

MANAGEMENT TODAY

- for a better tomorrow

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EDITORIAL

Management is necessary for the successful running of organizations, irrespective of the type, form, size, and nature. The nature and complexity of management varies from organization to organization. Management is growing as a discipline by borrowing principles, concepts, and constructs from several other disciplines. It is also growing by accepting / adopting well accepted and time tested practices.

The problems and prospects in business and industry give rise to a lot of exploratory, empirical and applied research in the areas related to management. A growing discipline like Management requires fast and firm medium for dissemination of knowledge generated from and out of research and practice. A journal is one such print medium which ensures the spread of knowledge on a sustainable and long lasting basis.

Having recognized this need, the Management of Gokaraju Rangaraju Institute of Engineering and Technology (GRIET), Hyderabad, has aptly decided to start a Management journal. Their belief in the concept, “**management today** is necessary for *a better tomorrow*”, has resulted in naming the journal *Management Today* with a tagline “*for a better tomorrow*”.

Management Today is an international journal of management studies. It provides academicians, researchers, and managers a common platform to come together to exchange practical experiences, research findings, and innovative ideas in the area of management. It aims at creating a fund of knowledge in the area of management by collecting, publishing and preserving quality research articles.

The response from the authors to our call for papers was overwhelming. Of all the papers received, a few were selected for publication in this issue because of space constraint. Broad areas covered by the articles published in this issue include business ethics, entrepreneurship, communication management, e-CRM in banks, and retail management, which are of considerable importance in the present-day business setting.

In this context I would like to thank profoundly the chief patrons, patrons, members of the editorial, advisory and review boards, content management and technical committees, and the authors for the cooperation, assistance, and support extended by them.

Editor

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MESSAGE

It gives me great pleasure to learn that the Department of Management Studies, Gokaraju Rangaraju Institute of Engineering and Technology, Hyderabad, is launching a journal entitled *Management Today* with a view to focusing on current management trends and practices through the lens of analytical research for the benefit of the Management community and faculty.

Management Science is a discipline engaged in a study of ground-breaking ideas, innovative and critical approaches, multi-disciplinary perspectives, and diverse cross-pollinations of thought and approaches related to the theories of human nature, values, rationality, rights, organizational structures, empowerment initiatives, entrepreneurial skills and instinct, and finally legitimacy. The media blitz of products and services places an important challenge before organizations of taking the dimensions of performance, quality, reliability, and aesthetics into account in an attempt to go beyond Edwards Deming's model of TQM so as to exceed the goals expected in terms of strategic planning, design, organization, leadership, and control.

The Information and Communication Technology revolution has proved to be one important driver of organization and business in the late twentieth and early twenty-first centuries. The ICT, in addition to introducing new paradigms in measuring tasks linked with quality, inventory, supply chain, benchmarking criteria, and HR control mechanisms, has built into the Management system futuristic dimensions of analyzing change like leading organizational transformation, cultural transformation, assessing strategic directions of an organization, and creating a systems-view map to determine the desired state of change. Management Science, as an applied discipline that has an unerring instinct for combining theory and praxis, in so far as it deals with profit-maximizing behaviour is also concerned with the creation of an ethical organizational culture that is credibility-building. The Tylenol scare crisis has highlighted this issue pointing out the need for carrying a strong moral compass. If chemistry is in search of greener pastures and has obsessed the public and the industry with green chemistry, there is an equivalent search for greener paradigms in Management to be pursued as an academic discipline.

I am glad that *Management Today* addresses some of these vital themes of organizational management and result-oriented performance driven approaches calling for greater bestowal of attention on the discipline of change management. I congratulate the Department of Management Studies and the Management of the institution for envisaging the academic growth of the Department through an intertwining of teaching and research which this journal should make possible.


(C.R. VISWESWARA RAO)

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The Spirit of Ethical Values in Business

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Abstract: “Ethics matters in business”. Unethical practices cost the enterprise at some point or the other. Corporate failures due to lack of demand, obsolescence and technological changes can be understood to be common but today some of the corporate failures are the result of the fraud committed by the people at the helm of affairs. Degradation in the moral character of the people in general and the people running the business units in particular can be seen. There is an imperative need to distinguish ‘failures’ from ‘frauds’. Failures are the result of uncontrollable developments, whereas ‘frauds’ are deliberate, man-made, and dominated by greed, arrogance and disregard for ethics in business. Several great people have explained the meaning of ethical values/standards/practices and emphasized the need for their strict compliance in business and industry. There are several instances of unethical practices in business. An illustrative list of unethical practices has been given. In this paper meanings of and the need for ‘ethics’ and ‘values’ in general and ‘business ethics’ in particular have been discussed. Their interrelationships also have been discussed. Finally the need to draft and implement a model code of business ethics in India has been stressed.

Key Words : Ethics, Values, Business Ethics, Attitudes, Ethical Behaviour

1. Introduction

The fall of many US corporations in the early years of the 21st century brought one clear message to the fore-ETHICS MATTERS IN BUSINESS. You can fool some people all the time or all people for some time, but ultimately you cannot fool all the people for all the times. If you are not running an ethical enterprise, it will cost dearly at some point or the other. It is time that business leaders need to bring ethical conduct to their core of their agenda.

The corporate world around the globe appears to have slipped into the phase of “frauds” from “failures”. Corporate failures resulting out of lack of demand, obsolescence and technological changes can be understood to be common in a period of recession. The subject of ‘finance’ has grown out of studying the cause and consequences of corporate failures that occurred

during the beginning of the 20th century. The case of the failure of the US Steel Corporation during 1900s is an instance in point. A vast majority of such failures may be understood to be resulting out of general failure of the economy and are definitely not ‘man-made’. But today, the corporate sector appears to be jumping into failures hatched by the promoters/executives at the helm of affairs. The well known failures of the recent past - World.com, Enron, Quest, and Tyco - at the global level have created a flutter in the corporate world. According to one estimate, these are worth seven trillion Rupees (Rs, 7, 00,000 crore) in terms of market capitalization. As if keeping pace with the developments taking place elsewhere, corporate India has also been following suit. Many a failure worked out by the promoters of urban cooperative banks and vanishing companies are a testimony to the erosion of public confidence on the corporate sector. Memories of the Indians are very fresh in respect of the scam hatched out by the promoters of Satyam Computers. These incidents go to establish the need to distinguish ‘failures’ from ‘frauds’.



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While the formers are the result of uncontrollable developments, the latter are deliberately man-made dominated by greed, arrogance and utter disregard of the public confidence towards corporate world.

Shri Nani Palkhiwala once stated- *“The size of crime wave and armed violence which is so huge as to baffle criminologists is symptomatic of our ethical degradation. A commercial recession can be quickly transformed into a buoyant economy, but a moral recession cannot be shaken for years”*. How is it that a nation with the high faith in the motto *“Satyameva Jayathe”* ‘truth alone triumphs’ has now come to be rated as one of the most corrupt and dishonest in the world?

2. Great People on Ethics

Ethics are about making choices that may not always feel good or seem like they benefit you but are the right choices to make. They are the choices that are examples of model citizens and examples of the golden rules. ‘Donot Hurt’, ‘Donot Steel’, ‘Donot Lie’ or one of the most famous: *“Do unto others as you would have done to you”*. These are not just catchy phrases; these are words of wisdom that any productive member of society should strive to live by. In our personal lives, most people try to do exactly that. Ethics are thought of by many people as something related to the private side of life and not to the business side. There are divergent views on this. Milton Friedman stated in 1977, *“There is no such thing as a free lunch. That is the sum of my economic theory. The rest is elaboration...there is seldom something for nothing...only people, not businesses, has ethics”*. He asserted that businesses have no or minimal duties beyond compliance with the law. On the other hand, Peter. F Drucker said *“profits are by-products not the very goal of business”*. Kautilya in his Artha Sastra mentioned *“Philosophy is ever thought of as the lamp of all sciences, as the means of all actions [and] as the support of all laws (and duties)”*. Once an Indian company which believes in ethical values was asked to pay a bribe to clear a huge project. The bribe was so small in relation to the cost of the project. The philosophy of the company did not support bribing...The loss – the Government did not sanction the project. The gain

- the company still continues to be the most trusted company. Kautilya states that type of spiritual leader and businessman is called as Rajarshi. Kenneth E Goodpaster, Professor of Business Ethics at the University of St.Thames, Minneapolis, USA, opines *“Business leaders are the principal architects of corporate conscience. They are the ones who must manage the challenges associated with pursuing profit while maintaining integrity. They are the ones most responsible for delivering on the moral agenda of the corporation. That agenda includes three broad imperatives: orienting, institutionalizing and sustaining ethical values within the corporate culture”*.

Henry Ford (1863-1947) remarked- *“A business that makes nothing but money is a poor kind of business...A business, which wants to survive long term and also generate good revenue, has to achieve market credibility by making brand loyalty as its main goal which can only be achieved by following ethical standards”*.

Swami Vivekananda always advocated that we have to combine material prosperity with deep moral sensitivity. He advised Jamshedji Tata (while both of them were travelling on board the same ship – Swamiji for USA and Tata for Japan) not to import industrial products from Japan. He wanted Tata not only to act as a pioneer in industrializing India but also have a research centre so that a continuous flow of know-how might keep up the tempo of industrial expansion. In fact Tata did set up such an Institute and invited Swami Vivekananda to be the first Director of the same institute, which Swamiji declined politely. As all of us know, Tata did work always for a happy balance between the material prosperity and moral advancement. Even today, the Tata group follows the maxim – *‘Leadership with trust’* to promote ethical conduct throughout the group and this is borne by its longevity. The group’s embedded values have been-unity, integrity, excellence, responsibility, and understanding. Since 1999, the group circulated to all its employees a document called *‘Tata code of conduct’* which covers areas such as commitment towards national interest, maintaining harmonious relations with employees, abhorrence of bribery and corruption, avoidance of conflicts of interest, and emphasis

on corporate social responsibility. Shri Narayana Murthy, Chief Mentor of Infosys tells that the basic business ethical principles are *transparency, honesty, trust, and accountability* and they are interlinked.

3. A Few Examples of Unethical Practices

On the other hand, there are many instances of not following any ethics. The Indian Express dated 10th August 2002 carried a news item with a caption - *Rape of the Rock*. Indian subsidiaries of multi-national cola majors - the Coca-cola and Pepsi had caused severe ecological damage in the state of Himachal Pradesh by painting their ads on rocks. The rocks are ecologically important and lot of damage was caused to the environment. These rocks are 45 million years old along the Manali-Rohtang road. Public interest litigation was filed before the 3-member bench of the Supreme Court led by the Chief Justice B.N.Kripal. A person by name, Shri Harish Salve was appointed by the Supreme Court to investigate the matter. He found that ads were plastered by the two companies all along the 56 KM on the entire mountainside. The report stated that the companies were involved in commercial vandalism. The advertisements ranged in size from 10 sq.ft. to about 100 sq ft. The companies tried to pass the buck to their local partners. Within one month, the Supreme Court ordered that the companies are guilty and should restore the mountains to their original form. Apart from this, the Supreme Court imposed substantial fines for defacing the mountains and causing damage to the ecosystem.

Mr. Manjunath Shanmugam, an alumnus of IIM, Lucknow and an employee of the Indian Oil Corporation was killed in Lakhimpur Khiri in UP on 20th November, 2005, when he was on a drive preventing the adulteration of petrol. It was due to a nexus between the businessmen, the politicians and the goondas.

As is well known, Kentucky Fried Chicken entered India in 1995 and since then has been in midst of controversies. The regulatory authorities found that KFC's chickens did not adhere to the Prevention of Food Adulteration Act, 1954. Chickens contained nearly three times more

monosodium glutamate (popularly known as MSG, a flavor enhancing gradient) as allowed by the Act. KFC faced severe protests by the People for Ethical Treatment of Animals (PETA). The PETA accused the KFC of cruelty towards chickens and released a video tape showing the ill-treatment of birds in KFC's poultry farm. However, undeterred by the protests by the PETA and others, KFC planned and executed a massive expansion programme in India.

There are instances of unethical practices even in our neighboring countries like China. The tainted milk scandal of the Chinese dairy company of Sanlu Group is the one. Milk was contaminated with melamine, caused kidney failure for many children, resulting in death in some cases. Investigations by the Government revealed that the products of 21 other dairy firms' milk were also contaminated with melamine. After testing the products across the country, the Chinese Health Ministry Ordered:

- Recall the contaminated products and destroy the stocks;
- Arrest the top executives/people responsible for this;
- Sack the Government officials responsible for this;
- Compensate the affected families from the concerned dairy firms;
- Also grant dairy subsidy to the affected farmers.

This scandal severely affected the reputation of China in other countries like Hong Kong, Taiwan, Singapore, South Korea, Australia and Indonesia. In fact, these countries banned Chinese milk products in their countries.

4. An Illustrative List of Unethical Practices

Michel Anteby, Professor of Business Ethics, Harvard Business School and many others illustrate a few leniencies as part of the standard managerial tool kit:

- An employee in charge of punch cards was asked by his co-workers to punch them out later than they actually worked. Management

- was apparently aware of this practice and allowed it;
 - Para medical staff allowed to do the jobs of medical staff in corporate hospitals;
 - Keeping the patients for long period with the commercial motive in corporate hospitals;
 - Price fixing cartels;
 - Dumping-selling at a loss to increase market share and destroy competition in order to subsequently raise prices;
 - Bait and switch selling-attracting customers and then subjecting them to high pressure selling techniques to switch to a more expensive alternative;
 - Counterfeit goods and brand piracy;
 - Deceptive advertising;
 - Copying the style of packaging in an attempt to mislead consumers;
 - Irresponsible issue of credit cards;
 - Irresponsible raising of credit limits;
 - Unsafe products;
 - Selling goods abroad which are banned at home;
 - Unethical practices in market research and competitive intelligence;
 - Built-in obsolescence;
 - Wasteful and unnecessary packaging;
 - Deception on size and content;
 - Inaccurate and incomplete testing of products;
 - Violation of basic rights of workers;
 - Ignoring of health, safety, and environmental standards;
 - Bribery to secure a contract;
 - CEOs getting fat pay packs when companies are not doing well;
 - Using inferior materials in manufacturing goods for customers;
 - Claim credit for the work done by another;
 - Hostile takeovers;
 - Industrial espionage;
 - Misleading financial analysis;
 - Insider trading;
 - Securities fraud;
 - Forex scams;
 - Accounting scandals (Enron/World.Com);
 - Discrimination of employees on the basis of age, gender, race, religion, disabilities, weight and attractiveness, at-will employment, use of child labour;
 - Union busting, strike breaking, etc;
 - Slavery, indentured servitude;
 - Hire a friend over a better qualified stranger;
 - Black marketing;
 - Pharmaceutical companies charging extreme amounts for a life-saving drug just because they are the sole producers;
 - Genetically modified products;
 - Infringement of patent, trade mark, and copy right;
 - Sex in advertisements.
- These are only illustrative unethical practices and not definitely an exhaustive list. Sky is the limit for what is happening in this regard.
- The 18th century economist, Adam Smith demonstrated how in a free market the self interest of producers and consumers will produce an outcome desirable to all concerned. But he also cautioned that the market can also lead to inequality of income, wealth and market power. His critics argued that monopoly suppliers can exploit consumers, monopoly buyers can exploit supply firms, and world-wide inequality of income can result in unethical practices.
- All this is happening in India and elsewhere in the world because over a period of time, there has been degradation in the moral character of the people in general and the people running the business units in particular. There are liars, cheats, and thieves in our society. They are not new nor

are they likely to disappear. It is alarming to realize that there are at present people who will do anything and go to whatever extent to get what they want. Unfortunately, we find that the culprits are respected and ordinarily well-behaved persons are accused of a crime or offence. It is time that the Government, the educational institutions, non-governmental organizations, senior citizens, and parents shall have to strive to know, learn, practice, and inculcate the ethical values in the society as a whole.

5. Ethical Values

The word '*ethics*' is derived from the Greek word '*ethos*' meaning character - the pattern of behavior or personality found in an individual or group. The term '*value*' is most commonly used as a substitute for the word '*virtue*' and '*morality*'. *A value less life is a valueless life.* Without values, community life would be a chaos and individual life meaningless. Values without reason would be blind, without feeling would be impotent, and without deeds would be empty. There are eastern values and western values. Western values are invading eastern societies and vice-versa. The dividing lines between cultures and societies are getting blurred. A global culture and a global society may not have arrived as yet, and perhaps never will, but a phenomenal increase in international trade, tourism, satellite TV networks has ensured sufficient intermingling of cultures and social identities.

Business ethics is a form of applied ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and business organizations as a whole. Business ethics have been described in many ways, some of which are mentioned hereunder:

- The concept of business ethics is – "*being able to look at your face in the mirror*". (Peter F Ducker in 1976.)
- The branch of ethics that examines questions of moral right and wrong arising in the context of business theory or practice.

- Written and unwritten codes of principles and values that govern decisions and actions within a company.
- A system of moral principles applied in the business world. It provides guidelines for acceptable behavior by organizations in both their strategy formulation and day-to-day operations.
- Knowing the difference between right and wrong and choosing to do what is right.
- 4-way test in dealing with ethical dilemmas:
 1. Is my decision a truthful one?
 2. Is my decision fair to everyone affected?
 3. Will it build goodwill for the organization?
 4. Is the decision beneficial to all parties who have a vested interest in the outcome?
 5. When these four questions can truthfully be answered with a 'yes', it is likely that the decision is an ethical one.
- Ethical questions range from practical, narrowly defined issues, such as a company's obligation to be honest with its customers, to broader social and philosophical questions, such as company's responsibility to preserve the environment and to protect the employee rights.
- Another name for ethics is '*morality*'. all religions of the world preached ethics in all walks of life including business

Many factors outlined hereunder impact ethical decisions that business leaders and employees make on a daily basis:

- Corporate culture
- Existence and application of a written code of ethics
- Formal and informal policies and rules
- Norms for acceptable behavior
- Financial Reward System
- System for recognizing accomplishment

- Company attitude towards employees
- How employees are selected for promotion
- Hiring practices
- Application of legal behavior
- Degree to which professionalism is emphasized
- Company's decision making processes

Values ⇔ attitudes ⇔ ethical behavior chain

Values ultimately drive our behavior. Values exert influence over our attitudes, and attitudes influence our behavior. Values are integral to attitude formation and how we respond to people and situations. There seems to be a subset of virtuous values that align with ethical behavior. Martin Seligman in his book, *AUTHENTIC HAPPINESS* has reviewed these core virtuous values that influence ethical behavior and appear to have universal appeal. They are briefly stated as follows:

- **Wisdom and Knowledge:** The capacity to take information and convert it to something useful. Wisdom comes from capitalizing on one's experience to interpret information in a knowledgeable manner to produce wise decisions. A prerequisite to doing the right thing, when facing an ethical dilemma is knowing what to do, knowing the difference between right and wrong.
- **Self Control:** The ability to avoid unethical temptations. The capacity to take the ethical path requires a commitment to the value of acting with temperance. Ethical people say 'no' to individual gain if it is inconsistent with institutional or individual or societal benefit and goodwill.
- **Justice and Fair Guidance:** The fair treatment of people. Justice is served when individuals perceive that they receive a fair return for the energy and effort expended. For example, a leader's commitment to justice is tested continually with the allocation of organizational resources. Are certain individuals and groups given special

treatment without regard to objective criteria by which to judge fairness? Ethical leaders value and embrace fair advice and guidance.

- **Transcendence:** The recognition that there is something beyond oneself more permanent and powerful than the individual. Without this value, one may tend towards self-absorption. Leaders who are motivated predominantly by self-interest and the exercise of personal power have restricted effectiveness and authenticity.
- **Love and Kindness:** the expression through words and deeds of love and kindness. In an organizational context, love refers to an intense positive reaction to another co-worker, or group and/or situation. An organization with 'heart' allows for the expression of love, compassion, and kindness among and between people, the goodwill which can be drawn upon when one faces ethical challenges.
- **Courage and Integrity:** The courage to act ethically and with integrity. These values involve discerning right from wrong and acting accordingly. They impel one to consistently do what is right without concern for personal consequences, even when it is not easy.

In practice, these six categories of virtuous values are intertwined. For example, the capacity to administer resources fairly and offer fair guidance to stakeholders along the way is supported by courage and integrity. Difficult decisions surrounding the allocation of limited resources leave some individuals and groups with less than they would prefer.

The redeeming grace is the perception that such decisions are made with fairness and integrity. Unpopular decisions are easier to accept when they are perceived to be derived fairly and with integrity. Driving ethical behavior with values and attitudes requires that there be alignment among values, attitudes and behaviour. Business ethics do not intend to be self-appointed watch guard and state what a company should do or how it should conduct itself. Ethics only try to help individuals understand and come to terms with their own moral standards and ethical values. Selling refrigerators

to Eskimos, selling combs to bald-headed men etc., is a show of great salesmanship, but is it ethical?

Rituparnaraj listed two criteria for acceptance of values and 27 ethical values which are stated as follows:

Criteria for acceptance of values

- Test of universalisability
- Test of the greatest good for the greatest number

Values which would be required to be optimizing

- Controlled greed
- Pursuit of pleasure
- Efficiency and work ethics
- Truth
- Compassion and charity
- Transparency and honesty
- Piety
- Sacrifice
- Stoic dignity
- Righteousness in envy, pride, anger and violence
- Comaraderie and fraternity
- Trust and cooperation
- Tolerance, pluralism and meliorism
- Gratitude and respectfulness
- Harmony with self, society, and nature
- Evolutionary destiny

Values in the nature of rights of beneficiaries (where it would be necessary to minimize societal interference with these rights):

- Right to privacy
- Right to individual choice
- Right to a minimum standard of life

Values and means for institutionalizing ethical implementation (and the processes for aggregating individual ethical needs and integrating them with societal needs):

- Distributive justice
- Democratic dispassionate discourse

- Market systems
- Respect for processes of social adaptation
- Respect for law
- Respect for professional codes
- Ensuring organizations are used as vehicles for ethical synergy
- Respect for rituals

6. The Journey towards Building Ethical Business Organizations

It is time that business organizations move beyond just social responsibility initiatives and build ethical organizations. All business organizations need to adopt a code of ethics. The code's credibility depends largely on setting an effective compliance programme, the key elements of which should include: clear, established standards, policies and procedures that are reasonably capable of reducing the likelihood of the violation of the code;

- Assigned supervision to high-level personnel. Each CEO should be the principal ethics officer, with the process of being delegated top down to credible individuals;
- A clearly designated ethics counselor/officer, with his role clearly defined;
- Encouragement to whistle-blowers to report violations or possible violations, to the ethics counselor;
- Communication and training to all employees on ethics. This is the ultimate guarantee of the success of the ethics code;
- Establishment of an advisory channel so that employees can obtain advice regarding possible ethics dilemmas;
- Establishment of uniform disciplinary actions in case of violations and taking preventive steps to head off future violations, after understanding the root causes of such violations, for example, by forming appropriate organizational policies;
- At company management conferences, the CEO, as the principal ethics officer, could facilitate occasional break-out sessions to

discuss subjects like-payment of facilitation or speed money, handling letters received in anonymity, broad oversight of the process of driving ethical behavior, and so on;

- Design tools to measure fairness.

What is done in India on building ethical business organizations is negligible. The Department of Company Affairs, Government of India, the SEBI, Central Vigilance Commission in association with the Federations of Chambers of Association and other Business Associations need to start a dialogue with international bodies like “*The Ethics Officers Association of USA*”, “*The Transparency International, Germany*” and such

other organizations to draft and implement model code of business ethics in India.

Sometime ago, a random survey was conducted in Delhi on business ethics. The question asked was - “*If you have to invest in a company, which of the following two would you give more preference?*”

- A. Consistent growth of a firm which has exemplary ethical history
- B. High profitability of a firm but which is largely not transparent and no clear ethical rules.

More than 90 per cent of the respondents supported the firm ‘A’.

Entrepreneurial Orientation and Performance Perception : A Study with Reference to SMEs in Sidco, Tamilnadu, India

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Abstract : *Entrepreneurial success is simply the resultant manifestation of the ability of an entrepreneur to observe several opportunities for business in specific field, initiate change by taking advantage of the situations and creates value through interventions and solutions. Many studies have reported on entrepreneurial behavior and its influence on entrepreneurial success. But limited number of studies is observed in Small and Medium Scale Sectors. This particular study focuses on Influence of entrepreneurial factors on performance perception of entrepreneurs. The study followed a case based research in SIDCO Industrial Estates of Madurai and Virudhunagar Districts of Tamil Nadu, India. The findings observed that the entrepreneurial orientation factors are having high influence on the performance expectation of the entrepreneurs. The implication part of the research further envisages consequence of lack of entrepreneurial orientation on business development. The study further envisaged the importance of entrepreneurial orientation for performance excellence in small and medium scale industries.*

Key Words : *SMEs, Entrepreneurial Orientation, Performance perception*

1. Introduction

The term entrepreneur was originated in French Economics as early as 17th and 18th centuries. The term ‘entrepreneur’ has been in use for hundreds of years, and derives from the French word ‘entreprendre’ which means to proceed or set out. Thus, a person embarking on a business enterprise came to be known as an entrepreneur. Entrepreneurship has been defined in many different ways (e.g. Brockhaus, 1976; Casson, 1982; Wärneryd, 1988). In this study, entrepreneurship means activities connected with owning and managing a business firm (Brockhaus, 1976). Entrepreneur satisfaction on performance should be accessed through organizational factors and entrepreneurial orientation since both are complimentary to each

other in materializing the vision of entrepreneur towards business growth. In this work it is assumed that an increase in potential performance is possible through individual behavior associated with an entrepreneurial orientation. This assumption is supported by Lumpkin and Dess (1996). This assumption was tested by investigating the associations between entrepreneurial orientation dimensions and performance expectation factors. It is reported by many researches that entrepreneurial orientation, or certain of its dimensions, has been associated with positive effects related to performance (Chow 2006; Coulthard 2007; De Clerq&Ruis 2007; Jantunen, Puumalainen, Saarenketo&Kylaheiko 2005) or with negative relationships (Naldi, Nordqvist, Sjöberg&Wiklund 2007). This particular study focuses on factors through which satisfaction levels can be measured. It further studies the level of satisfaction in terms of performance, by conducting a case based research in SIDCO Industrial Estates of Madurai and Virudhunagar Districts of Tamil Nadu, India.



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2. Theoretical Background

The term entrepreneurial orientation refers to the organizational processes, methods, styles, practices, and decision-making activities employed by firms that lead to new entry (Lumpkin and Dess, 2001). The results of past researches indicate that entrepreneurial orientation plays an influential role on the acquisition and utilization of marketing information, and also has a direct effect on firm performance. The firms with entrepreneurial-oriented behaviors tend to concentrate better resource utilization, and tend to engage in product market innovation, undertake risky ventures, and come up with proactive innovations in order to beat the competitors.

3. Performance

When we discuss about the performance of the enterprise in this article we mean to state the survival of the enterprise in the industry and also the presence it makes in the field with the employment of labour force and the generation of profit which in turn contributes to the economic growth. The concepts of performance and effectiveness have been central to organizational and management theory (Boyne, 2003; Rainey, 1997). Organizational performance is a complex and multidimensional phenomenon which can be difficult to operationalize (Dess & Robinson, 1984; Ford & Schellenberg, 1982). Performance evaluation practices involve a number of performance measures used to systematically measure the performance of the organization in order to maintain or alter organizational activities (Simmons, 2000).

4. Human Resource Utilization

Iyayi (2006) aptly states the obvious justification for small-scale business organization to pay serious attention to human resources management function since this contributes significantly to entrepreneurial success. Cole (1990) sees human resources as the most dynamic of all the organization's resources that need considerable attention from the organization's

management if they are to realize their full potential in their work. Likert (1967:1) notes that "All the activities of any enterprise are initiated and determined by the persons who make up the institution. Plans, offices, computer automated equipment and all else that a modern firm uses are unproductive except for human effort and direction".

5. Market Orientation and Opportunities

Being an entrepreneur is related to a role – one based on combining resources to create profit from a market opportunity (Shane and Venkataraman, 2000). The leader is concerned with inventing a product or service, establishing a market niche, attracting new customers, and manufacturing and marketing the product (Flamholtz, 1986). According to Day (1994) market-oriented organizations seem to have superior market-sensing, customer-linking, and channel-bonding capabilities. Hult and Ketchen (2001) suggested that market orientation and entrepreneurship are organizational capabilities that contribute to the creation of a unique positional advantage, which affects business performance positively. Atuahene-Gima and Ko (2001) argued that the maximum positive effect on business performance is achieved when a firm's market orientation and entrepreneurship are aligned. Slater and Narver (1995) argued that a market-oriented culture can achieve maximum effectiveness only if it is complemented by a spirit of entrepreneurship. Entrepreneurship orientation is an approach the focus of which is on the innovation in market- product and risky projects, and having tendency to be the pioneer of innovation, it is trying to find superiority over rivals (Miller, 1983).

6. Value Generation and Business Growth

Innovative companies, creating and introducing new products and technologies, can generate extraordinary economic performance and have even been described as the engines of economic growth (Brown and Eisenhardt, 1995). Novel and useful ideas are the lifeblood of entrepreneurship. To be successful, entrepreneurs

must generate valuable ideas for new goods or services that will appeal to some identifiable market, and having identified those potential opportunities, they must figure out how to bring the project to fruition. Depending on the need for capital to develop the new venture, entrepreneurs may even need to craft ideas for how to convince others of the value of the project. Because novelty and usefulness are the hallmarks of creative ideas, it is not surprising that the possible connections between creativity and entrepreneurship have been of interest for some time (e.g., Gilad, 1984; Whiting, 1988).

7. Profit Orientation

Ojong (2005) identifies that one of the characteristics of a successful entrepreneur is his/her ability to source for funds for his enterprise. These funds have to be properly managed to ensure that at any point in time, there will be adequate funds to cater for the day to day running of the enterprise. Aina&Salao (2008) see entrepreneurship as comprising “any purposeful activity that initiates maintains or develops a profit oriented business interaction with internal situation of the business or with the economic, political and social circumstances surrounding the business”.

8. Capacity Utilization

Entrepreneurial talent or entrepreneurship is the ability of a business owner (or business organizer) to put together all the necessary resources to make the production of goods or services possible. Small Enterprises Development Management and Extension (SEDME, 1994) report on a study conducted by Jaychandran, Narendra and Himachalam at selected small scale units of Tirupathi Industrial Estate discloses that 50% were utilizing 25% to 50% capacity and the remaining 50% were utilizing 50 to 75 percent. And no unit was utilizing more than 75% of plant capacity. Further it revealed that age of the unit alone is not accountable for the extent of capacity utilization. Entrepreneurial talents and problems, which confronted the unit, also influenced the level of capacity utilization in the small-scale units under study.

9. Entrepreneurial Orientation

The development of the entrepreneurial orientation construct is a manifestation of a conception of entrepreneurship as enterprise behaviour (Lumpkin and Dess, 1996). The term entrepreneurial orientation is used to refer to the set of personal psychological traits, values, attributes, and attitudes strongly associated with a motivation to engage in entrepreneurial activities (McClelland, 1962; Dunkelberg & Cooper, 1982; Hornaday&Aboud, 1971; Timmons, 1978). Entrepreneurial orientation is a firm-level, multidimensional, process construct that is closely linked to the strategic decision-making process (Richard et al, 2004), is distinguishable from “entrepreneurship” (business entry) and concerns the “methods, practices and decision-making styles managers use” (Lumpkin and Dess, 1995: 136). In research of entrepreneurial orientation, Miller (1983) used the dimensions of “innovativeness,” “risk taking,” and “proactiveness” to characterize and test entrepreneurship. Two more dimensions, according to Lumpkin, and Dess, are described as autonomy and competitive aggressiveness. Thus generally suggested by Miller, Lumpkin, and Dess, there are five salient dimensions to explore the multi-aspects reviews in entrepreneurial orientation which consists of autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness. An entrepreneurial orientation is thus defined as the dimensions of entrepreneurial behavior along which opportunity is pursued, these consisting of proactiveness, innovativeness, competitive aggressiveness, autonomy and risk taking propensity: the processes of entrepreneurial behavior (Lumpkin and Dess (1996). Between three and five of the dimensions of autonomy, innovativeness, competitive aggressiveness, risk-taking, and proactiveness have subsequently been used by researchers to measure the term ‘entrepreneurial orientation’, (including Covin and Slevin, 1989; Naman and Slevin, 1993; Richard et al, 2004; Slater et al, 2006). Autonomy relates to the actions of individuals or teams in establishing new business concepts or visions (Lyon et al, 2000); innovativeness reflects a firm’s willingness to promote new ideas, novelty and creative solutions

(Richard et al, 2004); competitive aggressiveness is concerned with the intensity of the combative posture adopted by firms reacting to competitive trends and market demands (Lyon et al, 2000); risk-taking concerns a firm's propensity to take business-related chances with regard to strategic actions when faced with uncertainty (Richard et al, 2004), and proactiveness refers to a firm's initiative in seizing opportunities in the marketplace (Lumpkin and Dess, 2001).

10. Creativity

Entrepreneurs are creative individuals with unique leadership qualities and personal styles. As astute leaders, "They seek opportunities, initiate projects, gather the physical, financial and human resources needed to carry out projects, set goals for themselves and others, and direct and guide others to accomplish goals" (Ilesanmi, 2000: 188). In the 20th century, economist Joseph Schumpeter (1883-1950) focused on how the entrepreneur's drive for innovation and improvement creates upheaval and change. Schumpeter viewed entrepreneurship as a force of "creative destruction." The entrepreneur carries out "new combinations," thereby helping render old industries obsolete. Established ways of doing business are destroyed by the creation of new and better ways to do them.

11. Negotiation

Agus and Hassan (2010), states that entrepreneurs must be capable of exploring new ideas so that their businesses could survive and grow in the modern, constantly changing world. Having communication and negotiation skills are the qualities needed for a successful entrepreneur. Most entrepreneurship studies these days contain some sort of statement alluding to the need for the entrepreneurs to possess excellent communication and negotiation skills. Generally, this means that an entrepreneur should be able to speak well to sell their ideas and their products. Negotiation involves many independent factors to be effective. Entrepreneurship requires endless negotiation, the ability to overcome obstacles, inspire others to action, and risk losing what you actually may want to obtain.

12. Proactiveness

Proactiveness is being active to influence and lead the future rather than waiting to be influenced by it, exploit opportunities, and accept the responsibility of failure (Kuratko, Hornsby & Goldsby, 2007). It is necessary to pursue and anticipate opportunities and participate in new and emerging markets. It helps firms fruit and gain advantages by being the first to capitalize on new opportunities (Lee and Peterson, 2000). SMEs similarly implement the concept of proactiveness in order to acquire potential competitive information and attempt to critically develop their operations and practices in pursuing business success. Hence, SMEs with a higher level of proactiveness seemly understand the new and future environments very well and effectively receive best practices and better performance (Knight, 2000).

13. Cognitive Adaptability

A theme incorporated throughout the entrepreneurship and managerial decision literatures, is cognitive adaptability: the ability to effectively and appropriately evolve or adapt decision policies (i.e. to learn) given feedback (inputs) from the environmental context in which cognitive processing is embedded. The extant literature focused on meta-cognition and decision-making suggests that individuals who are "meta-cognitively aware" are: 1) more likely to recognize the fact that there are multiple cognitive alternatives available to process a given task or situation, 2) more likely to engage in the conscious process of considering those multiple alternatives, and 3) more likely to be sensitized and receptive to feedback from the environment and to incorporate that feedback into subsequent decision frameworks (Melot, 1998; Schraw & Dennison, 1994).

14. Innovation

Drucker (1974) defines innovation as a means by which entrepreneurs may exploit change in order to create new service and business opportunities. Innovation is the "brand" specially owned by entrepreneurs. Willingness to innovate

(innovativeness) thus is the most prominent attribute consisting of the essence of being an entrepreneur. According to Lumpkin and Dess (1996), innovativeness reflects a tendency for an enterprise “to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes”. Innovation is an important means of pursuing opportunities and so is an important component of an entrepreneurial orientation (Lumpkin & Dess 1996). Innovativeness may occur in a range from trying a new advertising venue to passionately pursuing a new technology (Hage, 1980).

15. Independence

Lumpkin and Dess (1996: 140) believe that an “independent spirit” is necessary for entrepreneurship, and autonomy refers to independent action in terms of “bringing forth an idea or a vision and carrying it through to completion”, including the concept of free and independent action and decisions taken. Entrepreneurial behaviour can require independent and autonomous action to overcome constraints extending to bureaucracy and conventionality in certain contexts (Peters and Waterman, 1982) stressed). The characteristic of independence is a necessary condition for the formation and furtherance of new ventures and the development of an idea: the ability and will to take up opportunities in terms of self direction (Peters and Waterman 1982). In an organizational context, it refers to action free from organizational constraints (Lumpkin & Dess, 1996).

16. Risk Tolerance

Early definitions of entrepreneurship centered around a willingness to engage in calculated business risks (Brockhaus, 1980). Entrepreneurial risk, with the potential for both gains and losses, has been defined as decision making about new ventures, products or processes under conditions of risk and uncertainty (Cornwall & Perlman, 1990). Koh (1996) suggested that entrepreneurs need to have substantial tolerance for ambiguity to manage the process of

entrepreneurship or they will be unable to tackle or engage in the required tasks. In reality, successful entrepreneurs, contrary to the popular notion, generally select risks that avoid huge gambles. They are adept at calibrating the level of risk that matches potential reward and their personal capability to manage uncertainty (Richard L. Osborne, 1995). Entrepreneurs must be not only risk takers but also risk handlers who rationally measure risks, and deal with risks. (Longenecker and Schoen, 2001). Dollinger (1983) with a sample size of 79 entrepreneurs using Budner’s scale, he found that entrepreneurs scored high in the tolerance for ambiguity test. The results showed that tolerance for ambiguity trait is positively related to entrepreneurial activity.

17. Determination

Hisrich and Peters (2002) noted that an entrepreneur is one who brings all kinds of resources into combinations that make their value greater than before. The entrepreneur must possess the characteristics needed for withstanding the challenges that come along during the entrepreneurial process. Entrepreneurs are those people who are ready for changes and are determined. Commitment and determination are seen as more important than any other factor that inspires an The Structural Influence of Entrepreneurial Leadership entrepreneur. It makes an entrepreneur able to overcome incredible obstacles and also compensate enormously for other weaknesses.

18. Self Efficacy

Self-efficacy relates to the general belief in one’s ability to produce high levels of performance in tasks undertaken in life (Bandura, 1977). People with high levels of self-efficacy tend to set challenging goals; persist toward the achievement of their goals, even under difficult and stressful circumstances; recover quickly from failure, even in the face of conditions that would appear to be overwhelming to the average person; be more satisfied with their jobs; and experience greater levels of life satisfaction (Bandura, 1997). Bradley and Roberts (2004) and Hmieleski and

Corbett (2006) have each identified a robust positive relationship between the degree to which individuals perceive themselves as having the ability to successfully perform the various roles and tasks of entrepreneurship and their actual satisfaction with their jobs as entrepreneurs.

19. Competitive Aggressiveness

Competitive aggressiveness refers to a firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace (Lumpkin and Dess 1996, p. 148), and is characterized by responsiveness in terms of confrontation or reactive action. In the environments of competitive aggressiveness, firms are likely to use the business strategy of competitive aggressiveness in order to achieve global competitiveness (Lee and Peterson, 2000). They tend to extensively perform business operations very well when competitive aggressiveness is effectively implemented. Entrepreneurial Orientation literature agrees that a competitive aggressive orientation is one of the basic characteristics of successful entrepreneurial firm activity (e.g., Covin&Slevin, 1991; Lumpkin &Dess, 1996).

20. Problem Formulation

Entrepreneurship is the process of discovering, coordinating and combining various resources. When this new combination of resources is greater than the market value the entrepreneur makes a profit. An increased trend of choosing entrepreneurship as profession is reported by many researchers in the past. Contextualizing the topics to Indian Small and Medium Scale industries, and especially to the state Tamil Nadu, has contributed much to the growth of Small Scale sector. It has been reported that (SIDCO Manual 2006), that there were 420 Small Scale Units in Tamil Nadu in the year 2001-02 which further increased to 449 in 2002-03 and to 490 in 2004-05 (SIDCO manual 2006). This trend toward increasing number of SMEs in the region pointed out one aspect that there is gradual but steady growth in the Small and Medium Scale Business, which is owned and operated by local

entrepreneurs. Entrepreneurs are individuals having clear vision and with their entrepreneurial skills and features. Entrepreneurs influence the business operations in order to succeed towards economic and non economic gains. It has been well researched by many authors on entrepreneurial orientations of leaders in business. But how far the SME-entrepreneur's entrepreneurial orientation influences their business operations and to what extent they are satisfied with the varied business outcomes need to be analyzed into. Hence this particular study tries to explore the entrepreneurial orientation of entrepreneurs and its influence on performance perception of entrepreneurs in Small and Medium Sector Industries, by focusing its attention on SIDCO Industrial Estate in Madurai Region.

21. Statement of the Problem

This particular study identified its topic of research as **“ENTREPRENEURIAL ORIENTATION ON PERFORMANCE”**.

22. Research Methodology

Objectives:

1. To understand the entrepreneurial orientation factors of entrepreneurs in Small and Medium Scale industries
2. To analyze the relationship between entrepreneurial orientation factors and performance perception of entrepreneurs in Small and Medium Scale industries
3. To analyze the influence of entrepreneurial orientation factors and performance perception of entrepreneurs in Small and Medium Scale industries.

Hypotheses:

1. The entrepreneurial orientation factors may have significant relationship with perception of entrepreneurs in Small and Medium Scale industries
2. Entrepreneurial orientation factors may have significant influence perception of entrepreneurs in Small and Medium Scale industries.

Population

The universe of the study is based on the lists of units developed by the National Informatics Centre, TNSU, Chennai and the Membership Directories of the Kappalur, Pudur, Andipatti, Urnaganpatti, and Theni Industrial Association. The small and medium scale industries in the Madurai region are the population selected for the study.

Research Design

This particular study focuses on entrepreneurial orientation factors on performance perception of entrepreneurs in SIDCO Industrial Estate, in Madurai Region. The nature of study is more of a fact finding. Hence this study follows descriptive study design as its plan of action.

Sampling

Table 1 : Showing Sampling Units Selection

Sl. No.	Industrial Estate	Kappalur		Andipatti		Theni		Pudur		Uranaganpatti		Madurai Region	
	Type of Industry	No.of Units	% of Units	No.of Units	% of Units	No.of Units	% of Units	No.of Units	% of Units	No.of Units	% of Units	No.of Units	% of Units
1	Engineering Industry	3	5.4	0	0.0	3	25.0	4	16	7	14.3	17	11.8
2	Electric Industry	1	1.8	0	0.0	0	0.0	0	0	2	4.1	3	2.1
3	Electronic Industry	1	1.8	0	0.0	0	0.0	0	0	2	4.1	3	2.1
4	Paper Industry	3	5.4	0	0.0	0	0.0	2	8	2	4.1	7	4.9
5	Dyeing Concerns & Textiles	22	39.3	1	50.0	0	0.0	3	12	2	4.1	28	19.4
6	Rubber Industry	4	7.1	1	50.0	1	8.3	0	0	4	8.2	10	6.9
7	Plastic Industry	7	12.5	0	0.0	0	0.0	0	0	14	28.6	21	14.6
8	Food products	1	1.8	0	0.0	6	50.0	5	20	4	8.2	16	11.1
9	Belt cloth & Metal Pipe	1	1.8	0	0.0	1	8.3	6	24	6	12.2	14	9.7
10	Maruthi spare parts	2	3.6	0	0.0	0	0.0	3	12	0	0.0	5	3.5
11	Others	11	19.6	0	0.0	1	8.3	2	8	6	12.2	20	13.9
12	Total	56	100.0	2	100.0	12	100.0	25	100	49	100.0	144	100.0

SIDCO Industrial Estates region is selected as the universe of the study. The respondents were the entrepreneurs who run small-scale industrial units of SIDCO Industrial Estate, in Madurai Region. The study divided the whole SIDCO Industrial Estates of Madurai Region into 5 Industrial Estates. The table provides clear cut information about the product differentiation and concretion of small scale industries in the Madurai region of Tamilnadu, India. Out of total population of 432, 144 small scale entrepreneurs have been taken as sample size. In order to arrive at representative sample size the application of proportionate probabilities sampling size (PPSS) technique is used. The total industrial units are 432 and the sample units considered for the study is 144 and it is coming almost 33.33% of

the total population. The study ensured the representation from all the product categories and the sectors viz., Engineering Industry, Electric Industry, Electronic Industry, Paper Industry, Dyeing Concerns & Textiles, Rubber Industry, Plastic Industry and others.

Tools of data collection

The study will consider following tools for the data collection.

1. Questionnaire on Entrepreneurial Orientation
2. Questionnaire on performance perception
3. Questionnaire on socio-demographic variables.

23. Data Collection

Data collection was done based on the two instruments specifically developed for this study. Data collection took almost 8 months to get adequate representation of the sample size. The researcher assured the confidentiality of the data to all entrepreneurs who responded in this research. 144 small scale unit respondents were approached initially for responses. Out of which 115 respondents cross checked the confidentiality of information with the researcher and finally 102 were provided the information related to the topic selected. Thus study considered 102 entrepreneurs from the small scale industries selected for the study.

24. Analysis and Results

The data collected were analyzed on the basis of Descriptive Statistics, Correlation, regression and Kruskal Wallis Test. SPSS 16th version was used to analyze the data collected. The details of the analysis are given below.

Table 2: Factor Analysis : Motivational Factors

Sl. No.	Factors	% of variance explained	Cronbach α
1	Creativity	0.199	0.800
2	Innovation	0.200	0.802
3	Proactiveness	0.203	0.811
4	Risk Tolerance	0.197	0.823
5	Negotiation	0.231	0.803
6	Independence	0.210	0.822
7	Determination	0.310	0.619
8	Self Efficacy	0.241	0.855
9	Cognitive Adaptability	0.201	0.845
10	Competitive Aggressiveness	0.199	0.861

The table no indicates the result of factor analysis. The entire factors except F7 (0.619), (F1, F2, F3, F4, F5, F6, F8, F9, and F10, that included in the factor analysis were found most important in explaining 0.199, 0.200, 0.203, 0.197, 0.231, 0.210, 0.241, 0.201, and 0.199) the variance respectively. Based on the results, 9 Entrepreneurial orientations the factors are there by selected for further analysis.

Table 3 : Correlation Analysis: Entrepreneurial Orientation Factors on Performance perception

Sl. No	Independent Variable Entrepreneurial Orientation	Dependent Variable: Performance Perception				
		Profit Generation	Market and Customer Orientation	Manpower Utilization	Capacity Utilization	Value Generation and Business Growth
1	Creativity	0.371**	0.361**	0.366**	0.368**	0.391**
2	Innovation	0.362**	0.388**	0.372**	0.378**	0.363
3	Proactiveness	0.324**	0.341**	0.345**	0.332**	0.321**
4	Risk Tolerance	0.310*	0.309*	0.321*	0.300*	0.323*
5	Negotiation	0.377**	0.361**	0.352**	0.359**	0.361**
6	Independence	0.299	0.281	0.279	0.280	0.300
7	Self Efficacy	0.337**	0.367**	0.341**	0.351**	0.337**
8	Cognitive Adaptability	0.357**	0.349**	0.355**	0.363**	0.351**
9	Competitive Aggressiveness	0.319**	0.327**	0.333**	0.316**	0.344**

*Significance at 0.05 level, ** Significance at 0.01 level

The first hypothesis (H1) indicates that “there may be significant relationship between entrepreneurial orientation factors with performance perception factors.” The table no (3) clearly shows that out of 9 entrepreneurial factors selected for the study, 8 factors significantly correlated to performance perception factors ($p = 0.01$ level) and one factor $p = 0.05$ level. The entrepreneurial orientation factors like creativity, innovation, proactiveness, Negotiation, Self efficacy, Cognitive Adaptability and Competitive Aggressiveness are significant at 0.01 levels. The factor Risk Tolerance is significant at 0.05 levels. Hence the study accepts the first hypothesis selected for the research.

Analysis Entrepreneurial Orientation Factors Influence on Performance Perception

Further an attempt has been made to explore the relationship between personal variables and the motivational factors using the Kruskal- Wallis one way ANOVA. In order to test the significant difference in the motivational factors of the Small Scale Entrepreneurs in the SIDCO Industrial Estates of Madurai Region, based on the 12 different variables of their profile, the Kruskal- Wallis test has been used.

Table 4: Kruskal Wallis Test, Entrepreneurial Orientation Factors and Performance perception

Sl. No.	Entrepreneurial Orientation Factors on Performance perception	H Value	DF	Significance
1	Entrepreneurial Orientation Factors and Profit Generation	3.100	4.0	0.008**
2	Entrepreneurial Orientation Factors and Market and Customer Orientation	18.010	4.0	0.007**
3	Entrepreneurial Orientation Factors and Manpower Utilization	15.119	4.0	0.007**
4	Entrepreneurial Orientation Factors and Capacity Utilization	1.963	1.0	0.005**
5	Entrepreneurial Orientation Factors and Value Generation and Business Growth	17.693	4.0	0.009**

The major hypothesis (H2) stated in this paper was “the Entrepreneurial Orientation Factors may have significant influence on performance expectation factors.” In order to test this hypothesis Kruskal Wallis Test was conducted. The analysis clearly indicates that out of all the variables of dependent variable entrepreneurial factors highly influenced by 8 Entrepreneurial Orientation Factors. The table clearly indicates that the 5 entrepreneurial factors viz., Amount of capital invested (0.009**), Average sales turn over (0.008**), Average net profit (0.006**), Year of experience (0.006**) and Generation

of business (0.002**), are get influenced by the 10 motivational factors of women. This indicates that these five entrepreneurial factors are the major inspirational factor among woman to take up entrepreneurial ventures, in this particular study.

25. Discussion

Over the decades it is well acknowledged that one of the fastest growing areas of management business and economics is entrepreneurship. Many authors branded this area as one which contribute to products and services of value creation and lead to economic development. This indicates that many traits, orientations and features of entrepreneurs may have significant correlation between performance and development. In this context, it would be interesting to discuss the findings of present research which provide us an insight into such correlations and influences. Through the major objectives this research tried to explore the relationship between Entrepreneurial Orientation and Performance Expectations in Small and Medium Scale industries. The study (table no 3) has shown positive correlation between Entrepreneurial Orientation and Performance Expectations at 0.01 levels and 0.05 levels. Entrepreneurial Orientation has shown significant influence on Performance Expectations of entrepreneurs in Small and Medium Scale industries. The key findings of this study are now discussed.

26. Profit Generation and Entrepreneurial Orientation

Profit maximization has long been assumed to be the main goal of enterprises. The entrepreneurs should make use of their entrepreneurial aptitude in order to achieve this objective. The present research (table no 4) clearly indicate the influence of entrepreneurial orientations factors on performance expectations. Certain orientations factors are very much significant in generating business surplus. One should make use of his cognitive ability to be analytical on market conditions and operationally creative enough to control the market changes in order to sustain the business growth. The cognitive adaptability is the ability of an entrepreneur to

understand, analyze and adapt his decision making style in tune with the changes in the market condition. It is pointed out by Ojong (2005) that one of the characteristics of a successful entrepreneur is his/her ability to source for funds for his enterprise. These funds have to be properly managed to ensure that at any point in time, there will be adequate funds to cater for the day to day running of the enterprise. The entrepreneur should be competitive and adaptable enough to all business environments and he should take appropriate decision that convert unfavorable situations on his own advantages to earn profit and business growth. In order to be adaptive one should show his proactive nature and be courageous enough to take business risks through situational decision making process. Competitive aggressiveness is complementary to cognitive adaptability. Relating to entrepreneurs characteristics, it is rightly pointed out by Lumpkin and Dess (1996) that competitive aggressiveness the firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace (Lumpkin and Dess 1996, p. 148), and is characterized by responsiveness in terms of confrontation or reactive action. Entrepreneurs should make use of his competitive aggressiveness and adaptability to sustain market potential and business growth. The present research finding are thus in tune with the hypothesis (h1 and h2) formulated in the study.

27. Market and Customer Orientation and Entrepreneurial Orientation

Market and customer orientation are the major factor which influence the business operations. The customer satisfaction leads to product preferences and market sustainability. To maximize sales volume means to sell as many products as possible, without making a loss. Sales and business development rests with market accountability. Here entrepreneurial orientation factors have high significance. The decisions taken by the entrepreneur based on his creativity and innovation has high influence on customer perception and product satisfaction. The ability to produce new product designs, product features, product size, shape etc through better market

campaigns and advertisements is the essential aspect of any entrepreneur. It is rightly pointed out by Lumpkin and Dess (1996), in this context that innovativeness reflects a tendency for an enterprise “to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes”. Innovation is an important means of pursuing opportunities and so is an important component of an entrepreneurial orientation (Lumpkin & Dess 1996). To be innovative the leader of the organization should show best of his value orientation and entrepreneurial leadership qualities to his employees and market with innovative and adaptive decision making. He should lead the market with more competitive products and services compared to his competitors. Making provision of experimentation and innovation in the organization make provision of better freedom and opportunity to his subordinates to work in a creative work environment. Further such effort from the entrepreneur will develop a culture of performance orientation within the organization. Making his employees well enough to understand the customer orientation is the major success factor of any business leader which will led to better business performance. It is well pointed out by Hult and Ketchen (2001) in this context that market orientation and entrepreneurship are organizational capabilities that contribute to the creation of a unique positional advantage, which affects business performance positively. Supporting the above statement Atuahene-Gima and Ko (2001) also argued that the maximum positive effect on business performance is achieved when a firm’s market orientation and entrepreneurship are aligned. The findings of the present research (table no 4 and 5) clearly substantiate the discussion made above indicating the influence of entrepreneurial orientation factors on performance expectation of entrepreneurs.

28. Manpower Utilization and Entrepreneurial Orientation

Manpower of the organization is one of the significant factors that influence the business outcomes. The cooperation of the employees is must for business growth and profit maximization.

It is the responsibility of the entrepreneur to create a culture in the organization that supports employees to engage in experimentation and risk taking. The leader should show better direction to employees through his open attitude and being close knit with the employees at the operational level. It is expected that every risk taking behaviour may not produce fruitful result. During failures also the entrepreneur should support the employees and staffs to be creative and innovative for better products and services. In this context Iyayi (2006) aptly states the obvious justification for small-scale business organization to pay serious attention to human resources management function since this contributes significantly to entrepreneurial success. Supporting the above discussion Cole (1990) observe human resources as the most dynamic of all the organization’s resources that need considerable attention from the organization’s management if they are to realize their full potential in their work. Most important in manpower utilization is ability of the entrepreneur to see the productive work hours and utilization of those work hours for better productivity in correlation with the total work paid for. Manpower utilization is a good measure of the efficiency of workforce. On the other hand, if look on the forefront area of the business the staffs and executives are the people who are having direct contact with the customers the entrepreneurs should have the ability to utilize the available manpower for maximum output. Limited resource and maximum output must be the policy of the entrepreneurs. By controlling the cost of production through optimum manpower utilization the entrepreneur is expected to play his role as best human resource professional. He should show his self efficacy to put all the resource under control. Self-efficacy relates to the general belief in one’s ability to produce high levels of performance in tasks undertaken in life. The entrepreneur must show his ability to lead his human resource by ensuring better organizational climate and culture by adopting entrepreneurial orientation styles for better manpower utilization and organizational performance. The present findings are in tune with the above observation made by researchers especially in the small and medium scale enterprises.

29. Capacity Utilization and Entrepreneurial Orientation

An industry runs through resources. A balance need to be established between the cost of production and revenue for profit generation. The entrepreneur has the ability to control all the resources for effective utilization resources. The term capacity utilization lies for resource utilization. It is well observed in many companies that the resources are not optimum utilized. An entrepreneur should have the ability to assess the required machineries, materials and people to run the operation with minimum input with maximum output which based on the market demand. It is well pointed out in the research finding that there is significant relation between entrepreneurial orientation and performance expectation sub variable capacity utilization. This indicate that majority entrepreneurial orientation factors like innovation, creativity, risk taking, independence, proactiveness, self efficacy, competitive aggressiveness and cognitive adaptability, significantly contribute to affective resource coordination and capacity utilization. SEDME (1994) report in relation entrepreneurial role clearly indicates that “entrepreneurial talents and problems, which confronted the unit, also influenced the level of capacity utilization in the small-scale units under study.” All the performance enhancement process is lead and sustained by the entrepreneurial efforts which are the resultant manifestation of independent decision making. The performance of the firm or the company is the creative and well thought out plan of action lead by the entrepreneurs with the thorough analysis of the market needs, customer orientation, operational cost and optimum resource utilization. Major factor which support such decision making process is the competitive aggressiveness. Based on the market fluctuation and market intelligence, entrepreneurs have to control the resources and production capacity calculating the return of investment. In addition to, competitive aggressiveness entrepreneurial factors like power of imagination, cognitive adaptability and proactive tendencies are a must to have productivity and profit generation.

30. Value Generation and Business Growth

The entrepreneurial success lies in making provision of value goods in market with affordable price to the customers. Value generation is closely knit with customer perception. Higher the value generated by the products and service higher the appreciation developed by the customers. The present findings clearly indicate that the entrepreneurial orientation has high impact on value generation and further business growth. It has been well pointed out in the result that the entrepreneurial orientation factors significantly influence the performance expectations. The entrepreneurs should show their ability to manage all input values and control the production process by producing best products for customers. The value generation also can be interpreted as refers to the gross value of output minus value of raw materials and other inputs used in the production process. This approach can be used as an indicator of entrepreneurial abilities such as preparedness to assume higher degree of risk and ability to plan and operate relatively large firms. It has been well pointed by many authors in this context that entrepreneurial orientation factors likely has positive performance implications for the firm. The shortening of product and business model lifecycles makes future profit streams from existing operations uncertain and businesses need to constantly seek out new opportunities (Hamel, 2000). An EO can assist companies in such a process. Innovative companies, creating and introducing new products and technologies, can generate extraordinary economic performance and have even been described as the engines of economic growth (Brown and Eisenhardt, 1995). These finding are applicable and can be generalized in small and medium scale enterprises. Major factor contribute generation of profit lies in controlling the operational cost. It required more innovative and proactive steps that in tune with the market condition. Based on the fluctuating market condition appropriate resource utilization techniques to be channelized for production process. Care should be taken that the decisions should not dilute the quality and values of the products, since it may create adverse impact on the customer perception. In this context entrepreneurial orientation factors have high

impact on the decision making process towards performance sustenance and business growth. Overall the study well established the relation between various entrepreneurial orientation factors and its influence on performance expectation.

31. Implications

The discussion part has clearly indicates various entrepreneurial orientation factors and its influence on performance expectation. It is well pointed in the findings that majority respondents are having high entrepreneurial orientation and they have high perception on its influence on performance. Majority entrepreneurial orientation factors like innovation, creativity, risk taking, proactiveness, negotiation, self efficacy, cognitive adaptability and competitive aggressiveness are significantly influence the performance outcomes like profit maximization, market and customer orientation, manpower utilization, capacity utilization and value generation and business growth. The study clearly envisages adequate focus on the entrepreneurial orientation factors among young generation that contribute to better economic development. It is very important that the above mentioned entrepreneurial orientation factors to be induced more among the new generation youth which pave better support to industrial development. Organizations that may give better entrepreneurial orientation learning opportunities may have better prospect to perform in continuously volatile market conditions. The study suggests that those firms may derive the greatest benefits from an entrepreneurial orientation (EO) when they get better learning orientation in their organization. A firm's entrepreneurial processes may facilitate the pursuit of new entry opportunities that enhance its performance, adopting a strong entrepreneurial orientation is increasingly considered necessary but insufficient for wealth creation by new ventures. Entrepreneurial orientation factors in correlation with better organizational processes, methods, styles, practices, and decision-making activities employed by firms that may lead to new entry more performance oriented result. . Empirically, this study enhances perceptive of how entrepreneurial orientation shape up the

performance of small and medium scale ventures in industries. Hence it is important to have better entrepreneurial orientation to have better organizational management for performance excellence.

32. Conclusion

The purpose of this study was to investigate the effect of entrepreneurial orientation on the performance expectations of small and medium scale industries. The results indicate that entrepreneurial orientation plays an significant role on utilization and management of resources with fine tuned orientation to marketing information, and also has a direct effect on firm performance in small and medium scale industries. It is abundantly clear that entrepreneurship orientation is important for industrial and business growth intern it leads to economic growth and development. High performance expectation indicates that with the support of entrepreneurial orientation the entrepreneurs expect more productivity innovation in business and more opportunities for market sustainability. Based on the study, the paper envisage, policy makers look at entrepreneurship orientation factors in combination with training and development opportunities to return to a period of sustained economic growth. Further research is also needed to more specifically identify in what context an entrepreneurial orientation may best be supported.

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Does Gender Influence Communication : A Study in the Communication Patterns of Woman Employees in Business Organisations

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Abstract : Successful Communication is structured on the premises of equal participation and reaching a consensus. Every party is equally responsible for the outcome of the consensus and own responsibility of both process and result. Decision gets influenced if one of the party is having some power component for instance – political leaders. In such cases share of responsibility is not equally shouldered. Hence the result is also partial to the power element. Similar is the case of women participation in the power role. Their communication is always viewed under the shade of gender having little reliability. Even if the woman is chairing a prestigious position her communication is hardly seen carrying significance by the male segment of power. The paper is an attempt to look into the nature of communication of the women employees in organizations.

Key Words : Gender, cultural perception, communication, progress

1. Introduction

For centuries man kept woman under his subjection and portrayed her as a frail creature suitable for the four walls, though she worked no less than him to sustain the livelihood of the family. As a consequence she remained in background of the professional field for a long time. Gradually women initiated rearing agitation against the patriarchal dominance and soon voices were heard and they came out with a voice of their own. Their steps were supported by certain movements in 1960s and 70s. But unfortunately the patriarchal practices are frozen as laws in any society. In any nation history of mankind with indentured servitude, contract labor, self-employment and wage work is also simultaneously history of sexuality, nested within the context of the subordination of women. Many attempts were made at all levels to give the due status to the women segment of society. But again giving rights did not ensure them with equal status.

Going back to the shelves of history, one fact remains intact that giving legalhood to personhood does not assure equal treatment to all. That is, women like so many other groups, have gained legal rights only to face less institutional perhaps more subtle but insidious forms of discrimination.

2. Culture and Gender Differences

Since 1960, a lot of attention has been paid to study the phenomena of gender studies because of its intellectual promise as it rises above the struggle and trivial interest of particular group-men/women. A healthy state of culture denies the autonomy of the individual- male- and seeks a collective construct. In contemporary times when organizational and social discussions centre on issue of diversifying of creating a constructive, multicultural society, it may be helpful to examine problems in communication between the genders as cultural/social issue. Most cultures define women's roles through their behavior or physical functioning ignoring their potential. No matter how many arguments are going on to counter the patriarchal ideology and establish the fact that



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women are equals not inferiors the two sexes are regarded as fundamentally different both in physical form and in mental characteristics but commonsense theories offer no explanation of the nature of these influences. The hormonal changes associated with the menstrual cycle, pregnancy, childhood and menopausal are often implicated in women's alleged emotional ability and assumed lack of major hormonal change with reputed stability of men. All these facts are so deep rooted in our social structure that despite the best efforts from the women movements and political initiatives no major shift has happened in the mindset of the people to consider women equal. Giving equal status to women is more of cultural issue and less of professional issue.

3. India and Gender Differences

Until one has a voice of own one cannot make a point or make a place of one's own in the world. Unfortunately the power-configuration in the nation like India is so uneven that almost half of the population has no say of their own or are never given chance to have a say of their own. This has been reflected in the overall development of the states in particular and the nation in general. In a country like India where social orientation is based on class, caste and gender, the picture of denial and inequality is atrocious, it is a big mission for woman to come in the power role.

For a very long time the women were not considered as social group in their own right, rather they were either included with men or totally ignored. In India under British rule social reformers like Iswar Chandra Vidyassagar, Raja Rammohan Roy, and Swami Dayananada Saraswati etc. first raised their voices for oppressed and suppressed women. Active participation of women in India began after world war First, 1914 as the Indian women joined the freedom struggle. Women's organizations at all India level began to emerge in the early twentieth century with the agenda of advocacy of women's sufferings, protest against child-marriage and reforming the personal laws, the Madras legislature first provided women the voting rights in 1920. In 1928 Child Marriage Restraint Act was passed. In 1946, demands for equal rights and political representation by women were drafted in the Fundamental Rights of the

constitution of India by the Constituent Assembly -1946. In post-independent India, Sarada Act Provided an impetus to the Hindu Code Bill, 1955 and the provision of equal rights for women in the constitution of India improved the status of woman. In June 1954, the first post war all-India organization of women, the National Federation of Indian Women (NFIW) was formed in view of at the impending socio-political issues. In 1992, the National Women's commission followed by the state commission was formed.

Taking a different glance at the status of women in society especially for women who have been working for long we can observe that a lot of restrictions are placed on the women to curb their progress despite all this political initiatives. The chart shows the mindset of the people that clears the situation like recession when there are less jobs women may not be able to face the pressures of job.

4. Gender and Communication

Communication is an integral part of any culture specially in the context of developing economy like India where more and more women participation is demanded to increase the workforce as well as the efficiency. Women are judged by their speech more and less by their action. Matters become worse when any organization has women as its leader. Her chair is challenged by more than customary reactions. Becky is correct when she terms communication as axiological- value-laden. "She supports the ritual notion that communication is subjective since communication makes claims and takes stances and some theorists, such as weaver and Winterowd would argue that no language is neutral. Indeed, any use of communication exhibits an attitude and attitude implies an act, and all human actions have moral consequences. Hence communication entails more responsibility.

5. Indian Working Women and Communication

At 34.2% percent, India's rate of female participation in the labor force is the lowest of any of the BRIC countries. Women are blamed of such allegations as those women draw

WHEN JOBS ARE SCARCE, SHOULD MEN HAVE MORE RIGHT TO A JOB ?

AMERICAS	Agree	Disagree
Argentina	43%	56
Brazil	37	63
Mexico	28	69
United States	14	85
EUROPE		
Russia	47	49
Poland	44	51
France	20	80
Germany	19	80
Spain	12	87
Britian	12	85
MIDDLE EAST AND AFRICA		
Nigeria	77	21
Egypt	75	20
Jordan	68	30
Turkey	67	30
Lebanon	51	49
Kenya	46	53
ASIA		
India	84	16
Pakistan	82	14
Indonesia	74	27
China	73	26
South Korea	60	39
Japan	41	58

Source : Pew Research Center

unnecessary attention at workplace which hampers the smooth functioning of the work. That is the reason many organizations fear to take women employees. But with increasing stress of finances and growing rate of inflation more number of female employees is increasing as a result Gender diversity is also increasing and India remains no exception. "Increasing number of women within organizations has brought about a shift in the balance of men and women (with the ratio skewed in favor of men) giving rise to a need to address specific gender issues".

Listening to women argument makes the situation more impartial. Women feel that men are intimidated by their skill and potential. Men's position at workplace remained unchallenged for long and they made their own rules of working in

their favor, of course. But with the changing times more and more female participation is happening for which men thought of putting all sorts of allegations so that woman keeps herself busy in resolving those rumours about their skills. This picture is more prominent in the Indian work culture where now and then women are reminded in one way or the other that her family needs her more than her company. Due to this scenario women's caliber is questioned.

This is quite obvious in the communication patterns of men and women. Men will talk about the company, client or the work within themselves where as they will talk about family and kids with the female co-workers. A qualitative study of 140 female managers interviewed in 81 organizations by H.L.Kaila , in order to review trend of problems

faced by women managers, the ways in which the problems affect them reveals that “Though women workforce has risen to a greater extent, the old attitudes of men still exist in organizations. For example: a woman was not introduced while sharing a stage with men when everyone else was. Another woman was asked repeatedly by his boss whether she can work in shifts even though she happened to be a qualified engineer holding senior manager position. A senior man in the organization denied concession in work-timings to a pregnant lady who requested so.”

6. Conclusion:

Chandra Talpade Mohanty in her book “Feminism without Borders” draws similarity between the incorporation of women into the global economy (women lace makers in Narsapur, India and women in the electronic industry in Silicon Valley). She delineates the interconnections among gender and ideologies of work that locate women in particular exploited contexts. The contradictory positioning of women along class and ethnic lines in these two cases suggests that in spite of obvious geographical and socio-cultural differences between the two contexts the organization of global economy by contemporary capital positions, works in very similar ways effectively reproducing and transforming locally specific hierarchies. These are also some significant continuity in terms of the inherent ideologies of work as well as the experiences and social identities of women as workers. She illustrates how capitalist production relations are built upon the backs of women

workers defined as housewives independent of rural or urban areas.

Gender is best understood by focusing on differences between men and women and on the uniqueness of each. Gender difference is not absolute, abstract or irreducible. Gender differences and the experience of difference like difference among women are socially and psychologically created and situated. In contrast to the beginning of the contemporary women’s movement there is now a widespread view that gender differences are essential that women are fundamentally different from men that these differences must be theorized and maintained for the smooth Functioning of society.

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Implementation of e-CRM (Customer Relationship Management) in Banking

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Abstract : CRM is neither a product nor a service, but a business strategy to learn more and more about the customers' behavior and requirements in order to create long-term relationships with them. CRM signifies a comprehensive approach for creating, maintaining and expanding customer relationships. CRM is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organized way. Every organization should have its own, clearly defined strategy. The success of an organization depends upon how effectively it satisfies its customers. The CRM strategy may be rolled into a larger strategy such as a customer service strategy or even an overall business strategy. In today's business environment, commercial banks face increasing competition from new players including global banks and alternative sources of funds. CRM enables a bank identify customers who entail high costs and those who bring benefits. CRM provides them with the required analytical tools that will help them focus on the importance of segregating these two types of customers. Together with the creation of Sales Force Automation (SFA), where electronic methods were used to gather data and analyze customer information, the trend of the upcoming Internet can be seen as the foundation of what we know as e-CRM today. We can define e-CRM as activities to manage customer relationships by using the Internet, web browsers or other electronic touch points. The challenge hereby is to offer communication and information on the right topic, in the right amount, and at the right time that fits the customer's specific needs.

1. Introduction

CRM is a simple philosophy that places the customer at the heart of a business organization's processes, activities and culture to improve his satisfaction from the service and, in turn, to maximize the profits for the organization. It is thus important for the client, and not the product, to be in the centre.

CRM can be defined as 'having the right offer for the right client, at the right time via the right channel'. Implementing CRM would also make Indian bankers realize that the purpose of their business is to 'create and keep a customer' and to 'view the entire business process as consisting of a tightly integrated effort to discover, create, and satisfy customer needs.'

CRM signifies a comprehensive approach for creating, maintaining and expanding customer relationships. CRM is not confined merely to sales and marketing. It is not the sole responsibility of the customer service group, nor is it the brain-child of the information technology team. While any one of these areas may be the internal champion for CRM in any organization, CRM, in fact, must become a way of doing business that touches all areas. When CRM is delegated to one area of an organization such as IT, customer relationships will suffer. Likewise, when an area is left out of CRM planning, the organization puts at risk the very customer relationships that it seeks to maintain.

CRM is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organized way. For example, an enterprise might build a database about its customers that describes relationships in



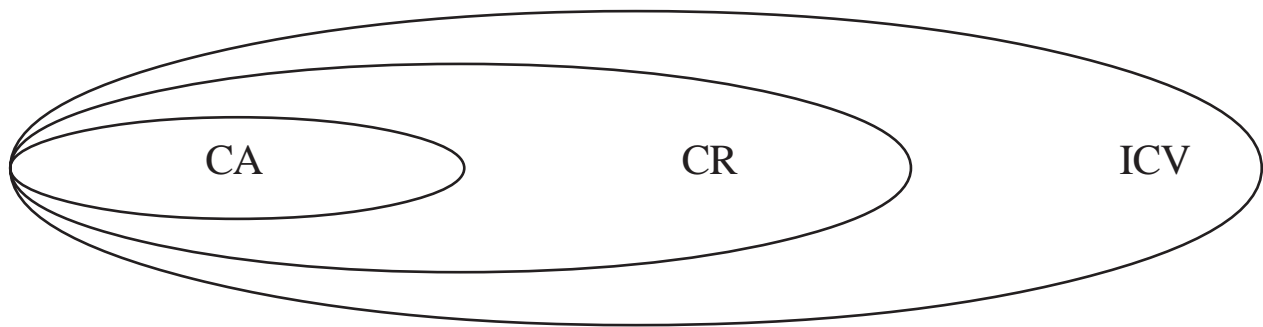
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sufficient detail so that management, salespeople, people providing service, and perhaps even the customer directly, can access information, match customer needs with product plans and offerings, remind customers of service requirements, learn what other products a customer has purchased, and so on.

CRM is neither a product nor a service, but a business strategy to learn more and more about the customers' behavior and requirements in order to create long-term relationships with them. According to John A. Young, former CEO of Hewlett Packard, CRM is "the chain of events that lead to customer satisfaction which begins with design decision and runs through marketing, all of manufacturing and field sales, and culminates in after sales support." CRM is thus a customer-driven business strategy designed to optimize profitability, revenue and customer satisfaction.

The generic constituents of CRM are shown in Figure:



CA = Customer Acquisition. This encompasses counter staff automation and marketing

CR = Customer Retention, through

ICV = Improved Customer Value

2. Impact of CRM on the Business of Banking

The Implementation of the CRM concept in banks can have a tremendous impact on the business of banking.

CRM in Banking consists of:

- Helping the bank to enable its marketing departments to identify and target their best customers, manage marketing campaigns with clear goals and objectives, and generate quality leads for the sales team and the bank executives.
- Assisting the bank to improve telesales, account, and sales management by optimizing information shared by multiple employees, and streamlining existing processes (such as using mobile banking and internet banking).
- Allowing the formation of individualized relationships with customers, with the aim of improving customer satisfaction and maximizing profits; identifying the most profitable customers and providing them the highest level of service.
- Providing employees with the information and processes necessary to know their customers, to understand their needs, and to effectively build relationships among the bank, its customer base, employees and other associates.

Success Factors For CRM

It is necessary to consider the following factors for the successful implementation of CRM in a company:

- Building strong internal partnerships around the CRM strategy.
- Ensuring that employees at all levels and all areas accurately collect information for the CRM system.
- Making the CRM tools customer and employee-friendly.
- Reporting out only the data used, and using the data reported.
- Avoiding going hi-tech when remaining low-tech will do.

3. CRM Strategy

Every organization should have its own, clearly defined strategy. The success of an organization depends upon how effectively it satisfies its customers. The CRM strategy may be rolled into a larger strategy such as a customer service strategy or even an overall business strategy. It is important to devise a clear direction as to how the organization plans to create, maintain, and expand customer relationships, and if that is clear, what it is called is less important than the fact that it exists and that it is working. A vision that is supposed to drive strategy and states that the organization will succeed by 'being world-class' is too vague to guide CRM efforts. However, if the vision describes in detail what 'world-class' looks like, feels like, and means to the organization's current and target customers, then one possibly has what is needed to build a winning strategy.

The success of CRM depends on answers to the following fundamental questions which the banks need to ask:

- What is the expectation of the different target group/customer?
- What type of observation/methodology should be followed to develop our customer base?

- How does the technological infrastructure need to be developed for our customer base?
- How does the technological infrastructure need to be updated?
- Are our staff and processes ready to move to customer concentration?
- What are the changes that need to be adopted to develop the customer base and satisfy the customer needs?

4. CRM for Commercial Banking

In today's business environment, commercial banks face increasing competition from new players including global banks and alternative sources of funds. In response, they need to work harder to ensure that their clients feel valued and receive high-quality service that promotes client loyalty. Some of the benefits of CRM for banking are :

(a) CRM Banking Focuses on the Customer

CRM manages to place the customer at the focal point of the organization in order to cater to his needs and satisfy him, and thus maximize the profits for the organization. Banking CRM understands the needs of the customer and integrates them with people, technology, resources and business processes. It focuses on the existing data available in the organization and uses it to improve its relationship with customers. Banking CRM uses information and analytical tools to ensure customer focus. Thus, it is absolutely essential for banks to implement CRM.

(b) Overall Profitability

CRM enables banks to train their employees better in order to enable them face customers easily. It facilitates better infrastructure and ultimately contributes to better overall performance. Banks that do not implement CRM will undoubtedly end up with lesser profitability coupled with a sharp decline in the number of their customers.

(c) Satisfied Customers

It is important to make a customer feel as if he/she is the only one this will go a long way towards satisfying and retaining customers. Bankers need a return on investment (ROI) and it has been proved that increase in customer satisfaction contributes more than a fair share to return on investment. The main value of CRM banking lies in the satisfaction and increased retention of customers.

(d) Centralised Information

CRM helps to clearly integrate people, processes and technology. CRM banking also provides banks with a holistic view of all bank transaction and customer information and stores it in a single data warehouse wherein it can be studied later.

(e) CRM Banking Boosts Small Banks

Banking CRM software meets the needs of banks of all sizes in terms of attaining the required accuracy and understanding of customers. Merely assuming that banks which are considerably smaller in size have a better customer approach and are able to deal with their customers in a better manner, is wrong. They are as much in need of

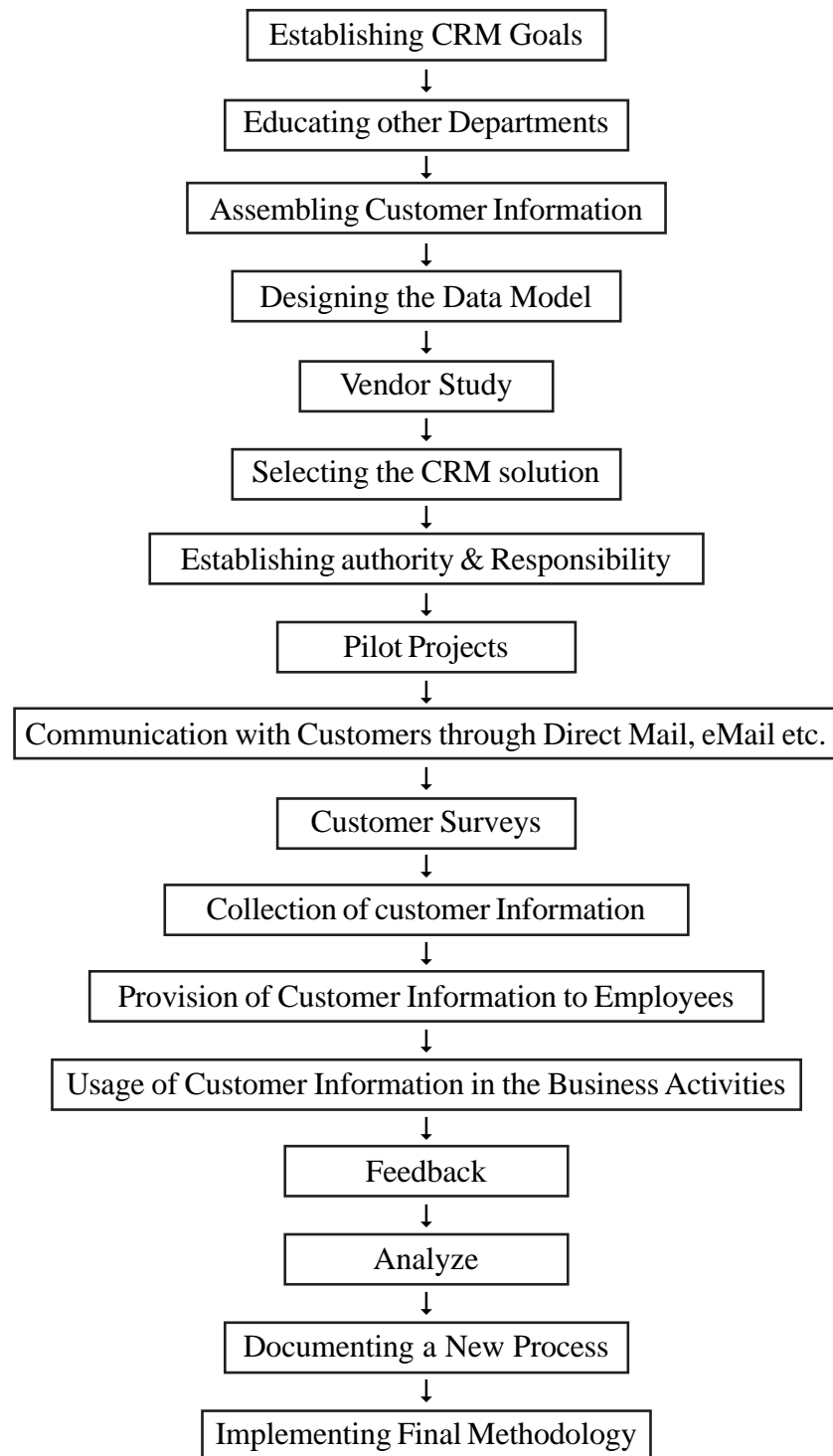
CRM aid as the others. Small banks, on account of a limited amount of money, have to realize that a large contribution to profits is directly the result of good customer service. CRM makes sure that the bank delivers exactly what the customer expects.

(f) Customer Segregation

CRM enables a bank identify customers who entail high costs and those who bring benefits. CRM provides them with the required analytical tools that will help them focus on the importance of segregating these two types of customers and doing what is required to avail of the maximum returns. After this segregation is done, CRM easily enables banks increase their communication and cross-selling to their customers effectively and efficiently.

5. CRM Process

The CRM process is the most influential customer oriented strategy of the decade. Despite its humble origins it has evolved into a relatively complex strategy. The essentials of a CRM program include focus, commitment to CRM goals and above all a desire to be customer focused. Here's how the CRM process actually works in an organization.

Steps in the CRM Process:

6. CRM Technology

The following technology should be followed to implement CRM in banking industry:

(a) Data Warehousing

Data can be of two types: subject-oriented data and function-oriented data. Subject-oriented data is data that is organized along the lines of the subjects of the bank. Similarly, function-oriented data is data that is organized around the functions of the bank. Data must be read in a functional format and written in a subject-oriented format.

(b) Designing the Database

A database acts as a memory box which is used to store summary data about the businesses carried out, customers entertained, services/products brought by them, etc.

(c) Data Mining

Database designing is followed by data mining wherein the bank's strategists analyze the past trends/patterns to forecast the future behavior/demand of customers for varied services and products, and take action accordingly. The customer information gathered by banks in their day-to-day business is often sufficient for effective data mining. It provides the intelligence behind the CRM initiative.

(d) Tools and Techniques of Data Mining

A range of data mining tools, techniques and algorithms are available to support the data mining operations. They differ from each other in terms of type of data handled, assumption regarding the data, scope and interpretations of the output.

(e) Information Needed for an Effective CRM Solution

Bankers planning to implement CRM would require a large amount of information about their bank and customer base covering the following areas:

- Information about the bank
- Market information

- Demographic distribution of present segment of customers by:
 1. Age
 2. Sex
 3. Level of Income
 4. Qualification
 5. Marital Status
- Information about the bank's valuable/best customers including:
 1. Products/services they purchase for
 2. The segment they belong to
 3. Their habits, tastes, preferences
 4. Their businesses and future prospects.
- Customer information at the individual level covering:
 1. Personal information
 2. The customer group/segment to which the individual belongs
 3. Present and past behavior record
 4. Interests, disinterests, habits and preferences.

7. CRM Software

CRM software applications should facilitate the co-ordination of multiple business functions and also multiple channels of communication with customers so that the organization can give its customers a preferred channel for interaction.

A CRM software system features are:

- Customer information system (CIS)
- Customer interaction system
- Data warehousing
- Data mining
- Sales Force/ Employee Automation (SFA), and
- Campaign management system (CMS).

CRM has tremendous significance in the organization due to:

- Reduction in customer recruitment cost,

- Generation of more and more loyal customers,
- Expansion of the customer base,
- Reduction in advertisement and other sales promotion expenses,
- Beneficial customer selectivity approach,
- Increase in the numbers of profitable customers,
- Increase in the customer partnering,
- Easy introduction of new products and expansion.

8. Implementing and integrating CRM solutions

Several CRM software packages exist that can help banks in deploying CRM activities. Besides choosing one of these packages, banks can also choose to design and build their own solutions. In order to implement CRM in an effective way, one needs to consider the following factors:

- Create a customer-based culture in the organization.
- Adopt customer-based managers to assess satisfaction.
- Develop an end-to-end process to serve customers.
- Recommend questions to be asked to help a customer solve a problem.
- Track all aspects of selling to customers, as well as prospects.

Furthermore, CRM solutions are more effective once they are being implemented in other information systems used by the bank. Examples are Transaction Processing System (TPS) to process data real-time, which can then be sent to the marketing and finance departments in order to recalculate inventory and financial position quick and accurate.

9. Failures

Designing, creating and implementing IT projects has always been risky. Not only because of the amount of money that is involved, but also

because of the high chances of failure. However, a positive trend can be seen, indicating that CRM failures dropped from a failure rate of 80% in 1998, to about 40% in 2003. Some of the major issues relating to CRM failure are the following:

- Difficulty in measuring and valuing intangible benefits.
- Failure to identify and focus on specific business problems.
- Lack of active senior management sponsorship.
- Poor user acceptance.
- Trying to automate a poorly defined process.

10. Privacy

The effective and efficient employment of CRM activities cannot go without the remarks of safety and privacy. CRM systems depend on databases in which all kinds of customer data is stored. In general, the following rule applies: the more data, the better the service companies can deliver to individual customers. Some known examples of these problems are conducting credit-card transaction online of the phenomenon known as 'cookies' used on the Internet in order to track someone's information and behavior. The design and the quality of the website are two very important aspects that influence the level of trust customers experience and their willingness of reluctance to do a transaction or leave personal information. As the use of the Internet, electronic CRM solution and even the existence of e-business is rising, so are the efforts in order to further develop the systems used and increase their safety for customers in order to further reap the benefits of their use.

11. CRM Architecture

The Customer relationship management architecture can be broken down into **three categories**, and these are **operational, collaborative, and analytical**. Each plays an important role in Customer relationship management, and an organization that wants to succeed must understand the importance of using these three components successfully.

Operational CRM deals with the automation of certain business processes. Examples of business processes that are connected to operational CRM are marketing and sales. When a connection is made to a customer, the information related to this interaction will be automatically stored in a database, and the company can pull up specific information on that customer when it is needed.

Operational CRM can further be broken down into three components. These components are **Enterprise marketing automation, Customer service automation, and Sale force automation**. The Enterprise marketing automation will give the organization information about the business climate, and it will also provide them with crucial data on their competitors, as well as trends within the industry and other important variables. As the name implies, Enterprise marketing automation deals with strategies an organization can use to strengthen their marketing tactics. Customer service and support will automate specific processes that are connected to service. An example of this could be customer complaints.

Sales force or employee automation will be responsible for automating some of the organization's sales tasks. An example of tasks that SFA would automate is demographics, customer needs, and accounting management. A number of organizations will use call centers to store data on their customers. Once the customer makes a call, the customer service representative can provide them with relevant information. Many banks have also automated processes such as allowing customers to access their accounts.

Analytical CRM: As the name suggests, it deals with analyzing data that is collected by the organization. This data will be analyzed so that the organization can enhance its customer service capabilities.

By enhancing its customer service capability, an organization will build a stronger relationship with its customers. There are a number of common ways that Analytical CRM is used to achieve this. A number of organizations will use the data they've collected and analyzed to cross-sell products to their customers, as well as retaining customers that

may normally switch to another organization. Analytical CRM can also be used to provide important information to customers within a short period of time. In addition to building stronger relationships with customers, Analytical CRM can be an important tool for fraud prevention and detection. It can analyze the patterns of sales, inventory, and profits in order to find any patterns that are not consistent.

Analytical CRM is also important when it comes to both product development and risk management. It is important to realize that Analytical CRM is an ongoing process. The company may need to alter its strategies or methods based on the information that is analyzed through this process.

Collaborative CRM: Collaborative CRM is important because it places an emphasis on the interactions that a company will make with its customers. These interactions could be personal, or they could come through mediums such as the telephone or the Internet. Collaborative CRM will give companies a powerful form of communication that will utilize multiple technologies.

It will also be responsible for providing services over the Internet so that the costs of the service can be reduced. When interactions are made with customers, Collaborative CRM will allow the organization to provide them with useful information. At the highest level, CRM should be an important part of all interactions that a company makes with its customers.

When this is done, an organization can become highly successful. The goal of CRM is to find out what customers need, and to make sure those needs are filled. Once an organization is making interactions with its customers, it can collect and analyze information. This information can be used to strengthen interactions.

Customer relationship management can also be used to stop problems before they occur. A number of companies strive to solve problems once they occur, but CRM can be used to stop potential problems before they occur. Preventing problems is much easier than solving it.

12. Electronic CRM (e-CRM)

As the *internet* is becoming more and more important in business life, many companies consider it as an opportunity to reduce customer-service costs, tighten customer relationships and most important, further personalize marketing messages and enable *mass customization*. Together with the creation of *Sales Force Automation* (SFA), where electronic methods were used to gather data and analyze customer information, the trend of the upcoming *Internet* can be seen as the foundation of what we know as e-CRM today. We can define e-CRM as activities to manage customer relationships by using the *Internet*, web browsers or other electronic touch points. The challenge hereby is to offer *communication* and *information* on the right topic, in the right amount, and at the right time that fits the customer's specific needs.

Channels, through which companies can communicate with its customers, are growing by the day, and as a result, getting their time and attention has turned into a major challenge. One of the reasons e-CRM is so popular nowadays is that digital channels can create unique and positive experiences – not just transactions – for customers. An extreme, but ever growing in popularity, example of the creation of experiences in order to establish customer service is the use of Virtual Worlds, such as *Second Life*. Through this so-called v-CRM, companies are able to create synergies between virtual and physical channels and reaching a very wide consumer base. However, given the newness of the technology, most companies are still struggling to identify effective entries in Virtual Worlds. Its highly interactive character, which allows companies to respond directly to any customer's requests or problems, is another feature of e-CRM that helps companies establish and sustain long-term customer relationships.

Yet, even on web sites that are well designed and usable, it's difficult to get quality customer service when you need it. If you send an email request, do you receive a quick and helpful reply? How easy is it to find a phone number to call? If you call the help line, do the customer service representatives answering the phone understand

how you spent the last hour on their company's Web site? Will you ever visit or shop online there again?

When you consider that the cost of making a new customer is nearly five times that of retaining an existing one. No wonder that in today's world of decreasing margins, increasing competition and ever changing business environment, corporate success depends on an organization's ability to build and maintain loyal and valued customer relationships. But that is easier said than done.

Every visitor to your Web site provides important information, from what they look at to how long they stay on your site. But online behaviour is not your only source of information. It's likely that your company already has relevant data sitting idle or underutilized in databases or filing cabinets within your company. However, this data is often difficult to combine into a unified picture, when today more than ever you need a single, unified customer view.

The key to meeting today's customer's expectations is 'Electronic Customer Relationship Management', an approach that integrates all of the customer information and makes it available for each customer contact, so that one can provide the kind of consistent and effective personalized service customers want. It need not be expensive for a small to mid-sized company as it is not primarily a single technology, but a refocusing of an organization's collection and use of customer data using existing technologies. Although companies selling unified e-CRM solutions may dispute this point.

The goal of e-CRM is to serve the same essential purpose of customer service in any business. That is, understand who the customers are and what do they want. The challenge for e-business is to quickly merge information from a variety of diverse sources into a sales face that can provide the customer with the comforts of business environments with which they are already familiar.

e-CRM integration supplies a familiar contact point that remembers them personally and has knowledge of their likes and dislikes, their history

with your company and their details and credit status. However many contact points your online business has, such as, e-mail, instant messaging, voice-over Internet, Web chat, voice mail or live help desks, e-CRM provides a solution that brings them all together for each and every customer contact.

e-CRM will enable the organization's marketing department to identify and target best customers, manage marketing campaigns with clear goals and objectives, improve telesales, account, and sales management, generate quality leads for the sales team identifying the most profitable customers and providing them the highest level of service.

The question one must ask about e-CRM is, "Are the competitor's implementing e-CRM?" Well, some of them must be, as Dataquest predicted that the global CRM services market will total \$25.3 billion in 2006, up from \$22 billion in 2004 and \$19.9 billion in 2001. By 2010, the worldwide CRM services market will reach \$47 billion.

Different Levels of e-CRM

In defining the scope of e-CRM, three different levels can be distinguished:

- **Foundational services:** This includes the minimum necessary services such as web site effectiveness and responsiveness as well as order fulfillment.
- **Customer-centered services:** These services include order tracking, product configuration and customization as well as security/trust.
- **Value-added services:** These are extra services such as online auctions and online training and education.

Self-services are becoming increasingly important in CRM activities. The rise of the Internet and e-CRM has boosted the options for self-service activities. A critical success factor is the integration of such activities into traditional channels. An example was Ford's plan to sell cars directly to customers via its Web Site, which provoked an outcry among its dealers network. CRM activities are mainly of two different types. Reactive service is where the customer has a problem and contacts

the company. Proactive service is where the manager has decided not to wait for the customer to contact the firm, but to be aggressive a contact the customer himself in order to establish a dialogue and solve problems.

Interaction Tools Used in e-CRM

- e-mails
- Interactive website
- Chat rooms
- Telephones
- Fax
- Face-to-face interactions
- Television networks.

13. Mobile CRM (m-CRM)

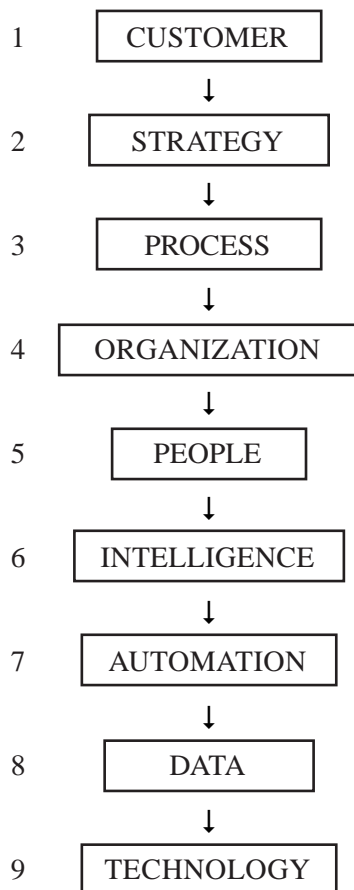
One subset of Electronic CRM is Mobile CRM (m-CRM). This is defined as "services that aim at nurturing customer relationships, acquiring or maintaining customers, support marketing, sales or services processes, and use wireless networks as the medium of delivery to the customers. However, since communications is the central aspect of customer relations activities, many opt for the following definition of m-CRM: "communication, either one-way or interactive, which is related to sales, marketing and customer service activities conducted through mobile medium for the purpose of building and maintaining customer relationships between a company and its customers.

e-CRM allows customers to access company services from more and more places, since the Internet access points are increasing by the day. M-CRM however, takes this one step further and allows customers or managers to access the systems for instance from a mobile phone or PDA with internet access, resulting in high flexibility. An example of a company that implemented m-CRM is Finnair, who made it possible for their customers to check in for their flights by SMS. Since m-CRM is not able to provide a complete range of customer relationship activities it should be integrated in the complete CRM system.

15. Implementation of Technology Based CRM Solution in aBank

The CRM software applications will not only facilitate the coordination of multiple business functions but also coordinate multiple channels of communication with the customer - face to face, Call centers, ATM ,web, telephone, Kiosk, bank's branches, sales associates, DSA etc. To begin with, the bank has to automate process-flow tracking in the product sales process, and be able to generate customized reports and promote cross selling. The enterprise - wide CRM solution should seamlessly integrate non-transactional related customer information housed in the Front-office with the transactional information in housed in the Back office. Creating the enterprise CRM strategies required the combination of nine distinct steps as shown below:

Steps Required in CRM Strategy



By combining these nine steps one really can start listening to the customer, and understand what they are saying, may be even in real time. Once that is achieved, profits begin to follow as optimization techniques are applied. Only then will the two crucial goals for a successful business - case driven project be achieved.

1. Effective change management
2. Technology - enabled evolution.

CRM will essentially focus on providing optimal value to customers-through the way we communicate with them, how we sell to them, and how we service them - as well as through the traditional means of product, price, promotion and place of distribution. Customer make buying decisions based on their overarching experience that includes product and price, - and sales, service, recognition and support.

16. Understand and Differentiate

Organization cannot have a relationship with customers unless they understand them, what they value, what types of services are important to them, how and when they like to interact, and what do they want to buy. True understanding is based on a combination of detailed analysis and interaction. Several activities are important:

- Profiling to understand demographics, purchase patterns and channel preference.
- Segmentation to identify logical unique groups of customers that tend to look alike and behave in a similar fashion. While the promise of "one to one" marketing sounds good, we have not seen many organizations that have mastered the art of treating each customer uniquely. Identification of actionable segments is a practical place to start.
- Primary research to capture needs and attitudes.
- Customer valuation to understand profitability, as well as lifetime value or long term potentials. Value may also be based in the customers' ability or inclination to refer other profitable customers.

Analysis and research alone however are insufficient. To create and foster a relationship, organizations have to act on what they learn about customers. At the same time, differentiation should be based on the value customers are expected to deliver.

Develop and Customize Action Plan

In the product - oriented world of yesterday, companies developed products and services and expected customers to buy them. In a customer focused world, product and channel development has to follow the customers lead. Organizations are increasingly developing products and services and even new channels based on customer needs and service expectations.

Most organizations today are not able to cost-effectively customize products for individual customers. However, products, services, channels and media can be customized based on the needs of quantitative customer segments.

17. Interact and Deliver Services to Customers

Interaction is also a critical component of a successful CRM initiative. It is important to remember that interaction doesn't just occur through marketing and sales channels and media, customers interact in many different ways with many different areas of the organization, including distribution and shipping customer service and online.

To foster relationships, organizations need to insure that:

- All areas of the organization have easy access to relevant, actionable customer information.
- All areas are trained how to use customer information to tailor interactions based on both customer needs and potential customer value.

With access to information and appropriate training, organizations will be prepared to steadily increase the value they deliver to customers. Delivering value is a cornerstone of the relationship. In fact customer perceptions of value are based on a number of factors including the

quality of products and services, convenience, speed, ease of use, responsiveness, and service excellence.

18. Acquire and Retain Customers

The more a Bank learns about customers, the easier it is to pinpoint those that are producing the greatest value for the organization. Those are the customers and customer segments a bank will want to clone in its prospecting and acquisition efforts. And, because they will continue to learn about what is valuable to each segment, they will be much more likely to score a "win" with the right channel, right media, right product, right offer, right timing and the most relevant message.

Successful customer retention basically involves getting it "right" on an ongoing basis. And that is exactly what a Bank aims to achieve out of its CRM initiatives. Successful customer retention is based very simply on the organizations ability to constantly deliver on three principles:

- Maintain interaction, never stop listening
- Continue to deliver on the customer's definition of value
- Remember that customer change as they move through differing life stages, be alert for the changes and be prepared to modify the service and value proposition as they change.

And so the cycle continues. As a cycle, the stages are interdependent and continue. As one moves from one stage to the next, the Bank hopes to gain insight and understanding that enhances the subsequent efforts. The organization shall become increasingly sophisticated in the implementation of CRM processes, and overtime shall become increasingly profitable by doing so.

Prioritizing the Changes

As there might be many gaps, and therefore many changes that an organization will need to make, prioritization is critical. The evaluation of each of the strategies identified to resolve the gaps at the Bank should be based on:

- **Cost of implementation** - including initial one-time costs, as well as anticipated ongoing expenses.

- **Overall benefit** - some changes may have larger impacts on the organizations ability to increase customer value and loyalty.
- **Feasibility** - based on organization readiness, data and systems support, resource skill sets and a number of other factors.
- **Time required** - including the time necessary for training and addressing “cultural” change management issues related to a specific strategy.

19. Creating an Action Plan

The next step in the planning process is the development of a very detailed action plan. While the complete plan might span three or more years, it should be based on three - month phases with clear deliverables that will demonstrate both progress and quick hits or measures of success. The plan identified interdependent activities and should comprehensively detail the time and resources required for each activity.

Another key factor for the planning process is the leadership action plan. Advancing on the CRM transformation map required significant organization change. This part of the action plan helped assess the drivers and restraints of this change and the organizations readiness to embrace the change.

Selecting and Implementing A Technology Based Solution

20. Technology

The success of the CRM initiatives is contingent on various decisions pertaining to technology. Some of the key issues are:

Make or buy - the decision to buy is based on an evaluation of an identified set of criteria.

The criteria set included the following:

- Functionality
- Flexibility in incorporating changes
- Scalability - with growth
- Fit with existing architecture (legacy systems)
- Fit with global best practices.

- **Upgradeability** - which basically means that if the technology that enables CRM advances tomorrow, the installed system should be able to take into its fold the increased functionality's.
- **Commercial impact** - evaluated in terms of the life time of the solution.

21. Conclusions:

- e-CRM is more effective as the digital channels are creating unique and positive experiences – not just transactions – for the customers. They create a virtual world for the consumers to have a live experience. Every visitor to the Web site provides important information, from what they look at to how long they stayed on the site.
- e-CRM integration supplies a familiar contact point that remembers the customers personally and has knowledge of their likes and dislikes, their history with bank and their details and credit status.
- e-CRM enables the bank's marketing department to identify and target best customers, manage marketing campaigns with clear goals and objectives, improve sales of other services, account, and sales management, generate quality leads, identifying the most profitable customers and providing them the highest level of service.
- e-CRM would play a much bigger role in internet banking. In internet banking e-CRM would be in a position to provide tailor made solutions for the clients and would help in better managing and controlling the flow of information.

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A Study on the Effect of Shopping Motives in Store Patronage Behaviour in Food and Grocery Retailing - An Empirical Analysis

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Abstract : *The objective of this study is two-fold: 1) To identify consumers' shopping motives affecting preferences for multiple store format patronage, and 2) To examine the effect of identified shopping motives on store format patronage behaviour related to kirana stores and supermarkets. Mall intercept survey method is used to collect the data from adult food and grocery consumers by a structured questionnaire. Multivariate techniques like factor analysis and linear discriminant analysis were applied to investigate research questions. Results from factor analysis indicate that utilitarian or value for money, time conscious, price conscious, local shopping, shopping enjoyment, variety seeking, brand conscious and social motives are highly influencing consumers' multiple store patronage. The linear discriminant analysis provides empirical support, suggesting that utilitarian time conscious, price conscious, local shopping, shopping enjoyment, variety seeking, brand conscious and social motives are not only the significant predictors but also able to discriminate retail format patronage in emerging retail market. Academic and managerial implications are discussed based on findings.*

Keywords : *Shopping motivation; store patronage, food and grocery retailing, India.*

1. Introduction

The Indian retail market has seen a multitude of changes in the concepts of shopping and shopper buying behaviour driven by the combined effect of shifting demographics, increasing disposable incomes, rising customer aspirations and ongoing urbanization. Concurrently, remarkable changes in consumers' lifestyles and the resultant shifts in their consumption habits have led to the generation of substantial demand for new types of retail formats for the need based consumption categories. Consequently, shoppers are provided with a number of choices in terms of food and grocery shopping alternatives including convenience stores, discount stores, supermarkets, and hypermarkets. As retail choices have proliferated, shoppers have undergone important changes in

their expectations, shopping tendencies and strategies for where and how they will satisfy their ever increasing shopping needs and changing shopping motivations.

As a result, consumers involved in patronising multiple stores and formats, since they offer different shopping opportunities to satisfy bundles of needs and wants depending on shopping motives, shopping situations and shopping trip types. The multiple store patronage alternatively called as cross-shopping has become a critical issue for organised retailers facing intense competition from ever present traditional kirana (mom-and-pop) stores. While competition for store patronage and loyalty continues to intensify the growing incidence of multiple store patronage has become a subject of research to understand why consumer's involve in multiple store patronage and what are the motives underlying this complex patronage behaviour. The relevance of shopping motives for understanding consumer behaviour towards retail stores has been shown by many



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empirical investigations, when one considers the heterogeneous behaviour of consumers in developing store patronage preferences

Subsequent studies have consistently found evidence that a consumer holds multi-faceted motives for shopping and many of those go beyond a desire simply to purchase products (Arnolds and Reynolds, 2003). These changes accentuate the need for re-examination of patronage motives and shopper typologies that would provide retailers with critical insights for developing strategies to attract and retain today's discerning consumers. More importantly, retailers need to understand the similarities and differences in shopper profiles among competing retail formats to develop effective market segmentation, targeting and positioning strategies (Reynolds *et al.*, 2002). However, in contrast to emerged economies, the evolution of retail formats and resultant multiple store patronage behaviour has been received scant attention in emerging economies in general and Indian retail market (Prasad and Aryasri, 2011; AC Nielsen, 2010; Sinha *et al.*, 2005). This phenomenon makes customer loyalty a key strategic challenge for retailers that want to consolidate their position within the market. Therefore, understanding this complex patronage behaviour has assumed a lot of significance for survival of grocery retailers in the emerging market characterised by a growing heterogeneity of demand and proliferation of new retail formats. Against this background, the main purpose of an exploratory nature of this paper is to shed light on two research questions: 1) what are customer shopping motivations affecting consumers' multiple store patronage? 2) Do the identified shopping motivations able to predict retail format patronage behaviour? This study can be justified on both practical and theoretical aspects. Knowledge about the role of shopping motivation may extend our understanding of store format patronage behaviour. Therefore, in terms of the practical application, there is a dire need for this study on shopping motives to broaden the base knowledge of multiple store patronage on which retailers' can build a competitive advantage in respect of customers' true store loyalty and repeat patronage intentions.

2. Literature Review

The competition from new retail formats has increasingly resulted in shoppers visiting multiple retail store formats and developing loyalties toward a set of stores/formats instead of gravitating to just one store or format to fulfill a variety of shopping needs and motives (Prasad *et al.*, 2011; Gupta *et al.*, 2011; Anand and Sinha, 2009). Furthermore, the changing lifestyles of Indian consumers and the resulting changes in consumption patterns triggered changes in shopping styles of consumers and also the factors that drive people into stores (Kaur and Singh, 2007). Recent past study by Khare (2011) examined Indian small city consumers' attitude towards malls and found that hedonic and utilitarian values were the significant shopping motives influencing their attitudes towards shopping malls. However, Sinha (2003) analysed shopping orientations of Indian shoppers and found that the Indian shoppers seek emotional values more than functional values of shopping.

In contrast to previous research, Rajaguru (2011) examined the influence of functional attributes (i.e. product quality, produce assortment, service quality and store atmosphere) of shopping value in relation to supermarket and traditional retail formats (kirana stores). His study suggests that functional attributes facilitate the shoppers' motive of hedonic and utilitarian value towards choice of retail formats. Another study by Kaur and Singh (2007) examined the motives that drive young people to shop in departmental stores or malls and found that the Indian youth primarily shop from a hedonic perspective. However, the literature on shopping motives that effect consumers store patronage among grocery consumers in India is limited; the literature which relates to the purpose of this paper is found primarily in the empirical evidence on store format choice and patronage behaviour. The following sub sections provide literature review related to shopping motives, and store patronage.

3. Shopping Motives

Marketing research demonstrates that the concept of needs and wants is closely aligned to

the concept of motives. Motivation, however, is an important factor in explaining shopping behavior, it can be described as “the driving force within individuals that impels them to action” (Schiffman and Kanuk, 1997, p. 90). More formally, it is defined “as the state of drive or arousal that impels consumer behaviour toward a goal-object”. Furthermore, Neal et al. (2004, p. 299) defined motive “is a construct representing an unobservable inner force that stimulates and compels a behavioural response and provides specific direction to that response”. Motivation is either internal (‘from within a person’) or external (‘from the environment’). Internal motives are concerned with instinct, need, drive or emotion. An external motive is based on an attractiveness of environmental stimuli such as products and services and often becomes internal motives in the form of preference for products, services and situations. According to Deci and Ryan (1985), motives are characterized into two different directions towards which resources (i.e. time, money and effort) can be allocated: extrinsic (functional needs) and intrinsic (non-functional needs). Whatever the direction of motivation, it manifests in three facets: need, emotions, and psychographics.

In a shopping context, motives can be described as the driving force within consumers that makes them shop (Jamal *et al.*, 2006). There are many reasons or needs why an individual decide to leave his home for shopping and go to a store. These reasons or needs are called shopping motives. Consumers do not buy products or services, but they buy benefits, some tangible and some intangible. Some people may be satisfied only if they purchase what they had planned; however, others enjoy emotions such as fun and excitement as well as the actual purchase (Patel and Sharma, 2009). Therefore, motivation is widely considered as a critical antecedent to a shopper’s behaviour (Rajamma *et al.*, 2007). Nevertheless, motivations for grocery shopping may be different from motivations for apparel shopping. The former usually is considered as stressful and unpleasant, while the latter is more likely to be regarded as satisfying, rewarding, and as a way of self-expression. As a result, shopping for groceries is commonly conceived of as task-an end to be achieved in the most efficient manner

(Hirschman and Holbrook, 1982). Moreover, few consumers find grocery shopping is personally gratifying (Levy and Weitz, 2001). Nevertheless, a few studies show that grocery shopping is both satisfying, enjoyable and not a pleasureless activity as modern and innovative grocery formats offer shoppers exciting and rewarding shopping experiences.

Thus, shopping motives can be defined as psychosocial needs, beyond those related to the products being acquired (Tauber, 1972). It is also described as the persistent needs or desire to expend one’s effort on shopping and the trigger that compel the shopper to close the gap between the actual and desired state of being. Motivation can be that the value that consumers seek out of their total shopping experience makes them go shopping (Babin *et al.*, 1994). Although diverse shopping motives are identified by previous studies, the classifications not only differ in terms of their composition but also overlaps exist. Hence this study proposes alternative types of shopping orientations to address cross-format shopping behaviour in emerging grocery retailing context. Therefore reviewing the contributions of previous research by Tauber (1972), Westbrook and Black (1985) and others are relevant.

Tauber’s (1972) exploratory study probed into the satisfaction consumers experienced from shopping. His study found that securing a purchase was not the only motive for shopping, and subsequently identified eleven shopping motives, many of which were not directly related to purchasing. Identified motives were described as six personal motives such as role playing, diversions, self-gratification, learning about new trends, physical activity, and sensory stimulation; and five social motives including experiences outside the home, communication with others having a similar interest, affiliating with peer groups, social status and experiencing authority, and pleasure of bargaining and negotiating. Though Tauber’s findings are only hypothetical reasons for shopping, his contribution is well recognised that shopping may occur not only for acquiring products, but also for satisfying social and personal needs. In the grocery shopping context, Darden and Ashton (1975) examines shopping motivations and found convenience,

time saving and information seeking were the prime motives influencing shopper's store patronage behaviour.

Sheth (1983) distinguished motives into categories: 1) goal oriented or functional pertaining to tangible aspects such as product assortment, product quality, convenience and price, and 2) experiential or and non-functional related to non-tangible aspects such as clientele, social interactions, enjoyable experience, store reputation and promotion. Extending earlier research on motives, Westbrook and Black (1985) investigated shopping motives among adult female shoppers from urban retail department stores, mall and shopping centers by conducting structured personal interviews. Their findings revealed seven dimensions of shopping motives including anticipated utility, choice optimization, stimulation, role enactment, affiliation, negotiation, and power and authority. Dawson et al. (1990) investigated retail choice and preference reactions to different shopping motives- experiential (watching other people, enjoying the crowd and meet new people) and product-related needs (find new or unique products, and see new things).

A study by Hallsworth (1991) shows that the patrons of different U. K. grocery stores differ significantly in their shopping motives such as enjoyment, price conscious, quality conscious, small and local shopping, social, and parking motives. The recent past study by Cardoso and Pinto (2010) examined hedonic and utilitarian shopping motives among Portuguese young adult consumers and identifies seven shopping dimensions: pleasure and gratification shopping, idea shopping, social shopping, role shopping, value shopping, achievement shopping and efficiency related shopping. The exploratory qualitative and quantitative study by Schroder and Zaharia (2008) suggested that recreational orientation, product-and payment-related risk aversion, independence orientation, delivery-related risk aversion, and product-and payment-related risk aversion motives significantly influence multichannel customer behaviour towards chain stores and bakeries in German retailing. Thus, literature review found consistent evidence that consumer holds multi-faceted

motives for grocery shopping and react to various store formats differently.

Therefore shopping motives are various: utilitarian/value for money (AC Nielsen, 2010) time conscious (Peter *et al.*, 2004), shopping enjoyment (Bellenger and Korgaonkar, 1980), variety seeking (Roehem and Roehem, 2004), local shopping (Nobel *et al.*, 2000), price conscious (Tuli and Mookerjee, 2004), brand conscious (Rigopoulou *et al.*, 2008), social shopping (Bloch *et al.*, 1994).

4. Shopping Motives and Store Patronage

The relevance of shopping motives for retailing becomes evident, when heterogeneous behaviour of consumers are considered in developing store patronage preferences (Sheth, 1983). Thus, understanding patronage behaviour is one of the keys to success for today's retailers (Reynolds *et al.*, 2002). Moreover, the evolving retail formats seems to be affecting the shopping motives of grocery consumers and their store patronage behaviour (Jarratt, 1996). The driving force behind this decision process is patronage motives which are "the reasons why consumers shop and make purchases at certain retail stores" (Michman, 1991, p. 179). Patronage behavior encompasses the decision process related to where consumers shop, how they shop, and what they purchase. However, the literature review has not found much evidence of empirical research so far regarding shopping motives and store patronage, although motives strongly effect shoppers' preferences, attitudes, and eventually their behaviour.

Nevertheless, a few marketing researchers have recognised consumers' shopping motives as an important predictor of their shopping behaviors, such as preferences for store format choice (Sherman *et al.*, 1997), store choice evaluation criteria (Seock and Chen-Yu, 2007), perceived importance of store attributes (Moye and Kincade, 2003) and store patronage (Jacobs *et al.*, 2010). In this connection, several studies mention that utilitarian motives significantly affect shopper behaviour (Kim, 2006). Initially, Stone (1954) indicated that price, quality, variety, and efficiency are major concerns of economic shoppers. The

utilitarian aspect of consumer behavior is directed toward satisfying a functional or economic need (Gorter *et al.*, 2003) and often been characterized as task related and rational (Batra and Ahtola, 1991). The marketing literature has viewed perceived value as a function of both quality and price (Johnson *et al.*, 2006).

A few studies mention that increasing time pressure and declining discretionary time may have altered shopping motives and shopping behaviour of grocery consumers (Geuens *et al.*, 2003). Previous shopping motive studies (Williams *et al.*, 1978) have identified convenience as a distinct motive for store choice behaviour. Researchers have found that local shopping motives as drivers of loyalty to local merchants (e.g., Nobel *et al.*, 2006). Research also suggests that price sensitive consumers are likely to shop at different stores to profit from the lowest prices at the various stores (Popkowski-Leszczyc and Timmermans, 1997). Yavas's (2003) study identified price is an antecedent for store choice among a battery of patronage motives. Tuli and Mookerjee's (2004) study in India indicate that Indian consumers to be price sensitive and quality conscious. Shoppers with strong hedonic motives may not be satisfied with the functional aspects of shopping and may look for pleasurable stimulants (Wang *et al.*, 2000).

The hedonic motives are related to hedonic reasons that are gratification of the senses enhanced through the experience of pleasure, entertainment, excitement, aesthetic ambience, fantasy, playfulness, idea and social interactions (Cardoso and Pinto, 2010). In the retail grocery market, research has identified the presence of variety-seeking behaviour whereby, when alternatives are available, shoppers regularly visit more than one grocery store (Kahn and McAlister, 1997). Recreational shopping is associated with entertainment and pleasure, gained by visiting several (comparable) shops possibly with others (Babin *et al.*, 1994). Shopping enjoyment is defined as the pleasure one obtains in the shopping process (Bellenger and Korgaonkar, 1980). Some shoppers are substantially more motivated by shopping enjoyment, which is an emotional utility derived from shopping across retail alternatives (Rajamma *et al.*, 2007). The

concept of retail social interaction as a source of shopping motives stems from the work by Tauber (1972) stating that numerous social motives help to influence shopping behaviour. Bloch *et al.* (1994) mention that shoppers may patronize diverse store formats as they find an opportunity to interact with others, share their experience and knowledge with others and to bond with others at store formats.

5. Methodology

Given the limited amount of information available on shopping motives and store patronage behaviour in food and grocery retailing, this study has been conducted in two phases. In the first phase, an exploratory study (qualitative) was conducted to identify the shopping motives influencing store patronage. The exploratory interviews with twenty store managers and extensive discussions with academicians/researchers helped us to identify thirty eight statements in relation to shopping motives in the context of Indian food and grocery retailing. In the second phase, field study (non-experimental survey method) was conducted to find shopping motives and patronage behaviour among adult food and grocery consumers from twenty kirana stores and 20 supermarkets in twin cities of Hyderabad and Secunderabad.

Mall intercept survey technique (Dabholkar, Thorpe and Rentz 1996) was used to collect data from actual shoppers by self-administered a non-disguised structured questionnaire with the list of questions in a prearranged order. Following procedures recommended by Sudman (1980), data were collected during all times of the day/evening, on all days of the week, and at all store/mall entrances/exits. For measuring shopping motives, store format choice and patronage, scales were taken from previous research and developed for the study. All questions related to shopping motivations were measured on a five-point likert scale ranging from 1= disagree to 5= strongly agree. For measuring shopping motivations, thirty eight items were adapted from Tauber (1972), Beatty and Ferrell (1998), Sinha (2003), and Rigopoulou *et al.* (2008). For measuring prime store format where consumers spend more money

on average in a month, nominal scale is used. These scale items were adopted from Yavas (2003) and Carpenter and Moore (2006). For measuring retail format patronage three item scale were adopted from Sirohi et al. (1998) and Pan and Zinkhan (2006). Reliability of survey instrument was assessed through Cronbach's alpha, alpha if item deleted, and item-total correlations were used to assess internal consistency by taking ≥ 0.5 into consideration. All the items comprising these constructs and their corresponding coefficient alphas are presented in Tables 2.

6. Results

(a) Profile of the Respondents

The demographics of the sample respondents seem to be relatively consistent with the shopper profiles at four formats considered for this study. All the respondents were adult male and female food and grocery retail customers consisted of 590 female (56.7 %) and 450 male (43.3 %) with an average age of 32 years (range 20-62), modal age group 30-40 years and median age was 35 years. The majority of the respondents (85 %) were married and rest 15.6 percent were un-married. The major chunk of the respondents (58.5 %) had graduation as their educational qualification and least 18.9 percent had SSC as their minimum qualification and the rest 22.6 had PG as their academic qualification. The aggregated mean monthly household income was Rs 22,320 with 50.2 percent respondents had paid employment as their occupation. The average family size of the respondents was 5.2. A major chunk (60 %) of the respondents had travelled up to 2 km for shopping food and grocery products at different store formats with mean 1.48 kms. The majority of the sample (44.4 %) has used two wheeler motor cycle as a mode of transport for shopping. The average time spent in a specific store format is 24.8 minutes. The results of respondent's demographic, socio-economic and geographic variables were summarized in Appendix 1.

(b) Storage Patronage Behaviour

Results from data analysis related to store format patronage indicated that majority of

respondents (77.3%) had visited more than one store format, at least five times during the last year, for shopping food and grocery products. While 22.7 percent of respondents spent their food and grocery budget at a single store format, about 35 percent of respondents frequented more than two store formats. The analysis indicates that majority of the respondents are involved in patronizing two or more store formats for various reasons. It implies that no single retail format seems to be prime and definite for satisfying shoppers diverse needs/wants.

As consumer exhibited multiple store format patronage, respondents were allowed to indicate that they were always, usually, and occasional shoppers of the given formats as they desired. The results from prime retail format revealed that majority of the respondents (53.2 %) had kirana stores type as their prime retail format for purchasing food and grocery products followed by supermarket (46.8 %). When respondents were forced to choose prime store format where consumers spend more money on average in a month, majority of the respondents (58.4 percent) have preferred supermarkets and 41.6 percent have preferred kirana store formats.

Research Question 1: What are the shopping motives affecting multiple retail format patronage?

To investigate this question, the initial thirty eight items reflecting various aspects of shopping motives were first factor analysed to assess their dimensionality, factor structure, and initial measurement properties. Initially, the Kaiser-Meyer-Olkin test was applied for measuring the adequacy of sampling based on the cut-off point (i.e. $> .60$). The factor analysis was executed using principle component method and direct Oblimin/oblique rotation ($\Delta=0$) with Kaiser Normalisation. The criteria: loading value ≥ 0.5 and Eigenvalue ≥ 1 were adopted to include items for further analysis. Furthermore, the Chi-square of Bartlett's test of sphericity was used to determine whether the factor model is significant/appropriate for the data set or not. The name of the factors, the statement labels, factor loadings, Eigen value and variance explained were summarized in Table 1.

Table 1 : Factor Structure of Shopping Motives (factor loadings < | 0.5| are not shown)

Factor label	Statements	Factor Loadings	Cronbach 'α'	Variance
Utilitarian/ Value for money	What I get for what I give (money/time/effort) Offers fresh and quality merchandise Offers wide assortment range Costs over service output is effective Offering value added propositions	0.782 0.741 0.728 0.715 0.705	0.751	18.5 %
Value for time	Shopping the stores wastes my time I would like to finish shopping as soon as possible I shop where it saves my time I usually buy from the nearest store I never seem to have enough time to do things I want to do	0.712 0.705 0.692 0.690 0.578	0.725	16.3 %
Price conscious	The price of product is good indicator of its quality Higher the price of product, higher is the quality Lowest price offers attracts me I buy as much as possible at discount prices I usually watch the advertisements for sales promotions	0.764 0.752 0.743 0.715 0.683	0.784	14.8 %
Local Shopping	I owe it to my community to shop at local stores Local stores offer me good products at low price Local store provide better service Local store take more interest in you	0.726 0.696 0.678 0.651	0.752	12.5 %
Shopping enjoyment/ Managing stress	I go shopping to make me feel better I feel relaxed after shopping Shopping is fun I like to have excitement & fun in doing shopping shopping for pass time	0.756 0.710 0.683 0.654 0.586	0.716	9.7 %
Variety seeking	I do shopping to keep up with trends I do shopping to see what new products are available I like to have a lot of variety in my life I like to try new outlets	0.824 0.782 0.771 0.685	0.731	6.4 %
Brand conscious	I prefer to buy national brand-name grocery products A well known brand means good quality I try to stick to certain brands and stores	0.756 0.710 0.683	0.702	5.8 %
Social shopping	Provides social experiences outside home Socializing with others Meeting friends/relatives Opportunity for social interactions	0.704 0.651 0.562 0.532	0.673	4.1 %

a. Extraction Method: Principle Components Analysis, Rotation Method: Varimax with Kaiser Normalization, total variance explained 88.1%, $p=0.001$

Research question 2: Are the shopping motives able to predict retail format patronage?

To investigate this question, linear discriminant analysis, which is very similar to the multiple regression technique, was used to classify the dependent variable (retail format patronage) in respect of kirana and supermarket. The discriminant model shall find out (a) the percentage of food and grocery retail customers that it is able to classify correctly, (b) statistical significance of the discriminant function, (c) which of the independent variables (i.e. antecedents of cross-shopping) are relatively better in discriminating among patronage of retail formats and finally (d) how to classify a new grocery shopper into one of those four groups. Hence, the application of linear discriminant analysis is justified for the present study to predict or discriminate the criterion variable under the assumption of multiple linear regressions, linear relationships, and homoscedastic relationships. The Wilks' lambda is used to test whether the discriminant model, as a whole, is significant or not. The F-statistic is used to test whether the individual variables (predictors) means differ from the group mean function or not.

While discriminant functions are interpreted by absolute values of standardized coefficients, the unstandardised discriminant coefficients are used to compute the discriminant function score

to classify the subjects' based on its proximity to the group centroids. The discriminant score is computed using equation, $D_i = a + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_nX_n$. Where, D_i = the discriminant score for a subject or case, 'a' is a constant, X_1 through X_n represent the independent variables and b_1 through b_n the discriminant function coefficients (weights) for each independent variable. The following independent variables (discriminating) are used to investigate the predictability of criterion variable (i.e. retail format patronage): value for money (VFM), value for time (VFT), price conscious motive (PCM), local shopping motive (LSM), shopping enjoyment motives (SEM), variety seeking motive (VSM), brand conscious motive (BCM), and social motive (SOM).

(c) Tests of Equality of Group Means

The tests of equality of group means shown in Table 3 indicate that the groups were significantly differed on every variable. The Wilks' Lambda for all variables was found less than one (Wilks' Lambda ranges from 0-1). The smaller Wilks' lambda indicates the strong group differences and significance of independent variables to the discriminant function (Hair *et al.*, 1995). In this respect, the results for group means shown in Table 2 were strongly differed with all independent variables as their respective Wilks' Lambda were significant.

Table 2 : Tests of Equality of Group Means

Predictor Variables (Shopping motivations)	Wilks' Lambda	F	df1	df2	Sig.
Value for money (VFM)	0.246	925.341	1	1038	0.000
Value for time (VFT)	0.310	769.251	1	1038	0.000
Price conscious motive (PCM)	0.332	739.231	1	1038	0.000
Local shopping motive (LSM)	0.349	721.935	1	1038	0.000
Shopping enjoyment motive (SEM)	0.352	709.022	1	1038	0.000
Variety seeking motive (VSM)	0.354	696.002	1	1038	0.000
Brand conscious motive (BCM)	0.374	638.330	1	1038	0.000
Social motive (SOM)	0.385	591.437	1	1038	0.000

Source: Primary data.

(d) Goodness of the Model

The classification matrix reveals the goodness of the discriminant model. The results from Table 3 indicate that 49 cases out of 1040 were misclassified in the discriminant model giving the classification (prediction) accuracy level is 95.28 percent. The obtained level of accuracy may not hold good for all future classifications of new food and grocery retail customers. But it is still a pointer towards the model being a good one, presuming the input data was relevant and scientifically collected.

Table 3 : Classification Matrix (Goodness of Model)

Observed Classifications (Retail Format Patronage)		Predicted Classifications		Total
		Kirana store	Supermarket	
Original	Kirana store	493	27	520
	Supermarket	22	498	520
Count (%)	Kirana store	94.8	5.2	100
	Supermarket	4.24	95.76	100

a 95.28 % of original grouped cases correctly classified; Source: Primary data.

(e) Statistical Significance of Model

The findings from Table 4 reveal that the Chi-square tests with successive roots removed, the Wilks' Lambda was found to be 0.038. Since this value is closer to zero it indicates better discriminating power of model. The probability value for the Chi-square test indicates that the discrimination between two groups is highly significant.

Table 4 : Statistical significance Model (Chi-square with Successive Roots Removed)

Test of Function(s)	Wilks' Lambda	Chi-square	df	P-level	Eigen value	Variance explained	Canonical correlation
1	0.038	3918.216	8	0.002	5.351	95.4 %	0.936

Source: Primary data.

(f) Significant Predictors of the Discriminant Function

The absolute value of standardised beta coefficient of each independent variable was measured to find its relative significance to the canonical function. These may be treated as beta ($\hat{\alpha}$) weights in a multiple regression predicting discriminant score, D from Z -scores on the X 's (independent variables). Most texts cite values in the 0.3 - 0.4 range as the minimum value to indicate an important contribution to the function (Johnson and Wichern, 2007). The higher standardized coefficient indicates the greater contribution of the respective variable to the discrimination between groups (Mueller and Cozad, 1993). Results provided in Table 5 indicate value for money (VFM) was the best predictor with a coefficient of .611, followed by value for time (VFT) with a coefficient of -0.582, price conscious motives (PCM) with a coefficient of 0.539, local shopping motive (LSM) with a coefficient of -0.519, and shopping enjoyment motive (SEM) with a coefficient of 0.508. Here one of the most vital points is that the absolute value of the standardised coefficient of each independent variable indicates its relative importance.

Table 5 : Standardized Canonical Discriminant Function Coefficients

Predictors	Function 1
Value for money (VFM)	0.611
Value for time (VFT)	-0.582
Price conscious motive (PCM)	0.539
Local shopping motive (LSM)	-0.519
Shopping enjoyment motive (SEM)	0.508
Variety seeking motive (VSM)	0.478
Brand conscious motive (BCM)	-0.452
Social motive (SOM)	-0.438

Source: Primary data

(g) Classification of New Customer

The unstandardised or raw coefficients for canonical variables are determined to construct the equation that computes the discriminant score for each subject in the analysis. This discriminant score was used to classify the subjects into retail format category (Collin 1982). From the table 6, the discriminant score of any food and grocery consumer may be computed from first canonical variable, $Y = -3.867 - 0.766(\text{VFM}) + 0.174(\text{VFT}) - 0.114(\text{PCM}) + 0.373(\text{LSM}) + 0.108(\text{SEM}) - 0.418(\text{VSM}) - 0.208(\text{BCM}) + 0.107(\text{SOM})$.

Within-group means were computed for each discriminant or canonical variable. These average canonical variable scores were the new means for the transformed group centroids or group's discriminant score. This gives the decision rule for classifying any new customer case. Thus new mean for group 1 (kirana store format) is 1.324, and the new mean for group 2 (supermarket) is -1.324. This also gives the decision rule for classifying any new customer case. If the discriminant score of a customer is negative, we classify the customer as loyal to supermarket and if the discriminant score of a customer is positive, we classify him as loyal to kirana store format.

Table 6 : Unstandardised Coefficients for Canonical Variables and Means of Canonical Variables

Predictor variables	Function 1
Value for money (VFM)	-0.766
Value for time (VFT)	0.174
Price conscious motive (PCM)	-0.114
Local shopping motive (LSM)	0.373
Shopping enjoyment motive (SEM)	0.108
Variety seeking motive (VSM)	-0.418
Brand conscious motive (BCM)	-0.208
Social motive (SOM)	0.107
(Constant)	-3.867
Retail Format Patronage	Means of Canonical Variables 1
Kirana Store Format	1.324
Supermarket Format	-1.324

7. Conclusion and Discussion

The data obtained from 1040 retail consumers were analysed to find the effect of shopping motives on retail patronage behaviour among food and grocery retail consumers in India, an area that has received scant attention within the academic literature. The research findings are tenable in the

context of Indian food and grocery retailing. Given the choice alternatives, consumer will tend to patronize retail formats to the extent of the shopping motives identified in this study are present and appropriate to the shopping need or task. The exploratory findings of shopping motives driving multiple store format patronage extends our understanding of a variety of underlying dimensions of shopping motives of grocery consumers towards retail formats. Findings imply that consumers have utilitarian (functional) as well as hedonic (non-functional) shopping motives emphasize the multidimensionality of consumer motives.

The results exemplify that value for money, value for time, price conscious, local shopping, shopping enjoyment, recreational, brand conscious and social motives are the variables found to be affecting multiple store format patronage. Consumer's multiple store format patronage is significantly impacted by utilitarian benefits (i.e. lowest price offers, price discounts, and bargaining over prices) of obtaining valued products at good prices rather by hedonic considerations. The results imply that shoppers are value oriented and appear to be persistent on deriving benefits over costs (i.e. time/money/mental involvement). The results are agreed with Sirohi et al. (1998) and AC Nielson survey (2009).

Conversely, shoppers are quite determined on travel time and search costs as opportunity cost of time is high. The results imply that shoppers, devoid of time, demonstrate a preference for retail formats that provide one-stop shopping/multi-purpose shopping so as to optimize their increasingly limited time. These results are consistent with previous studies of Davies (1993), Bhatnagar and Ratchford (2004), and Berry et al. (2002). Local shopping motives imply

Price conscious consumers are primarily price offer and discount seekers and hence interested in hunting for and finding bargains. Conceding to the usual consideration, consumers have exhibited a lot of allegiance to local or neighborhood store formats for conspicuous benefits include credit sales, products returns/exchanges and personalised services. The findings are agreed with Noble et al. (2006). The findings from hedonic and social motives highlight that

experiential, leisure, social interactions and experiences have moderate impact on shoppers' inter-store format crossing. The above findings are the consistent with earlier studies stating that shoppers with different shopping motives are rating store format patronage criteria (Ganesh *et al.*, 2007; Tauber 1977; Hawkins et al. 1989; Moschis 1992).

However, some of the results are inconsistent and significantly differed with the study of Sinha (2003) who reported that Indian shoppers had showed an orientation that was based more on the entertainment value rather than functional value. It is presumed that the contradictions may be emerging between these two studies due to significant changes in macro and micro environmental factors during the last five years.

Overall, the empirical evidence from the standardized and unstandardised canonical discriminant function coefficients indicates that discriminant function model for retail format choice fits quite well. Thus, the discriminant analysis lends support to the claim that value for money, value for time, price conscious motives, local shopping motives, shopping enjoyment, variety seeking and social motives are both significant predictors and discriminating variables for store format patronage in respect of kirana, and supermarket store types. It is apparent that the results are demonstrative and supportive of the existence of intertype crossing in market space. Most of the findings are consistent with previous studies of Cude and Morganosky (2001), Sloggard and Hansen (2003), Sinha et al. (2005), and Skallerud et al. (2009).

8. Implications

The findings in this study have, as it is believed, some valuable implications for both retail managers and academic researchers. This study has contributed to the literature by being the distinctive one providing empirical information about store format patronage motives that is widely perceived as multifaceted and dynamic process. Given the absence of published academic literature in relation to influence of shopping motives on store patronage behaviour in Indian food and grocery retailing, results of

multivariate analysis may serve as a departure point for future studies in this area of concern. Understanding how consumers' retail format patronage varies with shopping motives is critical to retail managers in developing successful marketing strategies for retail formats.

Empirical results suggest that shopper's cost-benefit tradeoffs impacts cross-shopping behaviour, suggesting different responsiveness to value propositions by shoppers. Thus traditional kirana and convenience formats should recognise shoppers' stringent expectations for value and quality as value conscious shoppers' exhibit greater preferences for supermarket/hypermarket formats. While shoppers do perceive competing retail formats differently, retailers should provide differentiated value to loyal shoppers so as to refrain them from store-switching propensities.

The increased time pressure and travel time costs would affect consumer's frequency of shopping trips with specific retail format as shoppers seem to be particular about opportunity cost of time. Retailers (supermarkets/hypermarkets) should recognise convenience is clearly a consumer's need and trend. Retailers need to evaluate their marketing strategies with respect to one-stop shopping or multi-purpose shopping in an effort to meet the needs of time-constrained consumers.

Intertype crossing is primarily motivated by perceived utility considerations rather hedonic motives. Since results suggest that consumers are price sensitive and most likely to cherry-pick the good deals from competing formats, it is a challenging one for retailers to serve the avid bargain hunter segment profitably. Thus retailers need to understand that how their own consumers are relative to promotional offers and multiple pricing strategies. The results from local shopping motives also elucidate the significance of extending functional and psychological benefits to customer to build long-term quality relationships. Supermarket/hypermarket retailers shall need to evaluate their marketing policies and establish positive customer service relationships with potential customers. Though hedonic and shopping enjoyment motives are appeared to have moderate impact on format patronage behaviour,

retailers need to augment shopping experiences and actively communicate that to discerning consumers.

9. Future Research

Some limitations of this research, that also provide a basis for future research, should be noted. Since consumers hold multiple shopping motives for food and grocery shopping, future studies could also continue to identify key shopping motives. Further, future studies may consider more retail formats such as convenience stores, discount store, and hypermarkets for better understanding the multiple store format patronage tendencies. Generalisations of the findings of this study to other places of retail markets in India are limited as this study confined to only twin cities in Andhra Pradesh. This study was limited to consumer internal motives influencing store format patronage among grocery consumers. Future studies could possibly focus on external motivational factors such as retail format attributes that significantly affect consumer's preferences for store patronage (Morschett *et al.*, 2005). Future research could segment shoppers according based on external and internal motives affecting consumer preferences for store format patronage.

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