Maturity Phase of Their Life Cycle that Intentionally Emphasize Knowledge Exploitation will be more Successful than Those who Do Not

TABLE 2: FIRM LIFE CYCLE IMPACTS KNOWLEDGE CULTIVATION AND ENTREPRENEURIAL PROCESS

Life Cycle Stage	Entrepreneurial Process	Management Focus	Knowledge Emphasis
Start-up	Discovery	Resource acquisition, external opportunities	Creation
Growth	Evaluation	Coordination, cohesion, morale, human resources	Sharing
Maturity Renewal	Decline/ Exploitation	Formalization, structure, efficiency, productivity	Sharing, exploitation

CONCLUSION

There is increasing realization that new ventures are a significant engine of economic growth in most free market economies and that how new ventures are managed is a critical area of study. Because of this realization, the field of entrepreneurship has grown rapidly over the past decade. Traditional management literature has emphasized large corporations. As the body of entrepreneurship literature develops, it becomes clear that new ventures face different challenges than established firms and must be managed differently as well. In this paper, we have reviewed extant literature related to the importance of knowledge in new venture development. We have defined organizational knowledge and the knowledge-based view of the firm. We also showed a model of the organizational life cycle. We have shown that firms have different needs and different measures of effectiveness during different phases of their life cycle. We argue that knowledge management is no different. Small and medium sized enterprises have unique characteristics that impact how they strategically manage knowledge. Each stage in the life cycle requires that firms emphasize different knowledge managing activities. Firms in the start-up phase may be more successful if they emphasize knowledge creation. As the firm enters the growth phase, they may wish to shift emphasis to knowledge sharing. Finally, during maturity, the firm may be more successful by emphasizing knowledge exploitation.

SMEs will be more effective if they intentionally manage knowledge. As a firm moves through its life cycle stages, it should establish more formal knowledge systems—both technology-based and relationship-based. Effective knowledge processes should improve performance. Knowledge in general is an abstract concept and is hard to measure. However, the model and propositions presented in this paper can be tested empirically by pairing survey and interview data on knowledge management strategies with archival performance or survival data. This would be a logical future direction for this research. By collecting survey data about life cycle stages and knowledge management practices and comparing them with performance data, we can make some tentative assessments about the relationship between these factors.

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Corporate Social Responsibility a Promotional Tool: Stakeholder Perception in Healthcare Sector with Special Reference to Hospitals in Coimbatore

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Abstract—This exploratory study aims to identify CSR activities and address the perceptual gap between the health care organizations and its primary stakeholders in view to CSR as a promotional tool. During the past decade, health has achieved unprecedented prominence as a key driver of socioeconomic progress, and more resources than ever are being invested in health. Health development is directed by the ethical principle of equity: access to life-saving or health-promoting interventions should not be denied for unfair reasons, including those with economic or social roots as per World Health Organization (WHO). At the time when the world nations are deliberating on climate change which has a direct impact on the health of the world population, the health care sector is preparing itself to meet the growing demands for the best and affordable treatment. India is identified in the global atlas as a destination for medical tourism. Medical tourism is said to be the second most popular industry now-a-days. The increase in the number of medical tourists each year denotes that the medical tourism industry will soon be on the boom. The world class infrastructure and highly qualified team of doctors available in India favors the booming demand for medical tourism services. During the past year alone, over 150000 people traveled to India for their medical requirements. In this context the Indian hospitals in particular the hospitals in Coimbatore, the second healthcare hub in Tamil Nadu is gearing up to draw the attention of both domestic and international population. In view of the competitive medical service environment, the hospitals reputation has become one of its most valuable assets, and CSR has become one of the key components of corporate reputation and identity. CSR activities are enabling the organizations to tap on additional economic, environmental or social advantages. Positive CSR experiences build confidence and goodwill among stakeholders. Many hospitals have developed and implemented clear CSR efforts as a strategic branding and management approach in achieving a win-win outcome. Against this setting the present study is undertaken in Coimbatore to highlight the pertinent input to frame effective CSR strategies at par with stakeholders' expectations.

Keywords: Corporate social responsibility, promotion tool, healthcare sector, CSR practices

INTRODUCTION

India fast becoming an economic super power in the world stage, clocking around 9% GDP growth, is driven by its huge domestic demand. In this context Healthcare sector is one of the predominant contributors to its economic intensification. The Indian healthcare sector is expected to become a US\$ 280 billion industry by 2020 with spending on health estimated to grow 14 per cent annually, according to a report by an industry body. Healthcare has emerged as one of the most progressive and largest service sectors in India with an expected GDP spend of 8 per cent by 2012 from 5.5 per cent in 2009. It is believed to be the next big thing after IT and predicted to become a US\$ 280 billion industry by 2020.”

The Healthcare industry in Coimbatore has witnessed a tremendous growth. The increasing demand for best treatment and best facilities, the Coimbatore hospitals have established sophisticated facilities offering the world class treatments to millions of people. During the past year alone, over 150000 people travelled to India for their medical requirements. The hospitals in Coimbatore are gearing up to draw the world attention. In view of the competitive medical service environment, the hospital's reputation has become one of its most valuable assets, and CSR has become one of the key components of corporate reputation. CSR activities may enable the organization to tap on additional economic, environmental or social advantages. Positive CSR experiences build confidence and goodwill among stakeholders. Many hospitals have developed clear CSR efforts as strategic branding and management approach in achieving a win-win outcome. Against this setting, the present study is undertaken in Coimbatore, which is focusing on promoting health tourism in the region.

In recent years the business strategy field has experienced the renaissance of corporate social responsibility (CSR) as a major topic of interest. The concept has not surfaced for the first time. CSR had already known considerable interest in the 1960s and 70s, spawning a broad range of scholarly contributions (Cheit, 1964; Heald, 1970; Ackermann & Bauer, 1976; Carroll, 1979), and a veritable industry of social auditors and consultants. However, the topic all but vanished from most managers' minds in the 1980s (Dierkes & Antal, 1986; Vogel, 1986). Having blossomed in the 1970s CSR all but vanished and only re-emerged in recent years. CSR resurfaced forcefully over the past ten years in response to mounting public concern about globalization. Firms find themselves held responsible for human rights abuses by their suppliers in developing countries; interest groups demand corporate governance to be transparent and accountable; rioters from Seattle to Genoa protest violently against the cost of free trade and other perceived negative consequences of globalization.

ORGANIZATIONAL LEVEL: CSR AS STAKEHOLDER MANAGEMENT

With Freeman's (1984) seminal book the focus moved from legitimacy and morals towards a new theory of the firm. Social considerations are thus no longer outside an organization but are part of its purpose of being. CSR thus becomes a question of stakeholder identification, involvement, and communication (Mitchell, Agle, & Wood, 1997; Morsing & Beckmann, 2006; Morsing & Schultz, 2006).

“The purpose of stakeholder management was to devise a framework to manage strategically the myriad groups that influenced, directly and indirectly, the ability of a firm to achieve its objectives.” The aim of stakeholder management is thus to analyze how a company can serve its customers and be lucrative while also serving its other stakeholders such as suppliers, employees, and communities. Recently the stakeholder perspective has dominated the reinterpretation of CSR pushing the question of the legitimacy of corporate power as well as the moral dimension of managerial decisions more into the background.

REVIEW OF LITERATURE

Isabelle Maignan and O.C. Ferrell in their article “Corporate Social Responsibility and Marketing: An Integrative Framework” introduce a conceptualization of corporate social responsibility (CSR) that emphasizes the role and potential contribution of the marketing discipline. The proposed framework first depicts CSR initiatives as the actions undertaken to display conformity to both organizational and stakeholder norms. Then, the article discusses the managerial processes needed to monitor, meet, and even exceed, stakeholder norms. Finally, the analysis explains how CSR initiatives can generate increased stakeholder support.

“Meaning of Corporate Social Responsibility in a Local French Hospital: A Case Study”, by Kakabadse, N.K., and Rozuel. C., provides the basis for the development of a model of CSR for the hospital. The findings highlight the importance of senior managers’ involvement in stakeholder dialogue, as well as the effect of external influences, on the overall social performance and image of the hospital.

“The Aravind Eye Hospital Madurai, India: In Service for Sight” by Rangan, V. Kasturi has depicted Aravind Hospital’s social responsibility activities like the hospital treating poor patients for free and its impact on margin and reputation. The finding shows that they managed to make a healthy gross margin and the same was reinvested in equipment and research which has helped to scale up and sustain their charitable work. This in turn has contributed to the reputation of the hospital.

ME Porter and MR Kramer in their article “Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility” has investigated the link between the competitive advantage and the corporate social responsibility. The findings of the study show clear relation between the competitive advantage and the corporate social responsibility.

OBJECTIVES OF THE STUDY

1. To identify the CSR activities undertaken by the healthcare sector
2. To understand the perception of stakeholders with reference to CSR as promotional tool for healthcare sector

RESEARCH DESIGN

The study is based on survey module with the compliance to exploratory research design. The sample strata comprise of 50 hospital management representatives and 150 inpatients of select hospitals are considered for the study. Data regarding the perception of the stakeholders (management and patients) is collected through a set of specially designed questionnaires. Appropriate statistical tools are utilized and data analysis is performed.

Deliverables

The study highlights the pertinent CSR activities practiced as a promotional tool by the healthcare sector and perception of stakeholders regarding the same. This will provide input to frame effective CSR strategies at par with stakeholders' expectations.

ANALYSIS AND INTERPRETATION

Rank Correlation

TABLE 1: RANKS GIVEN BY THE HOSPITAL MANAGEMENT AND PATIENTS FOR THE CSR ACTIVITIES THEY INVOLVED

S. No.	CSR Activities	Rank-Management	Rank-Patients
1	Organizing free medical camps	1	2
2	Offering subsidized treatment	2	4
3	Offering free treatment	3	3
4	Providing highway emergency services	6	1
5	Sponsorship to NGOs	9	5
6	Providing jobs to physically challenged persons	10	7
7	Environmental protection activities	4	6
8	Providing educational assistance	5	8
9	Disaster management programme	8	9
10	Community health development activities	7	10

The variables like organizing free medical camps, offering subsidized treatment, offering free treatment, etc., were considered between two different groups, namely, hospital management and patients. Rank correlation was carried out to compare the ranks of two different groups mentioned above.

Calculation:

$$r_s = 1 - 6 \left\{ \frac{\sum D^2}{n^3 - n} \right\} = 1 - 0.4727 = 0.5273$$

From the inference of the above Table 1 it is understood that there is positive correlation among the variables of two different groups compared above.

TABLE 2: RANKS GIVEN BY THE HOSPITAL MANAGEMENT AND PATIENTS TOWARDS REASON/ PURPOSE OF CARRYING OUT CSR ACTIVITIES

S. No.	Reasons	Consolidated Ranks-Hospital	Consolidated Ranks-Patients
1	Enhance reputation and goodwill	1	4
2	Publicity among stakeholders	3	2
3	Recognition	2	3
4	Branding	4	1

The attributes like enhanced reputation and goodwill, publicity among stakeholders, recognition, branding were considered between two different groups, namely, hospital management and patients. Rank correlation was carried out to compare the ranks of two different groups mentioned above.

Calculation:

$$r_s = 1 - 6 \left\{ \frac{\sum D^2}{n^3 - n} \right\} = 1 - 2 = -1$$

It is understood from the above table that there exists a highly negative correlation among the attributes of two different groups compared above.

TABLE 3: RANKS GIVEN BY THE HOSPITAL MANAGEMENT FOR INVOLVING IN CSR ACTIVITIES OTHER THAN CONSIDERING IT AS A PROMOTIONAL TOOL

S. No.	Reasons	Rank
1	Mark of strategic policy	1
2	Standard/ legal requirement	3
3	Affinity towards society	2

The table 3, clearly depicts that CSR activity is also considered for other objectives, with the top priority as one among the strategic policy, as to share the hospital's affinity towards the society and least it is also as the legal requirement for the smooth and better running of the organization.

MAJOR FINDINGS

1. The variables like organizing free medical camps, offering subsidized treatment, offering free treatment, etc., were considered between the hospital management and the patients is positively correlated to each other.
2. There is a highly negative correlation between the two groups for the attributes like enhance reputation and goodwill, publicity among stakeholders, recognition, branding were considered.
3. It is understood that the stakeholders consider the CSR as a promotional tool.
4. It is also found that CSR activities are considered as mark of strategic policy, affinity, towards society and as a legal requirement.

CONCLUSION

So, as the evidence above demonstrates, CSR as a way to undermine the stakeholders' expectations and also an important step towards promoting the organizational growth. In conclusion, we have seen hospitals providing timely treatment and good hospitality was a major force towards the social change. In addition to being a dedicated service institution (hospitals) the relationships with society reveal the importance of corporate social responsibility as a major promotional tool.

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Emerging Strategies and its Prevalence for Automobile Companies in Indian Rural Markets

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Abstract—In recent world it has been an ambiguous element for many car manufacturers to stand alone in the market battle. But adopting a unique strategy for marketing automobiles is still being a question. This paper will emanate the various marketing strategies applied in rural India by various automobile giants of the world and concludes with the optimal strategy which suits all the manufacturers of automobiles. The competitive nature of the automobile industry has prompted the companies to take up new and innovative marketing strategies to thwart the competition. The B segment of cars is the segment which sees maximum competition as the consumer has a number of models to choose from and it's the volumes which drive the margins. Cricketers haven't been left behind in the race of promoting cars. It gives the publicity and advertisement which has done by many companies. One of the strategies commonly used by many automobile manufactures is, making significant consolidation among manufacturing enterprises. Acquisitions by Ford, Daimler-Chrysler merger are the great examples that can provide remarkable changes in the distribution networks that afford significant advantages in procurement, R&D, and manufacturing. Recent empirical researches also indicate that mergers and acquisitions can induce innovation, which leads to higher firm and brand value. This contrasts the results of acquisition processes in the automotive luxury segment, where new market models based on their mass markets. Attempts to create mass-luxury are an inherent consequence of the strategic direction implemented by major multinational car manufacturers with respect to their premium-brand acquisitions.

Keywords: Automobile Industries, NCAER, Remarketing, RDSE.

INTRODUCTION

The automobile business is evolving rapidly on a worldwide basis. Car and its accessories manufacturers are merging, to create a global potential of their vehicles. Because of the increase in prevalence of remarketing and changes in the channels of distribution that strengthened automobile market strategies in the global arena, General Motors and other auto manufacturers turned to fleet sales primarily to rental car companies as a solution to some of their problems. This created a large number of used vehicles, commonly called “program

cars” which re-enter traditional marketing channels in ways that challenge both consumers and retailers, change profit margins, affect new and used car values and generally change the traditional ways of marketing automobiles in India. Although marketing textbooks and the media often focus on auto-marketing problems, in reality the greatest activity in the auto industry recently has been in remarketing of autos.

Remarketing explores more on exchange activities that facilitate second time ownership and usage of a product. Remarketing has always existed for many types of products. Examples include garage sales, used car dealers, electronic gadgets and durables too. Recent years have seen the explosion of activities in rural marketing which serve as channels of distribution for used products but also function as channels of distribution in the sale of many new products. The focus of this article is on the role of remarketing in automotive distribution would be the useful strategy for India. The reasons auto remarketing described as a revolutionary method, include the dramatic changes in existing channels of distribution such as retailers, the emergence of distinct institutions to increase the efficiency of remarketing channels of distribution, and the increasing need for original manufacturers to incorporate remarketing in their overall marketing planning.

Remarketing channels developed in such a way that manufacturers typically sold or leased new cars to rental fleets which some months later would be remarketed to other buyers by the manufacturer. Recently, more than a million of these nearly new cars were sold to consumers each year. This type of remarketing often takes place through specialized redistribution institutions, such as auctions, before cars are sold again by new car dealers or other retailers. The use of auto auctions and the remarketing process has become so important to automotive distribution that automobile manufacturers no longer leave the process to chance.

The marketing literature currently provides little reference to auctions. A basic principle in literature relating to channels of distribution, however, is that power in the channel often shifts between institutions in response to changes in the environment. With this conceptual framework, close examination of auto auctions is needed to understand the dramatic increase in power they have recently achieved as facilitating institutions in the marketing and remarketing of automobiles.

AN OVERVIEW OF INDIAN AUTOMOBILE INDUSTRY

For forty years since India’s independence from the British in 1947, the Indian car market was dominated by two localized versions of ancient European designs—The Morris Oxford, familiarly known as the Ambassador, and an old Fiat. This lack of product activity in the Indian market was mainly due to the Indian government's complex regulatory system that effectively banned foreign-owned operations. Within this system any Indian firm that wanted to import technology or products needed a license or a permit from the government. The difficulty of getting these licenses stifled automobile and component imports, creating a low volume high cost car industry that was inefficient, unprofitable, and technologically obsolete. The two dominant products Ambassador and Fiat, although customized to the poor road conditions in India, were based on a stale design concept with outdated features and were also fuel inefficient.

BRIGHT PROSPECTUS OF AUTOMOBILE INDUSTRY IN INDIA

The Indian auto industry is changing rapidly. During the last decade, many international auto manufacturers, either by themselves or in partnership with Indian companies, have started manufacturing activities in India. The ancillary industries have also grown in tandem. The quality of production in small- and medium-scale industries has improved to such an extent that they started exporting products to international manufacturers. The major breakthrough of recent years is the unveiling of 'Nano' by Tata Motors during the Auto Expo 2007. This has received worldwide attention and proved that India not only can design an automobile of international standards but also execute the project at a much lower cost through innovative choice of components, materials, engine design etc., affordable for even the low income segment and for rural India.

These developments in the auto sector have given new confidence to everyone related to the auto industry and specifically to the government which resulted in the announcement of the Auto Policy 2006–2016 by the Ministry of Heavy Industries. According to the Auto Policy, the Indian auto sector is expected to grow to US\$ 216 billion by 2016 and add 2.5 million new jobs to the economy. Every year two-to-three million people are expected to purchase new vehicles. Several million vehicles and components are expected to be exported to both developed and developing nations. To achieve these goals, it is important that the present GDP growth rate, which is more than 8 per cent, continues to remain at the same level for the next 8 to 10 years. The government is also giving some concessions to the auto industry.

CHALLENGES OF AUTOMOBILE INDUSTRY IN INDIA

Amongst the many issues facing the Indian automobile industry, the biggest by far is the poor road infrastructure. India's road network, comprising of a modest national highway system (that is only 2% or less of the total roadway length) is woefully inadequate and dilapidated, and can barely keep pace with the auto industry's rapid growth. Most roads are single-lane roads built in the 1950s and 60s, and are crowded with two-wheelers, bullock carts, and even pedestrian humans and cattle. Traffic laws are not well enforced leading to one of the highest per capita accident rates in the world. It is to be expected that the introduction of bigger and more powerful vehicles will only worsen the situation. Upgrading the existing highway system is itself expected to cost \$30 billion or more, and resource and land constraints prevent the building of new highways. The Indian government's approach to solving this problem is to privatize the road infrastructure, by having private firms build and operate toll ways. However, it is unclear if this alone will be able to solve this infrastructure problem of enormous proportions, which can severely bottleneck future growth.

THE MAJOR MANUFACTURERS OF AUTOMOBILES IN INDIA

- Maruthi Udyog Ltd.
- General Motors India

- Ford India Ltd.
- Eicher Motors
- Bajaj Auto
- Daewoo Motors India
- Hero Motors
- Hindustan Motors
- Hyundai Motor India Ltd.
- Royal Enfield Motors
- Telco
- TVS Motors
- Swaraj Mazda Ltd

PRODUCTION STATISTICS

The production of automobiles has greatly increased in the last decade. Significantly during 2003–2004 it has crossed 1 million in number and doubled in the recent years.

TABLE 1: SHOWING THE PRODUCTION STATISTICS OF THE INDIAN CAR INDUSTRIES

Year	Car Production	% Change	Commercial	% Change	Total Vehicles Production.	% Change
1999	533,149		285,044		818193	
2000	517,957	-2.85	283,403	-0.58	801360	-2.10
2001	654,557	26.37	160,054	-43.52	814611	1.62
2002	703,948	7.55	190,848	19.24	894796	8.96
2003	907,968	28.98	253,555	32.86	1,161,523	22.96
2004	1,178,354	29.78	332,803	31.25	1,511,157	23.13
2005	1,264,000	7.27	362,755	9.00	1,628,755	7.22
2006	1,473,000	16.53	546,808	50.74	2,019,808	19.36
2007	1,713,479	16.33	540,250	-1.20	2,253,999	10.39
2008	1,846,051	7.74	486,277	-9.99	2,332,328	3.35
2009	2,166,238	17.34	466,456	-4.08	2,632,694	11.40

Source: NCAER

In 2015, it is expected that 3 million cars will be sold in India. It is a clear evidence for the prevalence of growing automobile Industry in India. But the challenge is to promote this emerging and potential industry very effectively in the rural of India.

INDIAN RURAL POPULATION AND THEIR CAR HOLDING CAPABILITIES

An area is defined as rural if 75% of its population is agrarian. Currently, India has more than 750 million people living in rural areas. Agriculture has dominated the Indian rural sector for decades, but off-late, there has been a shift towards other services from various sectors.

Rural India is fast emerging as a focus area in the country's economy. Especially, during an economic slowdown such as the one we are experiencing now, the rural market enables a reasonable diversification to reduce the risk because of the difference between urban and rural lifestyles and consumption patterns. Today, rural India is an unchartered territory and has not been explored by most players and industries to the fullest. In the last five years, only the Fast Moving Consumer Goods (FMCG) industry has focused on rural areas and benefited from it.

The rural market remains largely under-penetrated, and with the wide area covered by it, offers a great opportunity to players. Companies that have gained a strong rural foothold have been able to outperform other players in the industry.

Rural vs Urban

Apart from being an agrarian economy, the rural market in India has certain unique characteristics that differentiate it from the urban market. An average level of income in rural areas is lower than that in urban areas. For the purpose of comparison, the country's total population has been divided into five equal income quintiles such Q1, Q2, Q3, Q4, Q5 and the average income in the highest quintile for urban areas has been assumed to be 100.

TABLE 2: SHOWING THE INCOME COMPARISON OF URBAN VS RURAL IN INDIA

Income Quintiles	Urban	Rural	Rural Income in % of urban
Q5	100	51	51%
Q4	45	22	49%
Q3	30	15	50%
Q2	20	11	55%
Q1	11	7	64%

Source: NCAER

While the bulk of purchases in urban areas is concentrated during festivals and auspicious occasions, maximum consumption in the rural pattern occurs around the harvesting season when the farm produce is sold. And because of this seasonal nature of earnings, the ability of rural consumers to pay back loans is lower than their urban counterparts. Rural customers trust domestic brands more than international ones since their level of awareness of global products (and information pertaining to them) is relatively low. Customers in urban areas are more 'brand-conscious' and are ready to pay higher prices for a branded product, whereas in rural areas, awareness of brands is low and thus, there is low brand premium. The size of an average household in rural areas is 4.8 as compared to 4.3 members in urban areas. As a result, the ratio of earning members to dependents is lower in rural areas, resulting in lower disposable incomes and consequent lower spending on discretionary products. Word-of-mouth publicity is the usual channel of communication for product promotion in rural areas, whereas television and the print media are the primary means of advertising in the urban market.

SUCCESS STORIES OF INDIAN AUTOMOBILE MARKET

From an automotive standpoint, vehicle penetration levels in rural India at 2.3%, as compared to 10% in urban areas offers a huge potential for players. Another factor that makes the rural market a suitable destination is its lower dependence on retail finance. Due to the limited availability of finance and seasonal income pattern, the number of cash purchases in rural areas is higher, as compared to urban areas, and therefore, this market has been relatively less affected by the credit crisis.

Traditionally, rural markets have always been smaller in size in comparison with some urban centers. Considering smaller cities as a reflection of rural markets, it is noted that over the past few years, growth in rural areas has been higher than in urban ones. Going forward in 2009, according to National Council of Applied Economic Research (NCAER), automobile sales in rural markets are expected to post double-digit growth in 2009, which is higher than overall industry growth estimates. Let us have a glimpse on some of the success stories of the automobile industry in India.

Passenger Vehicle (PV) (4 Wheelers)

- **Maruti Suzuki India Limited (MSIL)** has been targeting the rural market as a strategic initiative from 2008 and has been the most effective player in the PV industry in tapping the opportunity.
- **Hyundai** recently launched a marketing initiative, Hyundai Utsav, in tier-III cities and rural areas of Punjab and Andhra Pradesh. The initiative is aimed at building Hyundai's brand visibility and creating awareness about the loans and schemes offered by the company. It also launched a rural marketing initiative, *Ghar Ghar Ki Pehchan*, in 2008. Under the scheme, the company targeted government employees in rural areas as well as members of gram panchayats. According to Hyundai, around 50% of the 220 million rural households in the country are potential buyers of cars. Its aim is to penetrate 58% of Indian villages with a population of 500 or more.
- **General Motors (GM)** opened about 65 new outlets in tier-III cities in 2008 and is launching mobile service centres/ showrooms in these cities. The company has appointed a marketing firm, RC&M, to help it formulate its strategy for rural marketing. GM is promoting Spark as its flagship product for the rural market and has been showcasing the car, mounted on a truck, in various villages/ rural areas.
- **Mahindra & Mahindra (M&M)** is now selling more Scorpios in rural and semi-urban markets. Scorpio sales have increased from 35% to 50% in the last two years.
- **Toyota Kirloskar Motor (TKM)**, in which Japan's Toyota Motor Corp holds an 89% controlling stake, is planning at selling 40% of its cars in rural markets in India. According to Hiroshi Nakagawa, Managing Director, TKM, "We are aggressively expanding our dealership footprint in India and quite a significant portion of this will be in country's heartland. By end of 2010, we plan to have 150 dealers across the country."
- **Tata Motors** is also making efforts to sell its pickup truck Ace in rural markets. It has already opened 600 small outlets for the Ace in rural and semi-urban markets. It has also tied up with 117 public sectors, gramin (rural) and co-operative banks to help small entrepreneurs buy the vehicle.

Motor Bikes (2 Wheelers)

- **Hero Honda** has been outperforming the 2W industry and its focus on the rural market has been one of the main reasons for this. Penetration levels of less than 10% in rural areas as compared to 23% in urban areas offer a huge opportunity share. Some of the company's key initiatives include targeting opinion makers such as appointing a local person as a sales executive, opening cost-effective showrooms to ensure the viability of dealers and tying up with local NBFCs and regional rural banks to arrange for finance, in a similar manner of Maruti Suzuki.

Hero Honda has initiated a campaign, *Har Gaaon Har Aangan*, in late 2007 to tap the two-wheeler market. The company is also mapping the demographic and psychographic landscape of rural India to formulate region-specific marketing strategies effectively. The company has also introduced the concept of truck-mounted stores, which enables it to set up kiosks/ points of sale, even in locations where it does not have a brick and mortar presence. The company wants to cover 100,000 of the more than 600,000 villages in the country in the near term. Hero Honda's share of rural sales has been increasing at 2%–3% every year and stands at more than 40% of its total sales currently.

- **Yamaha** is also planning a major initiative in rural India by launching more models in the affordable price range in 2010. "We are very strong in Tier 1 and Tier II cities. Now onwards, our focus will be rural India (Tier III towns). We will launch more models in the affordable price range to dominate the rural market," according to Pankaj Dubey, National Business Head, India Yamaha Motor. At present, around 15% of its sales come from the rural market and Dubey sees this demand increasing substantially in 2010.

REASONS TO FOCUS ON RURAL MARKETS

The rural Indian market, which accounts for nearly 70% of the total number of households in the country, witnessed a 25% annual growth in consumer durables for 2008, while the urban market reflected an annual growth rate of 7%–10%. Let's look at the factors, which make the rural market an attractive proposition for the automotive industry.

Large Customer Base

With a total population of more than 750 million, and covering around 95% of the country, rural areas have a huge customer base. Although due to the increase in urbanization, the rural population as a percentage of the country's total population is expected to fall, but in absolute terms, it continues to comprise a large pool of customers and is estimated to touch 900 million by 2020.

Increased Income Levels

There have been several factors that have resulted in an increase in income levels in the last few years. According to estimates, the percentage of households earning less than US\$ 1 was as high as 96% in 1985, which is estimated to come down to 29% by 2025. Similarly, the percentage of households earning within US\$ 2 to US\$ 5 is expected to increase from 1% in 1985 to 20% by 2025.

Let's look at some factors that will result in increased purchasing power in rural India.

Increase in Minimum Support Price (MSP)

Record food grain production (230 million tonnes for FY08) and the increase in MSP in the last couple of years have increased purchasing power in rural and semi-urban areas of the country. For example, this has resulted in an additional income of INR 6,000 per acre per crop cycle for paddy.

National Rural Employment Guarantee Scheme (NREGS)

The primary objective of NREGS is to provide gainful employment to nearly 45 million rural families (mainly landless labourers) that live below the poverty line. The scheme guarantees 100 days of employment (in a financial year) to every household which volunteers to participate. It has resulted in a rise in minimum wages in many states, with the average wage rise being around 32%.

Sixth Pay Commission

According to estimates, 52% of the employees who benefitted from the Sixth Pay Commission live in 'C' and unclassified cities. Under the Pay Commission, the average salary has been increased by 21%, which entails an additional government expenditure of INR 80 billion every year in addition to a one-time payment of arrears for 2½ years, which is estimated at INR 180 billion.

Farm Loan Waiver

In the last budget, the government waived agricultural loans to the extent of 100% for around 30 million small and marginal farmers and 25% for other farmers. These farmers also became eligible for fresh agricultural loans. The total cost to the government for these waivers is estimated to be INR 720 billion.

Enablers Such as Financing

Over the recent years, the government has taken various steps to provide rural areas with a strong credit structure. Regional Rural Banks (RRBs) have become a crucial part of the rural credit structure in India. They were created in 1975 when the need for a stronger institutional arrangement for providing rural credit was felt. India currently has around 190 RRBs with more than 14,000 branches. In addition, schemes such as the Kisan Credit Card (KCC) aim to provide credit support to farmers in rural areas. Currently, there are 72 million enrolments under KCC in rural areas; surprisingly, this equals the number of credit card users in urban areas. Cooperative societies have been the traditional source of finance in rural areas. These societies have a membership of over 120 million rural people. Over the last few years, scheduled commercial banks have also expanded their networks, which currently stand at 11,367 offices in rural areas. From an automobile company's perspective, the OEMs have tried to leverage existing financial institutions in these areas. The number of tie-ups with local banks and NBFCs has significantly increased over the last few years. Currently, the share of financing by NBFCs accounts for 20% of the total number of vehicles financed.

Infrastructural Development

Infrastructural development in India's rural belt has gained momentum in recent years and is the key to narrow the urban-rural divide in the country. Currently, 60% of the villages are connected with road networks. As a part of the Eleventh Five Year Plan, the government plans to construct 130,000 kilometers of new rural roads and has earmarked around 30% of the total public investment for rural infrastructure development. The Prime Minister's Gram Sadak Yojana (PMGSY) aims to connect all villages with a population of 500 and above (250 in the case of hilly and desert areas) with all-weather roads. The target is to construct 146,000 kilometres of rural roads and upgrade another 196,000 kilometres.

Telecom penetration is a fair representation of infrastructure advancement. It has increased significantly in rural areas in the last decade with these markets contributing over 70% to the total growth in the country's subscriber base. In coming years, investments in rural telecom infrastructure are expected to result in More than 250 million subscribers by FY15.

Saturation in Urban Markets

Urban markets are decelerating, according to the law of diminishing returns to scale and more intensive effort is required to secure an equivalent amount of sales in them as compared to under-penetrated rural areas.

TABLE 3: SHOWING RURAL VS URBAN PENETRATION OF SELECTED PRODUCTS ACCORDING TO THE LATEST ESTIMATES (AS A PERCENTAGE OF TOTAL NUMBER OF HOUSEHOLDS)

Commodities	Rural Penetration	Urban Penetration	Average Penetration
Car/Jeep/Van	1%	12%	4%
Two-wheeler	11%	42%	20%
Color TV sets	12%	63%	27%
Refrigerators	8%	48%	20%
Washing Machines	1%	24%	8%
Air-conditioners	-	5%	1%
Fans	43%	76%	53%
Bicycles	55%	60%	57%
TVs (B/W or Color)	33%	76%	46%
Gas stoves	19%	67%	33%
Pressure cookers	26%	74%	40%

Source: NCAER

MARKETING STRATEGIES APPLICABLE FOR AUTOMOBILE INDUSTRY IN RURAL INDIA

In order to increase the rate of growth for the automobile industry companies need to have closer relationship with their potential customers. The success of any optimal marketing strategy always pinned with providing excellent customer satisfaction. Some of the suggested strategies are described below.

Engaging Customers

To communicate and attract potential customers with various types of mass events can be organized wherein local flavour may be added by organizing traditional social activities or by leveraging local festivals. The events tend to harvest the season of generated sales.

Remarketing

It is a very effective tool that can drive ROI for all kinds of advertisers. It is very brand-oriented, performance-driven strategy which will greatly help automobile industries sector. Automobile advertisements can use remarketing to create an integrated campaign strategy.

Innovative Distribution Channels

To maximize the coverage requires nontraditional distribution networks. These distribution systems should connect to the rural of India for a greater harvest.

Extension Counters

These are stripped down dealerships, which operate as a satellite outlet for a main dealership in a nearby town. All the enquiries generated from the extension counters are channelized to the parent dealer and deliveries are made at pre-specified dates.

Resident Dealer Sales Executives (RDSE)

Appointing a local resident of the village as a salesman has also been a successful selling strategy. The RDSE tries to generate sales enquiries from local government offices, banks, schools, hospitals, etc. The extension counters are connected to the main dealership in a nearby town. Rural customers feel more comfortable interacting with a local person.

CONCLUSION

The average income of a rural household is lower than that of an urban one, there is a need to focus on lower cost products such as Maruti 800, Alto and Santro in passenger car market. However, like in urban areas, the rural customer does not compromise on the features and looks for value for money. Thus, the higher variant of a particular model garners more volumes than the lowest one. With appreciating land prices in areas close to rapidly urbanizing centres, such as Delhi (northern region), and with new housing, industrial and SEZ projects coming up, many people have made huge gains by selling their land holdings in adjoining rural areas. With large quantities of cash in hand, there is scope to indulge in luxuries and are being eyed by various premium automotive manufacturers, although the total size of this segment is still fairly small. There is no 'rural-only' product in the market. The Nano was supposed to be a rural market product, but the share of the rural market in the total number of bookings of 2,03,000 units was less than one-third. In the overall context, the rural market is still a niche segment which could be explored to increase the auto sales in India.

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Measure of Customer Delight through Business Process Re-engineering in Banking Industry

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Abstract—Banks and other financial services providers continuously claim to offer customer-oriented services, yet they still focus on delivering products instead of providing solutions to their customers' needs. The changing dynamics of banking and other financial institutions market forced players at all levels to re-engineer their business organisations. The banking operations and functions which is intend to meet emerging challenges of bank consolidation, slashing operating cost, outsourcing, portfolio investment, payments and settlement system call for innovative banking practices through Business Process Re-engineering. This is to enable Indian banks to incorporate strategic innovative customer schemes in order to bridge the service gap inherent in Indian banking sector. The objective of this paper is to Measure the Customer Delight through Business Process Re-engineering. The data for this current investigation were obtained from primary source that was analysed through simple percentage analysis, correlation and t test.

Keywords: Business Process Re-engineering, Information, Banking, Information process reengineering

INTRODUCTION

The goal of business process re-engineering is to redesign and change the existing business practices or process to achieve dramatic improvement in organisational performance. Organizational development is a continuous process but the pace of change has increased in manifolds. In a volatile global world, organizations enhance competitive advantage through Business Process Re-engineering (BPR) by radically redesigning selected processes.

LITERATURE STUDY

A literature study will be conducted in order to gather relevant information that has been published and gain theoretical knowledge of the research problem. The literature study will be utilised to apply theoretical knowledge and the implementation methods used in other countries and industries to the Indian banking sector.

Sharma (2006) posited that business process re-engineering implies transformed processes that together form a component of a larger system aimed at enabling organization to empower themselves with contemporary technologies business solution and innovations. Organizational effective performance has become a watchword in modern business; as a result there are inexorable pressures for Business Process Re-engineering.

According to Stoddard and Jarvenpea (1995) Business Process are simply a set of activities that transformed a set of inputs into a set of outputs (goods or services) for another person or process using people and equipments. Business process entails set of logically related tasks performed to achieve a defined business output or outcome. It involves a wide spectrum of activities procurement, order fulfillment, product development, customer service and sale (Sharma 2006). Thus, Business Process Re-engineering becomes an offshoot of Business Process.

Hammer and Champy (1993) argued that “the fundamental reconsideration and radical redesign of organizational process, in order to achieve drastic improvement of current performance in cost, service and speed enjoys a fair measure of consensus. One can then assume that Business Process Re-engineering connotes the analysis and design of workflows and processes within and between organizations.

Mauil and Childe explain that there is as yet no agreement on terms within the business process community. Various authors have described approaches known as BPR, business process redesign, BPM, business process improvement and core process redesigns. The approaches have different characteristics in terms of the degree of change the scope of the exercise and the focus of attention. It is common to give preferential focus to an IT driven intervention, as simply the redesign of processes to take advantage of the enormous potential of IT. The IT approach tends to identify BPR with traditional systems analysis and design and software engineering. On the other hand, alternative ideas on the subject may be said to inhabit the more increment list, quality-oriented and less IT-dominated end of the BPR opinion spectrum. The concept defines BPI as a systematic methodology developed to help an organization make significant advances in the way in which its business processes operate.

PROBLEM STATEMENT

Khong and Richardson have premised that banking is one of the most vulnerable industries in face of economic or political crisis. Banks have to respond quickly to such anomalies or suffer the consequences such as penalties or reprimands. Each bank has its own style of operations management, organizational structure, information technology, infrastructure and culture. Given the complexity of a hypothetical massive consolidation between several banking institutions, decreased performance in some aspects such as customer service, human resources and productivity is possible. The results of these consolidations are uncertain and largely unpredictable. In addition, consumers are becoming more knowledgeable and demanding. Domestic banking institutions will not only have to compete locally, but will also have set up defensive strategies against mega-global competitors from abroad. Quality of service will become a determining factor of business survival in the banking industry.

RESEARCH METHODOLOGY

The present study used a survey that was designed and conducted to the corporate clients. A specifically designed questionnaire was used as a tool and the survey covered a sample of 10 respondents for the purpose of analysis. These respondents were the customers of various banks.

THE RESEARCH MODEL

To determine the measure of customer delight of Business Process Reengineering by different banks is categorize using three key dimensions factors are Procedural Quality, Transactional Quality & Customer Care.

RESEARCH OBJECTIVES

The literature review led to the development of the following specific research objectives.

- To test the significant relationship among banking process between the selected dimensions
- To investigate the relationship among Business Process Reengineering between the selected dimensions
- Is there any improvement in customer delight with the effect of business process reengineering over traditional banking process

RESULT ANALYSIS & INTERPRETATION

TABLE 1: ORGANIZATIONAL PROFILE OF BUSINESS CLIENTS

Organizational Profile	No. of Respondents	Percent
Nature of Business		
Manufacturing	3	30
Trading	3	30
Service	4	40
Total	10	100
Type of Organization		
Proprietorship	5	50
Partnership	2	20
Private limited	3	30
Public limited	0	0
Total	10	100
Annual turnover		
Less than Rs. 50 lakh	3	30
Rs.50 lakh - Rs. 1 crore	3	30
Above Rs. 1 crore	4	40
Total	10	100
Nature of bank		
Public sector bank	5	40
Private sector bank	5	60
Total	10	100

Descriptive analysis was utilised in order to transform raw data into a form that is easy to understand and interpret. The data was summarised by means of calculating averages and percentage distribution from the usable survey responses.

Table 1 indicates 30% of the business clients are doing manufacturing business, 30% are doing Trading and 40% are Service Business in nature. From the above analysis, it was understood that out of the 10 respondents selected 40% of the respondents are public banks and the rest 60% of the respondents belong to private banks.

TABLE 2: THE RELATIONSHIP AMONG BANKING PROCESS BETWEEN THE SELECTED DIMENSIONS

	P-BP	T-BP	C-BP
P-BP	1 0.458 10	0.458 0.183 10	0.604 0.064 10
T-BP	0.458 0.183 10	1 10	0.745* 0.013 10
C-BP	0.604 0.064 10	0.745* 0.013 10	1 10

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

P-BP: Procedural Banking Process, T-BP: Transactional Banking Process, C-BP: Customer Care Banking Process.

It is clear from Table 2 that Traditional Business Process is highly significant between Transactional Banking Process and Customer Care Banking Process.

TABLE 3: THE RELATIONSHIP AMONG BANKING PROCESS REENGINEERING BETWEEN THE SELECTED DIMENSIONS

	P-BPR	T-BPR	C-BPR
P-BPR	1 -0.506 10	-0.506 0.136 10	-0.404 0.247 10
T-BPR	-0.506 0.136 10	1 10	0.389 0.267 10
C-BPR	-0.404 0.267 10	0.389 0.267 10	1 10

TABLE 4: IMPROVEMENT IN CUSTOMER DELIGHT WITH THE EFFECT OF BUSINESS PROCESS REENGINEERING OVER BANKING PROCESS

BPR		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	P-BPR	3.5200	10	0.41580	0.13149
	P-BP	2.7800	10	0.31198	0.09866
Pair 2	T-BPR	3.6300	10	0.53135	0.16803
	T-BP	2.9800	10	0.19889	0.06289
Pair 3	C-BPR	3.7100	10	0.27264	0.08622
	C-BP	2.6900	10	0.44083	0.13940

P-BPR: Procedural banking Process Reengineering, T-BPR: Transactional Banking Process Reengineering, C-BPR: Customer Care Banking Process Reengineering.

It is clear from Table 3 that BPR Process are not significant between Procedural Banking Process Reengineering, Transactional Banking Process Reengineering, and Customer Care Banking Process.

TABLE 5

BPR		Paired Differences					t	d	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	P-BPR - P-BP	0.74000	0.47422	0.14996	0.40076	1.07924	4.935	9	0.001
Pair 2	T-BPR - T-BP	0.65000	0.58357	0.18454	0.23254	1.06746	3.522	9	0.006
Pair 3	C-BPR - C-BP	1.02000	0.66299	0.20966	0.54573	1.49427	4.865	9	0.001

Table 4 shows that the calculated value of 't' is found that the selected three dimensions have got better improvement on customer delight in banking process reengineering than traditional banking process.

CONCLUSION

Banking historically has been a sector based on individual or institutional client service. In the last two decades, the delivery of banking services has undergone enormous changes. In today's browser-based competitive finance world, banks need to flourish this client service viewpoint with web-empowered features for keeping clients and attracting prospective ones.

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Relevance of Economics in Media Management

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INTRODUCTION

The core task of media economics is to build a bridge between the general concepts and theories of Economics and the specificities of the media industry management. Media and communication have conventionally been dominated by non-economic disciplines like computers, photography, animation, audio and video, mostly technical in nature. On the outer layer, one may not realize that it is economics which is influential in running and managing any media company. In recent times, India has witnessed mushrooming of many media companies be in radio, advertising, television, recorded music or movies. Public owned Doordarshan and All India Radio were dominating the audio and video segments of the Indian subcontinent for a very long time. But in 1990s, India witnessed a revolution in media industry. Many new private TV channels were launched in the 21st century and many private radios, channels were also started. Advertising industry picked up momentum because of the entry of multinationals and increase in consumerism.

Media was once confined to print media. Now the field of media has widened greatly and in its ambit there are electronic and cyber media. Media has become so powerful that in education also students opt to do courses relating to media.

Many colleges and institutes in Tamil Nadu teach multimedia courses like advertising, animation, film & TV production and management, book publishing, journalism and mass communication.

Due to this growth of media and media management economics as a discipline becomes highly relevant in understanding how media firms and industries operate. Media economics may never have been more important for the industry than at the present time. In this article a very broad view is being presented on some of the main economic concepts and issues incorporated in media management. This article may give an insight why media economics must be included in any study of media governance.

Media economics is a study of economics combined with the study of media. Media economics is usually defined as the “study of how people make choices to cope with scarcity”. With this definition as a base, Robert Picard (1990) has defined media economics as, “it is concerned with how media operators meet the informational and entertainment wants and needs of audiences, advertisers and society with available resources.”

According to Alexander and others (2003), “Media economics refers to the business operations and financial activities of firms producing and selling output into the various media industries.” Hence media economics is concerned with a range of issues including

pricing, policies, business stability, competitions etc. The economics views are both, micro and macro in nature. Macro economics is about forces that affect the economy as a whole, whereas micro economics is concerned with the analysis of individual markets products and firms. An economy is a mechanism that determines what is produced, how, when and where it is produced and for whom it is produced. This becomes the economic problem.

These decisions are taken by three types of economic actors—consumers, firms and government and coordinated in what are called markets.

DEFINITION OF MEDIA ECONOMICS

Media economics is the study of how media industries use scarce resources to produce content that is distributed among consumers in a society to satisfy various wants and needs.

CLASSIFICATION OF MEDIA INDUSTRY

Media industries can be classified in a number of ways based on product (print, broadcast, film, recorded, music etc) regulation, technology and sequence in the production and the distribution chain.

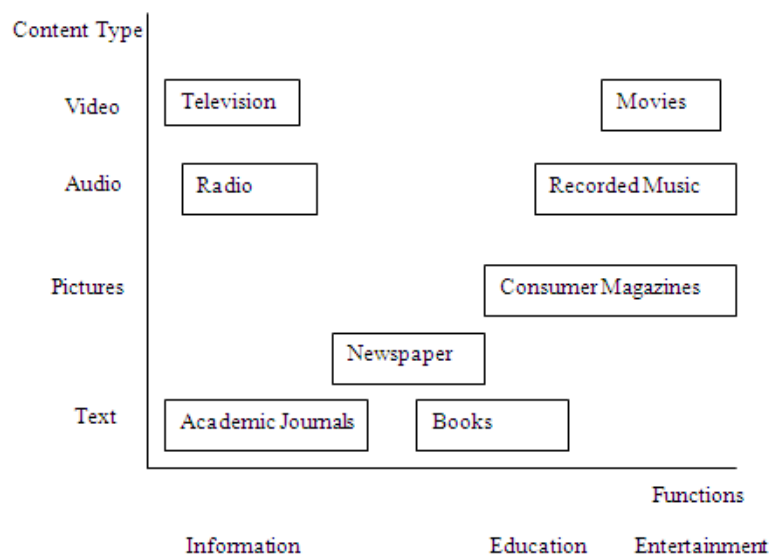


Fig. 1: Sectors of the Media Industry

The business operations and financial affairs of media firms refer to the complete set of activities encompassed in the production and distribution of media products and services. In every nation there is a set of rules and regulation and under this constraint the media industry functions. The set of rules and regulation varies from country to country. The context for media firms is set by the political, social and legal environment of the society within which the business is conducted. The overall nature of the country's political organization is clearly a fundamental factor in the determination of the functioning of media industries and business practices of media funds.

The economic structure of any society is affected by the political legal and social characteristics that influence and shape business practices among firms. In India, both private and public sectors function in coordination. In this type of economy, both public and private sectors produce and distribute products and goods. To cite an example, Doordarshan and Star channels distribute production. In India after the liberalisation most of the production of media content is handled by private companies rather than by government companies. Media companies produce and distribute products to consumers in order to generate revenues and ultimately profit is the motivator. This system encourages the interaction and interplay among media producers and consumers and, in the case of advertisers and media buyers consumers influence media companies by the types of media content they use or demand.

As for the print media the dailies are dwindling or struggling for existence. May be the media content do not have all the goods present to satisfy the needs of the consumers. Therefore allocative decisions must be made regarding how best to utilize existing resources in a society. This decision making process is the economic problem of the company. Media economics is concerned with how the media industries allocate resources to create information and entertainment content to meet the needs of audiences, advertisers and other societal institutions.

Intellectual Property

The value of media content lies not in the paper that is printed on or the ink or video tape that conveys its text or images, but in the meanings, messages stories, that it has to offer is the intellectual property.

OPPORTUNITY COST IN MEDIA ECONOMICS

Opportunity cost is inevitable and requires firms to make trade offs. The most productive outcome is achieved when every worker, piece of land and item of capital equipment is allocated to the task that suits its best. For example the opportunity cost of switching resources from computer games to CD-ROM production (or from CD ROMs to games) can be calculated as the number of games that must be given up in order to produce more CD-(ROMs).

Production Function

The production function describes the relationship between input costs and different levels of output. For example, the introduction of new print and desk top publishing technologies in the magazine publishing industry in the 1980s and 1990s reduced capital equipment costs and allowed a reduction in labour input (can substitute with any other example).

Marginal Product

Marginal product is the change in total product (or the total amount produced by the firm) that results from adding a little bit more or a little less of a variable input to a fixed input. But

contrary to what is implied by the law of diminishing returns many media firms tend to enjoy increasing rather than diminishing marginal returns as their output (or, rather, consumption of it) increases. The explanation for increasing returns to scale in the media industry lies in the nature of the product and how it is consumed. The firms always wish to maximize its profits so to know what revenues are associated with the different levels of output and to know about this market structure is important.

Market Structure and its Relevance to Media Industry

A market is better understood through an examination of its economic characteristics. The structure of a market is dependent on several factors, but several criteria clarify the type of market structure. These criteria are the concentration of buyers and sellers (producers) in the market, the differentiation among the various products offered, barriers to entry for new competitors, cost structures and vertical integration.

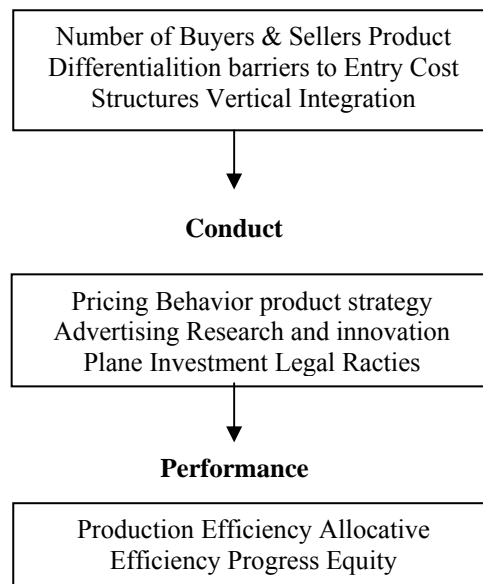


Fig. 2

Number of Buyers and Sellers

A market is concentrated if it is dominated by a limited number of large companies, e.g. in Tamilnadu (Sun TV for a long time). The lower the number of producers, the larger the degree of power each individual firm will be concentrated with. It can be measured in various ways but in media economics there are two approaches.

1. Using circulation or ratings
2. Percentages of revenues (sales) controlled by the top 4 or 8 firms.

Product Differentiation

This refers to the subtle differences perceived by buyers as existing among products e.g. several publications target towards the business world, e.g. *Business India*, *Business World*.

Barriers to Entry

Barriers for the new seller to enter the market e.g. capital money etc.:

Cost Structures

This refers to the cost of production industries that have high fixed costs like cable television often had to highly concentrated market (If possible some other example can be given). Economics of scale usually exist in this situations for the sellers. That means, decline in average cost that occurs as add units of a product are created.

Vertical Integration

Vertical integration occurs when a firm controls. Viacom is an example of a company engaged in vertical integration. A movie produced by the Viacom-owned Paramount Film Studio eventually will appear on pay per view or premium services such as show time. Finally the movie may be offered as a package of failure films for sale to cable networks or network TV which might be a part of the CBS family of stations.

Viacom maximizes its revenue for the film through the different stages of exhibition of the film. Further, the film will be marketed through Viacom's cable networks, websites of other ancillary movie. The main theoretical market structures in economics are perfect and imperfect competition (i.e. monopolistic competition and oligopoly) and monopoly.

The distinction between the markets is the number of buyers and sellers in the given market. This provides a significant indication of the "market power" that individual firms possess and their ability to control and influence the economic operations in the market (e.g. price determination). The less market power individual firms have, the more is the competition in the market structure they are operating in.

Perfect competition exists where there are many buyers and sellers of a good or service that is homogenous and no firms dominate the market. In this situation, economic forces, (demand and supply) operate freely. Each firm is a price taker and firms can enter and exit the industry freely. Monopoly, on the other extreme, has only one seller and has high entry barriers.

It is very rare to find perfect competition in the real world. Most industries, including the media, sell differentiated products e.g. books. They are similar in nature but consumers can distinguish between them. They may be close substitutes but no exact substitutes. There may be many sellers of similar goods but products will be differentiated. And this differentiation brings the control of prices by the sellers.

If there are only few sellers in a market but some competition exists for their products, either homogenous or differentiated, the market structure is defined as an 'oligopoly'. The

most usual method of measuring the degree of oligopoly in a market is by applying a 'concentration ratio'. In economics, concentration ratio indicates the relative size of firms in relation to their industry as a whole. In media concentration ratio can be measured by the audience shares for one firm to that of the whole population. Oligopoly is the most common type of market structure that media firms operate in when firms become large and command significant market control. The supply, demand and price functions of the market are disrupted and consumer loyalty is diminished. e.g.,

Prevalence of a single cable system.

Oligopoly—TV Networks, Recording industry & TV Networks.

Monopolistic Competition—Magazine.

Economies of scale are prevalent in media because the industry is characterized by high initial product costs and low marginal, production and distribution costs. Economies of scope—economics achieved through multi-product production—are also commonly characteristic of media enterprises. So, there are major advantages in larger size for firms that operate in the media industry. Substantial economies of scale in any industry will then, act as a natural barrier to entry in that any new firm will usually be smaller than established firms and so they will be at a cost disadvantage.

KEY ECONOMIC CHARACTERISTICS OF MEDIA

A good way of getting to know what is special about media economics is to consider the characteristics of the media as a whole that distinguishes it from other areas of economic activity.

Media firms sell their wares simultaneously in two separate and distinct sorts of markets. Media industries are unusual in that they generally operate in what has been referred to by Piccard (1989) as a "dual product" market. The two commodities media firms generate are first, content (TV Programs) and second audience.

Content: Contents are the entertainments or news content that is consumed which is called a "Cultural Content". Media content is intangible as it is in the form of information, messages. The material carries of their information like the CD or the radios have nothing to do with the content. It is sometimes difficult to define what constitutes a unit of media content, a story, an article etc. But it is only the meaning the audiences value and it is usually not material objects. So, it does not get used up or destroyed if consumed and hence it can be used again or again. If one person watches a television program it does not diminish if someone else uses it.

Audiences: They are the output who are attracted towards this content which are packaged, priced and sold to advertisements. They are also the main currencies as they provide advertising revenues as this is the primary source of income for commercial TV newspapers, magazines etc. Even non-profit sector in media has to depend on audiences for their rating.

The consumption of private goods uses up scarce resources and therefore needs to be rational (by market and by prices). In the case of public good, initial cost to establish it may be high by the marginal cost associated with its supply and extra units are next to zero. For e.g., the marginal transmission cost for one more view of a TV is zero. Once the first copy of a media is produced (which may be very high), it may cost nothing or very little to replicate it. Hence, marginal returns will be high as the media product expands.

When the audience contracts a media firm cannot save much. In other industries when there is no profit the producers start on cost-cutting like cutting on the purchases of raw materials which cannot be done in a media firm.

Economic of Scale in a Media Firm

Economics of scale are said to exist in any industry when marginal costs are lower than average costs. When the cost of providing an extra unit of a good falls as the scale of output expands, then economics of scale are present large scale industries usually enjoy lower production costs and division of labour and specialization are benefits of economics of scale.

Economics of scale exist in the media because of the public-good attributes of the industry's product. For media firms, marginal costs (MC) refer to the cost of supplying a product or service to one extra consumer. Average costs (AC) are the total costs involved in providing the product or service, divided by its audience—the total number of users who watch, read, listen to or otherwise consume it.

In most sectors of the media, marginal costs tend to be low, and in some case they are even zero. Marginal costs are lower than average costs. Consequently, as more viewers tune in or more readers purchase a copy of the magazine, the average costs to the firm of supplying the product will be lowered. If average production costs go down as the scale of consumption of the firm output increases, then economics of scale and higher profits will be enjoyed.

Supply and Demand Concepts in Media

In a market economy, supply and demand mechanisms work together in order to solve the economic problems of a society. Supply refers to the amount of a product a producer will offer at a certain price. The production decisions are made on the anticipated consumption of the product. For example, the newspaper publisher will buy enough ink, paper and equipment to produce the daily paper but will be hesitant to produce more copies than he sells on an average. Hence, it ensures proper allocation of scarce resources.

The available supply of a product is directly affected by the demand for the product placed by consumers. Demand is defined as a measure a consumer will buy at a particular price in a given point of time. The interplay of product, price and market characteristics influence consumer demand. In media economics, demand characteristics are somewhat problematic given the unique nature of media products (content) and the fact that the product can be reused.

The other market concept is the 'Demand Curve'. They are normally downward sloping curve meaning that when other things remaining unchanged the quantity demanded increases as price decreases.

For example, in media, the demand curve reflects the price of a video recording. Higher the price, lower the quantity demanded for the product.

Types of Demand for Media Products

Demand can be measured on the individual level by consumer usage of the product which can be derived by examining direct consumer purchases (such as a movie ticket) or, in the case of content offered for free (such as Television) by the utility offered by the product. It is a subjective process that is linked to individual satisfaction. Consumers assign value based on individual wants and needs for a particular product. In terms of media, this process helps consumers decide what type of media content to utilize in order to meet their needs. The shape of the supply curve is known as its elasticity and reflects the relative responsiveness of quantity supplied to changes in prices. Elasticity depends primarily on the closeness of substitutes in production and the time available for the producers to respond.

There is also demand for access to audiences by advertisers trying to market their products and services to consumers. The advertising industry is interdependent with mass media and hence demands for advertising are on a macro level.

If a supplier faces an inelastic demand curve, then a price increase imposed by the supplier have to be a larger price increase and a little decrease in the market clearing quantities. Examples of this principle at work are popular first run movies and highly sought CDs. Conversely, if a supplier facing elastic demand curves increases prices that supplier will lose a large part of the demand, and the price increase will be only partly "passed on". Again, memories applications of these relationships can be observed in media market.

However, a feature of demand curves is that they change out with time. Although a demand curve may look very inelastic, the availability of substitute will have impact overtime. So will the impact of technology, for example, Satellite TV has significantly increased the elasticity of cable TV.

CONCLUSION

The above explanations are meant to be an interaction between economics and media. This is to understand how economics and media interplay to form media economics. In India, media and media studies have come to the forefront and to understand and manage media economics become of basic necessity. Many media firms are presently in a state of rapid change and some areas can be reasonably characterized as in turmoil. In such a state of flux, being able to understand the overall nature of media economics is uniquely important. The above discussions has an economic framework consisting of guidelines and constraints imposed by societal choices, the specific decision-making processes of consumers and firms (micro-economics) and the overall aggregate attributes of the economy (macro-economics).

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Processes and Applications of Data Mining in Web-Based Learning in Higher Education—A Model

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Abstract—*Learning is a continuous and life-long process. Flexible learning has become the buzz word of this 21st century. Information and communication technologies have brought about tremendous changes in the teaching-learning process. Web-based learning has started to play an indispensable role in this whole set of activities. Availability of right content at the right time is the real need for learners. This paper provides an insight into data mining in Web-based learning. The role of data mining in web-based learning environment are discussed together with a process model for implementing data mining in web-based learning at higher education. The process model includes Conceptualization and Identification, Selection and filtering, Pattern extraction and evaluation and finally Visualization.*

Keywords: *Data Mining, web-based learning, Conceptualization and Identification, Selection Pattern extraction and Visualization.*

INTRODUCTION

Data mining is a significant step in overall KDD process. Knowledge discovery from database involves the application of specific algorithms for extracting required data based on specific patterns (U Fayyad, 1996.) The various additional activities in this process involve data preparation, data selection, data cleaning, incorporation of appropriate prior knowledge, and proper interpretation of the results of mining. All these activities ensure that useful knowledge is derived from the data. In general KDD systems incorporate theories, algorithms, and methods from all these fields. Many successful applications have been reported from varied sectors such as marketing, finance, banking, manufacturing, and telecommunications and education.

Knowledge discovery forms an integral part of data mining towards solving problems in a specific domain. Knowledge is a valuable asset to most organizations as a substantial source to enhance organizational competency. Researchers and practitioners in the area of knowledge management, view knowledge in a broad sense as a state of mind, an object, a process, an access to information, or a capability. Today's knowledge world needs information at a faster pace across the organization to survive in the midst of global competitive environment. Technology plays a vital role in all walks of life. It has created a great impact in various sectors. Literature study reveals that education sector is benefited by the usage of different

technology and modern database principles. Data mining techniques have emerged as successful technique in web-based learning systems. This paper discusses the various benefits of data mining in web-based learning environment together with an analysis of various models for data mining in web-based learning. This paper concludes with a theoretical model arrived based on literature study that could be implemented in web-based learning scenario.

LITERATURE REVIEW

Data mining discover knowledge assets from the data store/ warehouse repository used mainly for business intelligence and education. For example, data mining is used by e-learners to extract the desired content so as to facilitate timely learning. There are several foundation works to develop data mining in web-based learning. Li and Chang proposed a model to systematically mine and manage useful knowledge in R&D organizations.

Web-based learning supports the computer-based and computer supported education and training systems exploiting Web as the representation and delivery medium. A web-based learning system is a high-tech in the field of e-learning due to the advantages of reusability, interoperability and accessibility provided by the internet technology. Reusability, interoperability and accessibility are major concepts in the development of modern learning environments and extensively proposed by many researchers. Valderrama et al. designed web-based education systems as a multi-agent architecture working with intelligent reusable learning objects. Tang (2001) made pioneering efforts in data mining that mined the knowledge of page contents and student navigation pattern. Luan (2002) focused on student enrollments in community colleges and reports a case study in which data mining was used to monitor and predict community college students' transfer to four-year institutions. Ma et al. (2000) presented a real life application of data mining to find weak students. Luan (2002) studied the impact of data mining on higher education. This study helped to gain insights about the existing higher education worldwide and its improvement from data mining perspective. Delavari et al (2004) discussed a new model for using data mining in higher educational system. Ranjan and Malik (2007) proposed a framework for effective educational process using data mining techniques to uncover the hidden trends and patterns and making accuracy based predictions through higher level of analytical sophistication in students counseling process. Talavera and Gaudioso (2004) proposed to shape the analysis problem as data mining task.

Ma et al (2000) visualized that the education domain offers many interesting and challenging applications for data mining. First, an educational institution often has many diverse and varied sources of information. There are the traditional databases (e.g. students' information, teachers' information, class and schedule information, alumni information), online information (online web pages and course content pages) and more recently, multimedia databases. Second, there are many diverse interest groups in the educational domain that give rise to many interesting mining requirements. For example, the administrators may wish to find out information such as the admission requirements and to predict the class enrollment size for timetabling. The students may wish to know how best to select courses based on prediction of how well they will perform in the courses selected. The

alumni office may need to know how best to perform target mailing so as to achieve the best effort in reaching out to those alumni that are likely to respond. All these applications not only contribute an educational institute in delivering a better quality education experience, but also aid the institution in running its administrative tasks effectively. With so much information and so many diverse needs, it is foreseeable that an integrated data mining system that is able to cater to the special needs of an educational institution will be in great demand. The literature survey had enabled us to study various papers which made significant impact on our findings from Indian perspective. A small percentage of the studies were based on traditional theories of learning, but without anchoring aspects of web-based learning (Zhang, Li, Duan, & Wu, 2001).

SIGNIFICANCE OF THE STUDY

The literature review clearly reveals that web-based education system is gaining momentum in the present era. Information is available for both instructors and learners from a large heterogeneous cluster. However, availability of right information at the right time is the present need. Hence, data mining plays a vital role in extracting the required content to facilitate better teaching–learning scenario. A process model for data mining in web-based learning scenario has been proposed in this article.

METHODOLOGY

The research methodology adapted is based on the in-depth study of the topic pertaining to the data mining and its application in higher education. The literature review carried out helped to understand the growing importance of the use of data mining techniques in the field of web-based learning in higher education. The ideas presented by various authors in national and international conferences were taken into consideration while analyzing the data mining applications in the field of higher education. The talks with various academicians, institutions, colleges offering higher education and experts in the field of data mining helped us to find and present the techniques, process and application of data mining in higher education in India.

PROCESS MODEL FOR DATA MINING IN WEB-BASED LEARNING

A study (Bloom 1984) states that conventional teaching methods provide the least effective method of learning. The author compares students' scores on achievement tests using three forms of instruction: conventional teaching, mastery teaching, and individualized tutoring. Mastery teaching is an instructional technique whereby a teacher supplements a lecture with diagnostic tests to determine where students are having problems, and adjusts the instruction accordingly. The proposed model support the web-based learning with several scheme of learning including adaptive, autonomous, and collaborative learning.

There is no specific model followed by web-based learning system. Four components emerge from the literature as part of a web-based leaning system. They include the following: student model, the pedagogical module, the expert model, and the communication module or

interface (Wasson, 1997; Costa, 1992; Polson and Richardson, 1988; Yazdani, 1987; Wenger, 1987; Sleeman and Brown, 1982). Based on the components and their interactions (Behrouz, 2004) proposed model which is suitable for the web-based learning environments.

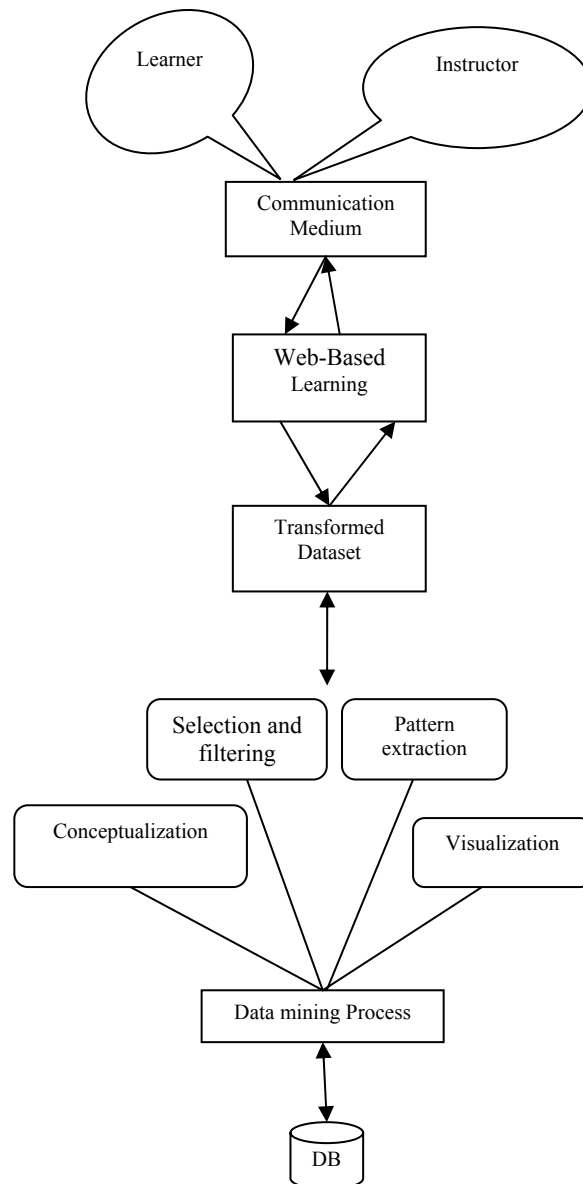


Fig. 1: Process Model for Web-based Learning

Web-based technologies have led to great innovations in teaching and learning. Web-based education systems constitute one of the fastest growing areas in educational technology, research and development. Web-based education is one of the innovations of technological

changes and it mainly overcomes the conventional boundaries of traditional learning systems. It facilitates a learner-centric approach, 24x7 services to all activities concerning the teaching–learning process are possible through web-enabled learning.

The instructor stores and delivers information of each individual learner. For example, the model tracks how well a student is performing on the material being taught or records incorrect responses that may indicate misconceptions. Since the purpose of the student model is to provide data for the pedagogical module of the system, all of the information gathered should be usable by the tutor.

The communication medium *provides* a model of the teaching process. For example, information about when to review, when to present a new topic, and which topic to present is controlled by this module. As mentioned earlier, the learners and instructor are used as input to this component, so the instructive decisions reflect the differing needs of each student.

The subject *experts contain* the domain knowledge, which is the information being taught to the learner. However, it is more than just a representation of the data; it is a model of how someone skilled in a particular domain represents the knowledge. By using an expert model, the tutor can compare the learner's solution to the expert's solution, pinpointing the places where the learner has difficulties. This component contains information the tutor is teaching, and is the most important since without it, there would be nothing to teach the student. Generally, significant knowledge engineering to represent a domain so that other parts of the tutor can access it.

The communication module controls interactions with a student, including the dialogue and the screen layouts. For example, it determines how the material should be presented to the student in the most effective way by providing an understanding of the application domain, the goals of the system and its users, and the relevant prior background and prior knowledge. Selecting a data set, or focusing on a subset of variables or data samples, on which discovery is to be performed. Preprocessing and data cleansing, removing the noise, collecting the necessary information for modeling, selecting methods for handling missing data fields, accounting for time sequence information and changes. Data reduction and projection, finding appropriate features to represent data, using dimensionality reduction or transformation methods to reduce the number of variables to find invariant representations for data. Choosing the data mining task depends on the goal of KDD. Selecting methods and algorithms are to be used for searching for the patterns in the data. Mining the knowledge: searching for patterns of interest; evaluating or interpreting the mined patterns, with a possible return to any previous steps; using this knowledge for promoting the performance of the system and resolving any potential conflicts with previously-held beliefs or extracted knowledge. These are the steps that all data mining tasks progress through.

Selection and filtering has been presented in Jain (2000). He presented a taxonomy of available selection algorithms based on pattern recognition or ANN, sub-optimal or optimal, single solution or multi-solution, and deterministic or stochastic. The *relevant* classification

result is based on prior knowledge of the classification task. Langley (1994) has a useful review on relevance and selection.

Visualization is useful for project in high dimensional data down to two or three dimensions. The main concern is protecting the distance information and deployment of the original data in two or three dimensions. The traditional approach in data visualization is linear projection. A more convenient choice is projecting the data onto a graph (Mori 1998).

INFERENCE

This study helped to arrive at the following inferences:

- It is evident that web-based learning is in practice in the higher education scenario.
- Information is available in a heterogeneous cluster.
- Extraction of right information at the right time becomes essential.
- Data mining helps in extracting the required information for the teaching–learning process.
- It saves lot of time.
- Facilitates need based and flexible learning environment.
- Overall data mining is required to enhance efficiency in the teaching–learning process.

CONCLUSION

The research work in this area confirmed that data mining enhances teaching and learning process in a web-based environment. The theoretical model proposed in this article could serve as a basis for implementing data-mining techniques in web-based learning scenario.

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Type A Behaviour Pattern and Perceived Stress among Managerial Personnel

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Abstract—*The objective of this study was to study the relationship between Type A Behaviour Pattern and Perceived Stress among the Managers. A convenience sample consisting of 89 managers working in a government company participated in the study. By administering questionnaires Type A Behaviour Pattern and Perceived Stress among the managers were assessed. The collected data was analysed with Mean, Standard Deviation, Correlation, Regression and ANOVA tests. Results indicate that a low level of TABP was observed among the respondents of 35–45 years age group and a high level in the 45–55 age group. A low level of Perceived Stress was observed in the age group 25–35 and a high level in the 45–55 age group. A high level of TABP and Perceived Stress was observed among the male respondents. A high level of TABP and Perceived Stress was observed among the respondents of above 20 years experience group and a low level of TABP and perceived stress was observed among the respondents of 10–20 years experience group. There is no significant difference in TABP among the respondents of different experience groups. But there is a significant difference in Perceived Stress among the respondents of different experience groups. Correlation analysis revealed that there is a significant correlation between TABP and Perceived Stress. Regression Analysis revealed that TABP predicts the dependent variable.*

Keywords: *Perceived Stress, Type A Behaviour Pattern.*

INTRODUCTION

A person with a Type A personality is “aggressively involved in a chronic, incessant struggle to achieve more and more in less and less time, and, if required to do so, against the opposing efforts of other things or other persons”(Friedman & Rosenman, 1974). Type A are always moving, walking, and eating rapidly; feel impatient with the rate at which most events take place; strive to think or do two or more things at once; are obsessed with numbers, measuring their success in terms of how many or how much of everything they acquire.

Type A, operate under moderate to high levels of stress. They subject themselves to more or less continuous time pressure, creating for themselves a life of deadlines. These characteristics result in some rather specific behavioural outcomes. For example, Type A are fast workers because they emphasise quantity over quality. In managerial positions, Type A demonstrate their competitiveness by working long hours and, not infrequently, making poor decisions to new problems.

CONCEPT OF THE STUDY

Type A personality is characterised by time urgency, achievement orientation, competitive behaviour and impatience. They always have deadlines. Because of this, they perceive and experience more stress than Type B personality. They frequently appraise situations in their life as stressful. Stress is a process in which environmental demands tax or exceed the adaptive capacity of an organism resulting in psychological and biological changes that may place persons at risk for disease. The present study is an attempt to study the Type A Behaviour Pattern (TABP) among the managers, the level of perceived stress among them and the relationship between Type A Behaviour Pattern (TABP) and perceived stress.

OBJECTIVES OF THE STUDY

The present study is aimed at studying the relationship between Type A Behaviour Pattern (TABP) and perceived stress among the managerial personnel in a government company and differences in the research variables among the respondents of different age, gender and experience groups.

REVIEW OF LITERATURE

The TABP is a set of aggressive, ambitious, time-urgent, impatient and competitive behaviours that are often elicited by environmental stressors or challenges. The behaviour pattern is considered to be the result of a person-situation interaction in which a perceived challenging situation induces enhanced competitiveness, impatience, etc., in predisposed individuals. From the perspective of Henry and Stephens (1977), Type A individuals have been reported to be particularly challenged by situations in which their control is threatened (Rosenman and Chesney, 1980). The primary responses of Type A persons to these situations is to struggle aggressively to exert and to maintain control over their environment (Glass, 1977). Thus, TABP is a characteristic style of responding to, and coping with, environmental challenge. Type B Behaviour Pattern, originally defined as the relative absence of the behaviours described above, is increasingly perceived as an alternative style of responding to or coping with environmental challenges.

The relationship between Type A behaviour and CHD was first demonstrated in the Western Collaborative Group Study (WCGS) (Rosenman, *et al.*, 1976). In this prospective study of CHD, a population of 3154 employed men was followed over a period of 8.5 years. One major finding of the WCGS was that the TABP, as assessed by means of the SI (Rosenman, *et al.*, 1964) administered at intake, constituted a 2:1 risk factor for CHD. Thus, the association was found to be independent of the effects of other risk factors such as age, blood pressure, serum lipids, cigarette smoking and parental history of CHD.

Type A Behaviour is associated with the sympathetic nervous system arousal characteristic of the stress response described by Cannon (1929) and by Henry and Stephens (1977) based on their animal research. In a laboratory study, Type A subjects were observed to have significantly higher levels of plasma norepinephrine than Type B subjects in

response to a competitive task designed to be a stressor (Friedman, et al., 1975). Similarly, it was shown by others that employed adult Type A male subjects respond with greater blood pressure and plasma epinephrine than Type B subjects when confronted by the challenge of playing a TV video game with an experimental confederate competitor (Glass, et al, 1980). These findings associating Type A behaviour with excessive sympathetic arousal are most important because they are consistent with the mounting evidence that pathophysiological links between behaviour and cardiovascular disease appear to involve adrenergic activity which is associated with increases in blood pressure, heart rate, plasma free fatty acids and renin, all physiological factors predisposing to cardiovascular disease and its clinical manifestations (Herd, 1981).

A number of laboratory studies have shown that Type A subjects evidence significantly greater cardiovascular arousal to stressors than do Type B subjects. For example, Type A subjects tend to show greater heart rate and blood pressure responses to a variety of psychomotor and cognitive laboratory tasks (Dembroski et al., 1979). These differences are not unexpected, because the heart rate and blood pressure responses accompany the enhanced release of catecholamines in Type A subjects exposed to stressors.

RESEARCH DESIGN

A survey design was used. This design is suitable to study the relationships between different variables. Questionnaires were used to gather primary data in a non-random field survey.

Method

A convenience sample consisting of 89 managers working in a government company participated in the study. By administering questionnaires Type A Behaviour Pattern and Perceived Stress among the managers were assessed. The collected data was analysed with Mean, Standard Deviation, Correlation, Regression and ANOVA tests.

Tools

Type A and Type B Behaviour Scale (Cooper and Davidson, 1983) was administered to assess Type A/ Type B Behaviour. This scale consisted of 13 items, which attempt to measure the subject's sense of time urgency, hostility, rapid movement and patience level.

Scoring

Scores were given from 1 to 11 for the responses as given below.

Number Circled	5	4	3	2	1	0	1	2	3	4	5
Points/ Weightage	11	10	9	8	7	6	5	4	3	2	1

Points for all the items were added to get the subject's total score. Higher score indicates Type A Behaviour.

Perceived Stress Scale developed by Sheldon Cohen was used to assess the level of Perceived Stress among the Managers. It is a measure of the degree to which situations in one's life are appraised as stressful. Items were designed to tap how unpredictable, uncontrollable, and overloaded respondents find their lives. The scale also includes a number of direct queries about current levels of experienced stress. Moreover, the questions are of a general nature and hence are relatively free of content specific to any subpopulation group. The questions in the PSS ask about feelings and thoughts during the last month. In each case, respondents are asked how often they felt a certain way.

Scoring: PSS scores were obtained by reversing responses (e.g., 0=4, 1=3, 2=2, 3=1 and 4=0) to the four positively stated items (items 4, 5, 7 and 8) and then summing across all scale items.

RESULTS AND DISCUSSION

The collected data was analysed with Mean and Standard Deviation, ANOVA, Correlation and Regression tests. Table 2 shows the Mean and Standard Deviation of research variables in different age groups.

TABLE 1: MEAN AND STANDARD DEVIATION OF RESEARCH VARIABLES IN DIFFERENT AGE GROUPS

	AGE	TABP	PS
25-35	Mean	76.33	13.33
	N	6	6
	Std. Deviation	3.777	5.354
35-45	Mean	73.75	15.54
	N	24	24
	Std. Deviation	26.336	4.782
45-55	Mean	80.49	17.17
	N	59	59
	Std. Deviation	21.693	5.814
Total	Mean	78.39	16.47
	N	89	89
	Std. Deviation	22.391	5.578

A low level of TABP (Mean=73.75) was observed among the respondents of 35–45 years age group and a high level (Mean=80.49) in the 45–55 age group. A low level of Perceived Stress (Mean=13.33) was observed in the age group 25–35 and a high level (Mean=17.17) in the 45–55 age group.

TABLE 2: MEAN AND STANDARD DEVIATION OF RESEARCH VARIABLES IN DIFFERENT GENDER GROUPS

	Gender	TABP	PS
Male	Mean	80.52	17.66
	N	44	44
	Std. Deviation	21.771	5.965
Female	Mean	76.31	15.31
	N	45	45
	Std. Deviation	23.033	4.967
Total	Mean	78.39	16.47
	N	89	89
	Std. Deviation	22.391	5.578

A high level of TABP (Mean=80.52) and Perceived stress (Mean=17.66) was observed among the male respondents and a low level of TABP (Mean=76.31) and Perceived Stress (Mean=15.31) was observed among the female respondents.

TABLE 3: STANDARD DEVIATION OF RESEARCH VARIABLES IN DIFFERENT EXPERIENCE GROUPS

Experience		TABP	PS
<10	Mean	74.57	16.43
	N	7	7
	Std. Deviation	12.232	3.599
10-20	Mean	71.68	13.21
	N	19	19
	Std. Deviation	26.466	5.018
>20	Mean	80.84	17.46
	N	63	63
	Std. Deviation	21.731	5.599
Total	Mean	78.39	16.47
	N	89	89
	Std. Deviation	22.391	5.578

A high level of TABP (Mean=80.84) and Perceived Stress (Mean=17.46) was observed among the respondents of Above 20 years experience group and a low level of TABP (Mean=71.68) and Perceived Stress (Mean=13.21) was observed among the respondents of 10–20 years experience group.

TABLE 4: RESULTS OF ANOVA TEST OF RESEARCH VARIABLES AND AGE

		Sum of Squares	df	Mean Square	F	Sig.
TABP	Between Groups	802.657	2	401.328	0.797	0.454
	Within Groups	43316.579	86	503.681		
	Total	44119.236	88			
PS	Between Groups	108.583	2	54.292	1.776	0.176
	Within Groups	2629.597	86	30.577		
	Total	2738.180	88			

Results of the ANOVA test revealed that there is no significant difference in TABP and Perceived Stress among the respondents of different age groups.

TABLE 5: RESULTS OF ANOVA TEST OF RESEARCH VARIABLES AND GENDER

		Sum of Squares	df	Mean Square	F	Sig.
TABP	Between Groups	394.614	1	394.614	0.785	0.378
	Within Groups	43724.622	87	502.582		
	Total	44119.236	88			
PS	Between Groups	122.649	1	122.649	4.080	0.046
	Within Groups	2615.531	87	30.064		
	Total	2738.180	88			

There is no significant difference in TABP among the male and female respondents. But there is a significant difference in Perceived Stress among the male and female respondents.

TABLE 6: RESULTS OF ANOVA TEST OF RESEARCH VARIABLES AND EXPERIENCE

		Sum of Squares	df	Mean Square	F	Sig.
TABP	Between Groups	1335.004	2	667.502	1.342	0.267
	Within Groups	42784.232	86	497.491		
	Total	44119.236	88			
PS	Between Groups	263.657	2	131.828	4.582	0.013
	Within Groups	2474.523	86	28.774		
	Total	2738.180	88			

There is no significant difference in TABP among the respondents of different experience groups. But there is a significant difference in Perceived Stress among the respondents of different experience groups.

TABLE 7: CORRELATION AMONG THE RESEARCH VARIABLES

		TABP	PS
TABP	Pearson Correlation	1	0.385**
	Sig. (2-tailed)		0.000
	N	89	89
PS	Pearson Correlation	0.385**	1
	Sig. (2-tailed)	0.000	
	N	89	89

**Correlation is significant at the 0.01 level (2-tailed).

Correlation analysis revealed that there is a significant correlation between TABP and Perceived Stress.

TABLE 8: REGRESSION ANALYSIS WITH PERCEIVED STRESS AS DEPENDENT VARIABLE

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	0.385 ^a	0.148	0.138	5.178		
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	405.459	1	405.459	15.122	0.000 ^a
	Residual	2332.721	87	26.813		
	Total	2738.180	88			
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	8.957	2.009		4.458	0.000
	TABP	0.096	0.025	0.385	3.889	0.000

Regression analysis was done to investigate the relationship between TABP and Perceived Stress. F-Test is statistically significant, which means that the model is statistically significant. The R-Squared is 0.148 which means that approximately 15% of the variance of Perceived Stress is accounted for by the model, in this case, TABP. The t-test for TABP equals 3.889, and is statistically significant, meaning that the regression coefficient for TABP is significantly different from zero.

CONCLUSION

The objective of this study was to study the relationship between Type A Behaviour Pattern and Perceived Stress among the Managers. Questionnaires were used to assess TABP and Perceived Stress. A low level of TABP was observed among the respondents of 35–45 years age group and a high level in the 45–55 age groups. A low level of Perceived Stress was observed in the age group 25–35 and a high level in the 45–55 age groups. A high level of TABP and Perceived Stress was observed among the male respondents. A high level of TABP and Perceived Stress was observed among the respondents of 'Above 20 years experience group and a low level of TABP and Perceived Stress were observed among the respondents of 10–20 years experience group. There is no significant difference in TABP among male and female respondents. But there is significant difference in Perceived Stress among the male and female respondents. There is no significant difference in TABP among the respondents of different experience groups. But there is a significant difference in Perceived Stress among the respondents of different experience groups. Correlation analysis revealed that there is a significant correlation between TABP and Perceived Stress. Regression Analysis revealed that TABP predicts the dependent variable.

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Integrated Talent Management: Issues and Challenges

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Abstract—*The need for talent management is critical, many organizations flounder when it comes to effectively leveraging a state-of-the-art technology solution. The primary difficulty lies in sharply diminished business benefits when organizations fail to take advantage of talent solutions that integrate fully with the core human resources (HR) system of record and with each other. As a result, organizations often miss a decided competitive advantage when it comes to areas such as user adoption, the optimal use of technology an employee development, which is so critical in the talent shortage. Often this failure stems from poor strategic planning and as statistics show selecting niche or silo-ed solutions a-la-carte. An integrated approach is ideal for the forward-thinking organization expanding its talent management scope or for an organization exploring talent management for the first time. Real-time integration that optimizes all aspects of talent management can best be achieved with a solution from the same vendor that provides the core HR system. Today's changing business landscape demands that HR aligns its processes, practices and strategies with business objectives. This demand can only be met by a comprehensive solution that effectively manages an organization's talent and the entire Human Capital Management (HCM) lifecycle together. An integrated talent management framework from Oracle delivers this success via a holistic view of talent. Oracle's single, modular, enterprise-wide system supported by a single data source provides consistent data and business processes and a uniform look and feel that together establish the foundation for insightful decision-making and profitability.*

INTRODUCTION

In today's information economy, people's knowledge, skills, and relationships are an organization's biggest asset and main source of competitive advantage. Cost cutting and productivity boosting are corporate main stays, while people-related costs have risen to more than two-thirds of organizational spending. As the importance of people to the bottom line grows, the rules for managing people are dramatically changing. Demographic, economic, technological, and sociopolitical phenomena are driving the most drastic workforce changes in decades, creating a workforce that's more diverse, mobile, informed, and in demand than ever before. Alarmingly, most organizations aren't prepared to manage this new generation of talent. In fact, research suggests that most large organizations are currently underutilizing their managerial and professional talent, are failing to understand the kind of support knowledge workers need to perform at their best, and are continuing to use industrial-age talent management practices despite receiving less than optimal results.

Not surprisingly, many organizations are already struggling to effectively manage next-generation talent. The United Kingdom's Chartered Institute of Personnel and Development (CIPD) reports that most employers are having difficulties recruiting skilled staff even in a down economy and half of employers are having difficulty retaining employees. Most of these trends will only be magnified as the global economy turns around. This report reveals five trends that are reshaping the workforce and outlines the unavoidable implications that these workforce changes will have for the practice of talent management. It also highlights examples of organizations already using innovative talent management practices to leverage the next-generation workforce.

FIVE WORKFORCE TRENDS

Global organizations are awakening to the alarming realization that significant demographic, economic, sociopolitical, and technological changes are dramatically altering the workforce. Changes in birthrates, retirement trends, and job requirements are reducing the size of the workforce and creating significant skills shortages, while eased trade barriers, communications advances, and the knowledge economy are producing a highly global and virtual workforce. At the same time, loosened cultural norms, higher minority birthrates, and relaxed migration barriers are creating a workforce that's vastly diverse. And the knowledge economy, information technologies, and a changed employment contract are giving rise to the most autonomous and empowered group of workers ever. These changes are dramatic, and they're a reality that many employers have not yet grasped. The workforce is in the midst of an unstoppable and radical transformation. It is becoming:

1. Smaller and Less Sufficiently Skilled.
2. Increasingly Global.
3. Highly Virtual.
4. Vastly Diverse.
5. Autonomous and Empowered.

PROBLEMS LEVERAGING CORE HR AND OTHER HR APPLICATIONS

Niche vendors' products might offer shorter implementations and dazzling user interfaces (UIs). However, their offerings introduce functional and technical issues that can keep HR from managing talent efficiently and making informed decisions as a strategic business partner. Problematic symptoms emerge such as the failure to find answers to strategic questions, diluted business benefits due to short-term fixes, unforeseen costs often connected to technology difficulties and other red flags.

BUSINESS VALUE OF AN INTEGRATED TALENT MANAGEMENT FRAMEWORK

The framework provides many advantages that equip HR to meet current and future challenges:

- A stable foundation for a holistic view of talent that drives business results.
- Support for the objectives of C-level management, thus reinforcing HR's role as a strategic partner and advisor.

- Improved decision-making capabilities due to better, more accurate information sourced in real time from the HR core.
- Configurable framework that supports both globalization and differentiation as an employer of choice.

Improved business opportunities and relationships with customers, suppliers and other business partner a talent management system from the same vendor as the core HR system is of great value. The central data repository is indispensable for a number of reasons:

- Job candidate information and other recruitment records are located here.
- HR can view talent assets at an individual level to see what skills, experience and training each employee brings to the table or needs to acquire.
- Talent can be viewed enterprise-wide at an aggregate level so HR can evaluate existing skill sets and decide how to fill current and future skill gaps.
- Other applications can leverage the data, as in cases where a customer relationship management (CRM) system routes calls to the right internal person to answer a question.
- HR can generate a wide range of useful analytics and reports.

INTEGRATED TALENT MANAGEMENT

Talent products from outside vendors might modify data in their own competency models, but data feeds are not in real time, nor are they accurate. A third-party talent management solution lacks real-time data from the HR core because it is not managed in the same instance, so reporting and analytics are error-prone. The absence of real-time processes means niche providers will fail when it comes to workflow approvals, thus complicating the problem even more. Without the core HR system of record, niche vendors can only create subsets of data within the talent management realm that are wasteful so these subsets become obstacles to success for HR.

GLOBAL CAPABILITIES

In today's global economy, only a configurable, integrated talent management solution is practical. Oracle's integrated talent management framework offers extended best-practice global capabilities, allowing an enterprise to configure the system for different countries and cultures.

Even a company that is not global today might be so in the future. For global operations, HR must address international concerns such as these:

- Countries and their laws and regulations
- Languages and currencies
- Cultural norms and local practices

Integration starting with core HR is absolutely essential for consistent, streamlined administration across global locations. In addition, the ability to translate information into local languages and present it to audiences around the world—and receive back the desired HR data and information re-translated into the core HR language—is critical for talent management.

BUSINESS OPPORTUNITIES AND RELATIONSHIPS

One of the imperatives of the knowledge economy is that the entire value chain including employees, suppliers, customers, partners and distribution networks is incorporated into talent management.

FRAME WORK OF INTEGRATED TALENT MANAGEMENT

Discovering Talent Management: Talent management refers to the additional processes and opportunities that an organization makes available strategically to a pool of people who are deemed to have talent. If talent is not identified and managed by the entire management team, not only the human resource management unit, talent may just as well be defined as dormant or untapped quality to be accessed in the future, either in an individual or in the collective.

FIVE ELEMENTS OF A TALENT FORMULA

Five talent management imperatives are involved to instill a talent mindset at all levels of the organization, beginning with senior leaders. Create a winning employee value proposition that brings scarce talent through the doors and keeps it there.

The components of the proposition are:

1. Exciting work, a great organization,
2. Wealth and reward, and growth and development.
3. Recruit talent continuously.
4. Grow leaders.
5. Differentiate and affirm.

TALENT MANAGEMENT CHALLENGES

1. Attracting and retaining enough employees at all levels to meet the needs of organic and inorganic growth. All three companies are facing a talent crunch.
2. Creating a value proposition that appeals to multiple generations. With four generations in today's workplace, most companies are struggling to create an employee experience that appeals to individuals with diverse needs, preferences and assumptions. The Gap, for example, has 153,000 people in its workforce. The stores have a high percentage of Gen Y employees, while corporate roles and leadership ranks are primarily made up of Gen X'ers and Boomers.
3. Developing a robust leadership pipeline. I believe one of the biggest potential threats to many corporations is a lack of a robust talent pool from which to select future leaders. This is in part a numbers issue—the Gen X cohort is small and therefore, as I like to say, precious. But it's also an interest issue—many members of Gen X are simply not particularly excited about being considered for these roles. There was wide agreement among the panelists that a lack of individuals ready to move into senior client manager and leadership roles is a critical challenge.

4. Rounding out the capabilities of hires that lack the breadth of necessary for global leadership. It's relatively straightforward to identify and assess experts in specific functional or technical arenas, but much more difficult to determine whether those individuals have the people skills, leadership capabilities, business breadth, and global diversity sensibilities required for the nature of leadership today. Increasingly, the challenge of developing these broader skill sets falls to the corporations.
5. Transferring key knowledge and relationships. The looming retirement of a significant portion of the workforce challenges all companies, but particularly those who are dependant on the strength of tacit knowledge, such as that embedded in customer relationships, a key to Mercer's business success.
6. Stemming the exodus of Gen X'ers from corporate life. A big threat in many firms today is the exodus of mid-career talent—people in whom the organization has invested heavily and in whom it has pinned its hopes for future leadership. For example, developing talent management practices and programs calibrated to leverage technology and create greater work-life balance has been a priority for Mercer over recent years.
7. Redesigning talent management practices to attract and retain Gen Y's. The challenge of calibrating talent management practices and programs to attract and engage our young entrants is critically important to all firms and particularly so for firms that depend on a strong flow of top talent, such professional service firms like Mercer. All three panelists agreed that making the business infrastructure more attractive to Gen Y is a high priority.
8. Creating a workplace that is open to Boomers in their "second careers". Age prejudice still exists, but smart companies are looking for ways to incorporate the talents of Boomers and even older workers in the workforce. In many cases, this requires rethinking roles and work relationships.
9. Overcoming a 'norm' of short tenure and frequent movement. Some industries, such as specialty retail, are known for having a very disposable view of talent. Company's intent on changing that norm, such as The Gap, must address both external influences in the marketplace and an internal mindset. The Gap believes retaining employees in roles for 3+ years will be a key to their future earnings growth.
10. Enlisting executives who don't appreciate the challenge. Many talent executives complain that business leaders still believe that people are lined up outside the door because of the power of the company's brand. The challenge of enlisting the support of all executives for the transition from a talent culture that has traditionally operated with a 'buy' strategy to one that places more emphasis on 'build' is widely shared.

SUCCESS IN TALENT MANAGEMENT

Integrated Functionality and Usability

Many vendors have invested heavily in the usability and integrated functionality of their solutions. The ability to seamlessly integrate data and streamline navigation and use enhances the user experience and encourages increased use of the solutions. A single data model technology infrastructure is ideal to maximize performance and simplify application management.

Dynamic Influences in Shaping the Global Workforce

Companies are being forced to adjust to ever-changing global regulatory and compliance issues that outline how companies can find, recruit and manage their workforces. In addition to automating HR processes, companies are now focusing internally to build a performance-based culture centered on metrics-based business outcomes and driving additional value of the company by adapting and improving the way they manage their global workforce.

Rapid Acceptance of the On-Demand Model

The majority of most vendors' revenue comes from an annuity-based hosted delivery mode. Indeed, many recognize 100 per cent of their revenue from their on-demand solutions. The general acceptance of the on-demand model owes much to its proven success within other enterprise application categories such as CRM. In addition, the diminished impact of security issues has helped build the on-demand model.

Demand for Service and Support Excellence

Service and support distinction has surpassed security issues as the key concern for those adopting talent management applications. Although security issues are still prevalent, especially if IT is involved in the decision-making process, key stakeholders in the vendor selection process have shifted their focus toward ongoing service and support issues as their key areas of interest. Many vendors continue to develop support options that meet the needs of their customers and have become very sophisticated in the tools and techniques used to measure service-level performance.

Multinational Capabilities

Global enterprises are demanding multi-language capabilities and in-country domain expertise to support the ever-changing international laws. A changing global landscape and an increasing assortment of compliance issues require vendors to maintain a strong international presence.

The time is now to leverage talent management technologies. Today's available talent management solutions can not only support the changing dynamics of your workforce, but help plan for the future in building both a high caliber workforce and performance-based culture.

CONCLUSION

The management should be innovative and proactive to win the war of talent. With the next-generation predictive modeling systems, talent management and workforce planning can be transformed from reactive administrative functions to proactive systems capable of accurately forecasting talent demand right to the individual job. Attracting and nurturing talent has become the single most dominant force. Today attracting brains is more difficult than foreign direct investment. However, talent is what will make India enduringly competitive. Strategies are to be framed for overcoming talent shortages. Obstacles to talent are to be identified and

overcome. The combined effects of changing demographics and increasing globalization are causing organizations to widen their talent pools. Failures in talent management are mainly due to the mismatch between the supplies and demand not due to the failure in the concept. We need a new way of thinking about the talent management challenge. A new framework for talent management has to begin by being clear about the objectives. Talent management is not an end in itself. It is not about developing employees or creating succession plans. Nor is it about achieving specific benchmarks like a five per cent turnover rate, having the most educated workforce, or any other tactical outcome. The goal of talent management is much more general, but the most important task of TM is to help the organization to achieve its overall objectives.

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A Study on Financial Evaluation of Micro Finance Institutions in Pollachi Block, Coimbatore District

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INTRODUCTION

India is perhaps the largest emerging market for microfinance. Over the past decade, the microfinance sector has been growing in India at a fairly steady pace. Though no microfinance institution (MFI) in India has yet reached anywhere near the scale of the well-known Bangladeshi MFIs, the sector in India is characterized by a wide diversity of methodologies and legal forms. However, very few Indian MFIs have achieved sustainability yet. Sustainability itself has to be seen in a broader sense than just financial sustainability. The sustainability of demand, of the MFI's mission, of its ownership and governance structure and the legal and regulatory framework under which it works, are all contributory to overall sustainability of an MFI. Further, the sustainability of an MFI by itself may not be enough unless a full-fledged micro-finance sector (MFS) is established on sustainable lines.

Microfinance institutions can broaden their resource base by mobilizing savings, accessing capital markets, loan funds and effective institutional development support. A logical way to tap capital market is securitization through a corporation that purchases loans made by micro-enterprise institutions with the funds raised through the bonds issuance on the capital market. There is at least one pilot attempt to securitize microfinance portfolio along these lines in Ecuador. Savings facilities make large scale lending operations possible. On the other hand, studies also show that the poor operating in the informal sector do save, although not in financial assets, and hence value access to client-friendly savings service at least as much access to credit. Savings mobilization also makes financial institutions accountable to local shareholders. Therefore, adequate savings facilities both serve the demand for financial services by the customers and fulfill an important requirement of financial sustainability to the lenders. Microfinance institutions can either provide savings services directly through deposit taking or make arrangements with other financial institutions to provide savings facilities to tap small savings in a flexible manner.

Microfinance institutions could also serve as intermediaries between borrowers and the formal financial sector and on-lend funds backed by a public sector guarantee (Phelps 1995). Business-like NGOs can offer commercial banks ways of funding micro entrepreneurs at low cost and risk, for example, through leveraged bank-NGO-client credit lines. Under this arrangement, banks make one bulk loan to NGOs and the NGOs packages it into large number of small loans at market rates and recover them (Women's World Banking 1994).

There are many on-going researches on this line but context specific research is needed to identify the most appropriate model. With this in mind, we discuss various possible alternatives of formal-informal sector linkages in India.

MICRO FINANCE

Technically, the term 'Micro finance' is defined as 'the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural areas, semi-urban and urban areas. The Consultative Group to Assist the Poorest (CGAP) defines 'Microfinance' as "the supply of loans, savings and other basic financial services to the poor". The following are the principles of Micro Finance:

- Poor people need a variety of financial services not just loans.
- Micro finance is a powerful tool to fight the chronic disease namely 'Poverty'.
- Building financial systems that serve the poor.
- Building permanent local financial institutions.
- The key bottleneck is the shortage of strong institutions and managers.
- It works best when it measures and discloses its performance.

IMPORTANCE OF MICROFINANCE

- Micro finance is believed to persuade the poor to carry out entrepreneurial activities and thereby come out of poverty in a sustainable manner.
- Empowerment of women can be promoted through social and collective action at the grass roots; evidence suggests that Micro Finance has strengthened democracy at grass roots.
- Local resources can be used in a significant manner to fund poverty alleviation programmes.

MICRO FINANCE INSTITUTIONS IN INDIA

- Self Help Groups and Federations.
- Societies and Trusts.
- Co-operative Societies.
- Local area banks.
- Section 25 Companies.
- NBFCs.

CONCEPTUAL FRAMEWORK

As microfinance firms are viewed predominantly as instruments of social change, their performance has been often measured by non-financial parameters. The concept of social performance has seemed to overshadow the state of financial health of these enterprises. However, the accepted criteria in a number of studies to study the performance of any MFI

have been the twain of Financial Performance and Outreach (Chaves and Gonzales-Vega 1996, Ledgerwood 1999, Yaron, 1992, Yaron 1994, Yaron et al., 1998, as cited in Arsyad, 2005). However, there exist various social performance assessment tools and institutionalized rating processes but assessment of financial performance has yet to gain ground. Some of the more popular tools include MFC Social Audit, ACCION SOCIAL, USAID SPA Audit, MCRIL, Micro-finanza Rating, Micro Rate (SPA), CGAP-Grameen-Ford Progress out of Poverty Index (PPI) etc. (Sen, 2008). These tools often focus on outreach indicators. Outreach indicators are considered as proxies for impact of MFI on development (Yaron et al., 1997).

The financial performance assessment is devoid of such a multitude of options and methodologies despite critical importance of financial sustainability. Though an ambition for sustainable institutions has been often articulated, there was also an opinion that most microfinance institutions working in this field have been unsustainable (Copisarow, 2000 as cited in Dayson et al., 2006). Meyer (2002) indicated, measuring financial sustainability requires that MFIs maintain good financial accounts and follow recognized accounting practices that provide full transparency for income, expenses, loan recovery, and potential losses. Research studies have shown that this is predominantly connected to the perception of micro borrowers. risk and creditworthiness, and the diseconomies of scale in making small loans (Quach, 2005, as cited in Dayson et al., 2006). Microfinance has been attractive to lending agencies because of demonstrated sustainability and low cost of operations. In India, the engagement of NABARD and SIDBI shows that they see long term prospect for this sector (Srinivasan et al., 2006). However, the methodologies to study financial sustainability are fewer. Review of studies reveals that amongst those available, most of the tools available cover social as well as financial performance. Principal among them are CAMEL model by ACCION, PEARLS model by WOCCU, GIRAFE Rating by PlaNet and MicroRate (CGAP, 2001 as cited in Arsyad, 2005). Amongst these, except the PEARLS methodology by World Council of Credit Unions (WOCCU), all others are hybrid models using both qualitative and quantitative data (Arsyad, 2005). These methodologies are proprietary and not available for use in public domain.

It is noted with surprise that in India, a review of the studies done on microfinance sector has revealed that there is hardly any study focusing on the financial health of MFIs. It seems this is due to the branding and common perception of MFIs as not for profit organizations. However, the long term viability of any business model depends as much on the financial viability as on its ability to deliver its avowed objectives.

It can be seen that without sound financial performance the sustainability of these microfinance institutions is not possible. Increasingly, questions are being raised over the cost of funds for these enterprises and their ability to earn margins sufficient to cover their operational costs and still leave some profit (Arsyad, 2005). It has been pointed out repeatedly that MFIs need to be economically viable and sustainable in the long run (Srinivasan et al., 2006). In fact, studies have found strong linkage between the financial sustainability of microfinance institutions and achievement of their social objectives. Low income customers are more likely to borrow from institutions they see as financially viable (Zeller et al., 2003). The extant business model of most of the MFIs involves huge operational costs since a lot of

contact is required with the intended beneficiary. Also, as far as the cost of funds is concerned, as the scale of operations goes up, MFIs need funds beyond the grant/ soft loans etc. The commercial funding requires them to have risk capital with market interest rates. In this backdrop, the sustainability of MFIs needs to be looked at very carefully even from a social performance standpoint. The results achieved in poverty alleviation by MFIs cannot be an event and given the endemic nature of poverty, requires a continuous and long term commitment from these enterprises. Morduch (1999) as cited by Crabb (2008), describes the need for more empirical work on the sustainability of MFIs. He points out: Empirical understandings of microfinance will also be aided by studies that quantify the roles of the various mechanisms in driving microfinance performance. The present study attempts to analyze and compare the financial performance of the MFIs primarily from a sustainability standpoint.

RESEARCH METHODOLOGY

Statement of the Problem

There are only a few microfinance institutions which operate their activities on par with that of the mainstream institutions. Most of the micro finance institutions do not report their performance data in the common platforms such as Sa-Dhan or the Micro Finance Information Exchange. So, in a nutshell, the Indian Micro Finance Institutions are still a long way to go in order to reach the maturity stage of the industry. The industry suffers from unavailability of quality and consistent data on the performance of the micro finance institutions and their clients. The policymakers are also interested in knowing the progress made by the sector in terms of the financial inclusion targets.

The fund invested at subsidized rates/ donated free of cost has opportunity costs of capital. Therefore, it is the obligation of the micro finance institutions to deploy the funds in the efficient ways, so that the opportunity benefits of their operations exceed that of their opportunity costs. So the researchers have taken this problem for the present study.

Objectives of the Study

1. A Study on Financial Evaluation of Micro Finance Institutions in Pollachi Block
2. To evaluate the comparative performance of Micro Finance Institutions operating in Pollachi Block with an industry average

Scope of the Study

The scope of the study is confined to the relative performance assessment of the Indian Micro Finance Institutions (MFIs) to the world average. This study makes an attempt to measure the performance of the listed Micro Finance Institutions on the Financial metric. The study makes an attempt to profile the surveyed Micro Finance Institutions and obtain the self-rating of the respondent Micro Finance Institutions about their financial performance.

Sampling Method

This study conducted in Pollachi block, which consists of 12 microfinance institution which is involving in the production activity. The researcher has chosen convenience sampling method to choose 6 Microfinance Institution as a research area as a non-probability sampling method. So, the researcher has taken 50 percentage of population for the study as sample institutions.

Methods of Data Collection

The structured interview schedule has been used to collect the primary data. The primary information was also collected from the officials and experts in the field. The data have been collected from the microfinance institution in the form of secondary data by using audited records and other reports as a secondary sources of data.

Tools Used for Analysis

The industry average has been taken from Microfinance Information Exchange. This average has been taken as tool majorly to compare the performance. The ratios are used as one another important tool for the study. There are 23 ratios have been used in various aspects to know the financial position of those Microfinance Institutions compared with industry average. The details of the ratio are given below.

FINANCIAL PERFORMANCE

The financial performance of the selected Micro Finance Institutions is measured using the following 24 sub-measures.

- Assets.
- Capital to assets ratio.
- Debt to equity ratio.
- Deposits to loans ratio.
- Deposits to assets ratio.
- Gross loan portfolio to assets.
- Return on assets.
- Return on equity.
- Operational self-sufficiency.
- Financial revenue to total assets.
- Profit margin.
- Yield on gross loan portfolio.
- Total expenses to assets ratio.
- Financial expenses to assets ratio.
- Provision for loan impairment to assets ratio.
- Operating expenses to assets ratio.
- Personnel expenses to assets ratio.

- Administrative expenses to assets ratio.
- PAR above 30 days ratio.
- PAR above 90 days ratio.
- Write off ratio.
- Loan loss reserve.
- Risk coverage ratio.
- Non-earning liquid assets as a per cent of total assets.

Limitations of the Study

- The study conducted only in Pollachi block due to time and cost constrain.
- The researcher analyzed the microfinance institution performance in the financial aspects only.
- The comparative study made only with microfinance information exchanges industry average.

ANALYSIS AND INTERPRETATION

The financial performance of the Micro Finance Institutions in Pollachi Block, Coimbatore District has compared with the Micro Finance Institutions Industry Benchmark of India on the basis of three metrics like social, financial and operational for five years.

In the last five years period, the social metric details of Micro Finance Institutions in Pollachi Block with Industry Bench Mark as projected in the below table with the details like number of active borrowers, number of outstanding loans, amount of deposit and percentage of women borrowers.

TABLE 1: SOCIAL DETAILS FOR FIVE YEAR AVERAGE PERFORMANCE OF MICRO FINANCE INSTITUTIONS AND THE INDUSTRY BENCHMARK

S. No.	Sub-Metric	Respondent Micro Finance Institutions	Industry Average (Micro Finance Information Exchange)
1.1	Number of active borrower(in '000)	102.86	5.56
1.2	Percentage of women borrower	99.37	66.42
1.3	Number of outstanding loans (in '00000)	1.22	0.08
1.4	Average loan balance per borrower(Rs. in lakhs)	0.06	0.17
1.5	Deposits (Rs. in lakhs)	253.93	304.29

Source: Primary Data

The above table indicated that the average number of active borrowers is above the industry average. This shows the need of microfinance assistance in a better manner. The result shows that the women borrowers also stand above the average reveals that the women members are benefited through these institutions. The numbers of outstanding loans are also meantime higher than the industry average. The average loan outstanding is lesser than the industry average concludes that there is no delay in payment but the deposits amount was less in this Pollachi block when compared with the industry average.

The performance was assessed in the angle of finance metric were sub-classified into financial Structure, revenue management, expenses management, asset quality and overall financial performance. The ratios like debt equity ratio, capital to asset ratio, total expenses to assets ratio, financial expenses to assets ratio, provision for loan impairment to assets, operating expenses to assets, personnel expenses to assets ratio, administration expenses to assets ratio (%) were compared between the Micro Finance Institutions of Pollachi block and an average of Indian Micro Finance Industry

TABLE 2: FINANCIAL FACTORS FOR FIVE YEAR AVERAGE PERFORMANCE OF MICRO FINANCE INSTITUTIONS AND THE INDUSTRY BENCHMARK

S. No.	Sub-Metric	Respondent Micro Finance Institutions	Industry Average (Micro Finance Information Exchange)
2.1	Financial Structure		
2.1.1	Total Assets (Rs. in lakhs)	8330.20	1308.86
2.1.2	Capital to asset ratio (%)	8.47	27.10
2.1.3	Debt equity ratio (%)	21.23	2.41
2.1.4	Deposits to loans (%)	8.71	8.79
2.1.5	Deposits to assets (%)	6.14	6.34
2.1.6	Gross loan portfolio to total assets (%)	81.57	76.43
2.2	Revenue Management		
2.2.1	Financial assets to total assets (%)	18.61	23.27
2.2.2	Profit Margin (%)	-29.67	11.13
2.2.3	Yield on gross loan portfolio (%)	21.67	30.88
2.3	Expenses Management		
2.3.1	Total expenses to assets ratio (%)	17.20	20.73
2.3.2	Financial expenses to assets ratio (%)	7.39	3.55
2.3.3	Provision for loan impairment to assets (%)	0.93	0.96
2.3.4	Operating expenses to assets (%)	9.03	14.55
2.3.5	Personnel expenses to assets ratio (%)	3.99	8.35
2.3.6	Administration expenses to assets ratio (%)	4.3	6.8
2.4	Asset Quality		
2.4.1	PAR>30 ratio (%)	1.26	3.09
2.4.2	PAR>90 ratio (%)	0.47	1.74
2.4.3	Write off ratio (%)	0.23	0.25
2.4.4	Loan loss reserve (%)	0.21	0.14
2.4.5	Risk Coverage ratio (%)	228	79
2.4.6	Non earning liquid assets as a percentage of total assets	13.76	14.06
2.5	Overall Financial Performance		
2.5.1	ROA (%)	1.25	2.24
2.5.2	ROE (%)	61	9.45
2.5.3	Operational Self Sufficiency	110.20	112.31

Source: Primary Data

The above table shows that the financial performance comparison between Pollachi block micro finance institutions and Indian micro finance industry. In the view of financial structure debt-equity ratio and total assets was good than the industry average. Deposit to loans and deposit to assets are less equal. Relating to revenue management it shows the loss in this particular block and yield on gross loan portfolio also less than the industry average. Financial expenses to assets ratio is above the industry average but the other sub metric relevant to the expenses management are less than the industry concern. The microfinance institutions are

suggested to construct their financial structure in a better manner. The overall financial performance of the Institutions was also not up to the expectation. So the institutions are recommended to implement new ideas to maintain their return and their financial performance

TABLE 3: OPERATIONAL FACTORS FOR FIVE YEAR AVERAGE PERFORMANCE OF MICRO FINANCE INSTITUTIONS AND THE INDUSTRY BENCHMARK

S. No.	Sub-Metric	Respondent Micro Finance Institutions	Industry Average (Micro Finance Information Exchange)
3.1	Efficiency		
3.1.1	Operating expenses to loan portfolio (%)	11.62	19.78
3.1.2	Personnel expenses to loan portfolio	5.34	11.30
3.1.3	Cost per borrower(Rs.)	617	4220
3.2	Productivity		
3.2.1	Borrower per staff	212	102
3.2.2	Loans per staff	235	118
3.2.3	Borrower per loan officer	325	221
3.2.4	Loans per loan officer	353	228

Source: Primary Data

The average of operational factors compared between Micro Finance Institutions of Pollachi block and the Indian Micro Finance Industry with the three sub-metrics like efficiency and productivity.

The above table indicates that the efficiency of operation through operating expenses to loan portfolio, personnel expenses to loan portfolio and cost per borrower. The productivity sub-metrics aspects like borrowers per staff, loans per staff, borrower per loan officer and loans per loan officer are higher than the industry average. But the operating expenses to loan portfolio, cost per borrower are all projected below the institutions average. Hence, the operational efficiency and the staff utilization are up to the mark. So this infers that the microfinance institutions are good in their management

FINDINGS AND SUGGESTIONS

- The average number of active borrowers is above the industry average. This shows the need of microfinance assistance in a better manner.
- The result shows that the women borrowers also stand above the average reveals that the women members are benefited through these institutions.
- The average loan outstanding is lesser than the industry average concludes that there is no delay in payment.
- The microfinance institutions are suggested to construct their financial structure in a better manner.
- The overall financial performance of the Institutions also not up to the expectation. So the Institutions are recommended to implement new ideas to maintain their return and their financial performance.
- The operational efficiency and the staff utilization is up to the mark. So this infers that the microfinance institutions are good in their management.

CONCLUSION

It is concluded that the measures of “Efficiency” (operating expenses to loan portfolio, personnel expenses to loan portfolio and cost per borrower) impact the financial performance of Micro Finance Institutions on a greater extent compared to the other sub-measures. It is also found that the all the sub-measures of Financial Performance of the Micro Finance Institutions do not influence their related performance uniformly. Overall, the awareness of the availability of different facilities in Micro Finance Institutions in India should be created among the public and particularly Self Help Groups in India.

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Enterprise Resource Planning [ERP]— An Important Enabler for Strategic Management

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Abstract—ERP [Enterprise Resource Planning] is basically about implementing a software solution that addresses the enterprise needs, taking a process view of the overall organization to meet the goals, by tightly integrating all functions and under a common software platform.

Now-a-days, the companies seek to implement the appropriate solutions as the enablers of executing their business strategies. Specifically cited are the increased availability of advanced analytics, decision support, and reporting tools, as well as the availability of process-specific business applications. Reducing operational costs reigns supreme, and while overall investment is conservative, even the SMEs [Small and Medium enterprises] are looking to suitable solutions to address both business growth and cost containment.

Among the expected solutions, ERP is the most sought one.

This article would cover the author's representations in the following areas.

- *Why ERP is inevitable for the enterprises?*
- *Enablement for Strategic Management through ERP*
- *The stakeholders who are responsible for implementing the ERP projects*
- *The Critical Success Factors [CSF] of ERP projects*
- *Beyond ERP*

ERP & ITS IMPORTANCE

ERP is a software solution that addresses the enterprise needs, taking a process view of the overall organization to meet the goals, by tightly integrating all functions and under a common software platform.

As per Frost & Sullivan, ERP as a business solution aims to help the management by setting better business practices and equipping them with the right information to take timely decision.

Some of the core benefits and necessity of ERP are listed hereunder.

- Facilitates company-wide integrated information systems, covering all functional areas using the latest technology
- Greater accessibility to data, allowing management up-to-the-minute access to information needed to make key decisions
- Ability to track actual costs of activities and perform activity based costing
- Elimination of duplication and the current practice of building stand-alone databases & spreadsheets to enter/manipulate data for reporting purposes
- Establishment of uniform processes that are based on recognized best business practices
- Replaces ageing and non-integrated core legacy systems that are costly to support and maintain
- Enables a single integrated data repository that provides superior reporting and data analysis capabilities and promotes information sharing
- Improves workflow and efficiency
- Results for reduction in lead-time, cycle-time, quality-costs etc.
- Improved operational flexibility with suitable controls, inventory turns, resource utilization, customer satisfaction, supplier performance etc.

ENABLEMENT FOR STRATEGIC MANAGEMENT THROUGH ERP

Some of the enablement that can be harnessed by the tight coordination and integration afforded by the ERP systems are:

- Streamlining financial and administrative processes by utilizing “best practices” for these business processes and practices,
- Integration of production planning, material planning, and sales processing systems has allowed for quicker conversion of customer orders into production schedules as well as material orders,
- An enhanced, leaner production model has evolved through the utilization of total order visibility throughout the entire manufacturing process,
- Minimization of excess manufacturing capacity has been achieved through enhanced production scheduling,
- Raw material safety stock levels and finished goods inventory levels have been reduced to their minimums,
- Customer service will be improved due to increased responsiveness resulting from the integration of sales and production planning systems; total order visibility,
- Increased visibility and understanding of future material requirements will provide suppliers with more notice, thus improving their delivery performance.
- ERP systems provide a transactional backbone to the corporation by providing a means to capture and display the basic cost and revenue elements of its inventories as their move from raw to a finished goods state. Further, ERP systems afford a structured and efficient access to management information concerning its business activities, showing actual cost of sales in a real-time fashion.

The main rationale to implement an ERP system was the need to integrate the processes and information of a corporate into a single, unified database that will serve a divest array of departments in their decision-making and reporting processes.

Further, various studies have shown that there are five specific reasons why corporations will install ERP systems:

1. ***Integrate Financial Information:*** Through a single, unified database, there can only be “one set of books” by which the financial welfare of the corporation can be evaluated and decision making will be enacted. Misapplication or misinterpreting of financial information that existed with standalone computer systems will be eliminated.
2. ***Integrate Customer Order Information:*** Through a single, unified database, there is total visibility of each customer order from the time the order was entered until the order is shipped and invoiced. By this, each department can coordinate its activities to insure accuracy as well as timeliness in completing its related activities.
3. ***Standardize and Speed up Manufacturing Processes:*** Through the implementation of “best practice” processes, waste created by redundancy and inaccuracy are eliminated; productivity will be increased by reducing the time to produce; and quality will be enhanced through the standardization of processes.
4. ***Reduce Inventory:*** Through the increased visibility of each customer order, the manufacturing process is able to flow more effectively and efficiently. Planning of material requirements will be enhanced, thus reducing not only the work-in-process inventory levels, but also the finished goods inventory levels residing in the warehouses.
5. ***Standardize Human Resource Information:*** In the situation where a corporation has multiple business units, a single, unified database will enable the corporation not only to standardize its information on benefits and services to its employees, but also enhance and standardize the timekeeping capabilities for payroll purposes.
6. The following benefits would directly support the management to achieve the operational efficiency, competitive edge etc.

Standardized Business Processes: ERP demands standardization. This implies fewer business processes to be supported, and changes in traditional functioning. The gains from this huge task are streamlined operations and tight interlinking between departments and other group companies.

A Common Data Repository: In an ERP system, everyone uses the same data. This reduces data duplication and redundancy and makes data transparent and easy to compare. To those who haven’t used an ERP system, it is similar to a centralized Excel sheet that all can access. As is obvious, this provides considerable productivity gains.

Continuous Change: An ERP implementation gives most people their first experience of a major change initiative. That’s also when they realize that business leadership, and not IT [Information Technology] leadership, is needed for proper implementation of strategic IT initiatives like ERP. Moreover, an ERP project ingrains people with the philosophy that

change is the only constant in today's business and, hence, top management must become flexible. And there's the important realization among top management that everyone needs to shape up to IT or ship out. These are some of the important ingredients on which an ERP foundation is built. If properly envisioned, planned and implemented, it can offer far-reaching results translating into a much-improved bottom line, which is why the slowdown hasn't hurt the appeal of ERP to companies.

ERP PROJECTS: IMPORTANCE OF THE STAKEHOLDERS

ERP Implementation is a people-oriented project and not governed by the representatives of the Information Technology function alone. As per Michael Krigsman^[2], ERP implementation is like a soccer team, where the coach, physiotherapist and substitutes have roles that are equal to those of the players themselves (explaining the role of top management).

The strength of the chain lies in its weakest link. Likewise, the role and involvement of the project team/ stake-holders are very important, because, they have crucial role to play during the ERP implementation.

Even the implementation partners, ERP/ hardware/ software vendors and external consultants are considered as important stake-holders.

THE CRITICAL SUCCESS FACTORS

As per Eric Kimberling^[3] following are the factors which are very critical for the effective Execution and Management of the ERP projects.^[4]

1. Make sure you understand why you're implementing ERP—Validate the need and expectations before stepping into the ERP bandwagon.
2. Focus on business processes and requirements first—reengineer if required. This is the strong base for the right ERP product selection.
3. Focus on achieving a healthy ERP, ROI (Return on Investment), including post-implementation for maximizing the business benefits out of the proposed ERP.
4. Strong project management and resource commitment.
5. Commitment from company executives including the management
6. Take time to plan upfront. Proper planning before execution will avoid a lot of surprises and hidden costs.
7. Ensure adequate training and change management

BEYOND ERP & CONCLUSION

No doubt, ERP is a critical tool and ERP implementation is a vital strategic move towards taking the organization into the right direction and greater heights. Though ERP implementation sets the stage for the strategic management, it is only the beginning of the journey. Lot of supporting functions like Supply Chain Management [SCM], Customer Relationship Management [CRM], Supplier Relationship Management [SRM], Product Life-cycle Management [PLM], E-commerce Initiatives, Balanced Score Card [BSC] approach can be adapted on the ERP foundation.

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