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# भारतीय विदेश नीति के नये आयाम

First Published 2006

ISBN: 978-81-917016-6-8

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Published in India by

HITESH MISHRA for  
UDAY PUBLISHING HOUSE  
4648/21, Ansari Road, Daryaganj,  
New Delhi-110002



2020

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## भारतीय विदेशी व्यापार नीति : एक अवलोकन

डॉ अशोक कुमार व रवीन्द्र कुमार

### विदेशी व्यापार

अंतर्राष्ट्रीय सीमाओं या क्षेत्रों के आर-पार पूंजी, माल और सेवाओं का प्रवाह है जिसमें विदेशी वस्तुओं, सेवाओं और वित्तीय संसाधनों का अंतर्राष्ट्रीय प्रवाह शामिल है। विदेशी व्यापार द्वारा विदेशी पूंजी और विशेषज्ञता की मदद से देश में उत्पादकता में सुधार का बेहतर इस्तेमाल होता है। विदेशी व्यापार के द्वारा किसी देश को विदेशी विनिर्माण प्रोत्साहित होता है। विदेशी व्यापार देश की उपभोग क्षमताओं का विस्तार करता है और दुर्लभ संसाधनों का प्रदान करता है और उत्पाद के लिए विश्वभर के बाजार तक विस्तार देता है जो देश के लिए आवश्यक है।

प्राचीन काल से भारत विश्व के सुदूर भागों से व्यापार करता रहा है। प्राचीनकाल में भारत से मसाले, कपड़े, हस्त निर्मित वस्तुएं, सूखे भेवे आदि वस्तुओं का व्यापार एशिया से लेकर पंजाब व सिंध तक होता था। जहां भारत से एक ओर यहां बनी वस्तुओं का निर्यात होता था तो दूसरी तरफ कई वस्तुओं का व्यापार भारत के रास्ते अन्य देशों में होता था। अतः स्पष्ट है कि प्राचीनकाल में भारत एक प्रमुख व्यापारिक केंद्र था। स्वतंत्रता के समय भारत में औद्योगिक उत्पादन में प्रगति हुई और देश का विकास के पश्चात् भारत एक विकासशील देश के रूप में अपनी पहचान बनाने लगा तथा आज भारत औद्योगिकी रूप से एक विकसित देश है। भारत में तेजी से हो रहे औद्योगिक विकास के कारण आज भारत कई देशों में यहां निर्मित वस्तुएं निर्यात भी कर रहा है। दूसरी ओर आज भी भारत को कई वस्तुओं का आयात भी करना पड़ रहा है। भारत को आयात एवं निर्यात आज नई ऊँचाईयाँ छू रहा है। भारत अपने आसपास के देशों, प्रदेशों और बड़े व्यापारिक समूहों के साथ व्यापारिक संबंधों को मजबूत कर रहा है। यूरोप, पूर्ववर्ती सोवियत संघ (रूस) और बाल्टिक राज्य, एशिया, ओशनिया, उत्तरी अमेरिका और लैटिन अमेरिका आदि प्रमुख हैं।

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रवीन्द्र कृष्ण



विदेश व्यापार नीति

स्वतंत्रता के पश्चात् भारत में उद्योग न के बराबर थे तथा भारत की आवश्यकताओं की पूर्ति के लिये दूसरे देशों से होने वाले आयात पर भी निर्भर रहना पड़ता था। यद्यपि कृषि उत्पादों की आवश्यकताओं को भी पूरा नहीं कर पाता था। भारत में संसाधनों की कमी नहीं थी लेकिन उस दौर में इन संसाधनों का उपयोग समाप्त नहीं था। भारत केवल अपनी आवश्यकताओं की पूर्ति के लिए आयात करता था और बाह्य देशों से आयात के पास निर्यात न के बराबर था।

सरकार द्वारा औद्योगिकीकरण की प्रक्रिया आरंभ करने की दिशा में कदम उठाने का कारण 1956 और 1966 के बीच घरेलू औद्योगिक वृद्धि की उच्च दर शामिल थी, लेकिन इस प्रकार के औद्योगिकीकरण की प्रक्रिया की कई कमियां जांच की उजागर हो गईं, तकनीकी विकास न होने के कारण लागत में वृद्धि होने का कारण इसका भारत की अर्थव्यवस्था पर बुरा प्रभाव देखने को मिला।

कुछ समय पश्चात् भारत की निर्यात के प्रति दृष्टिकोण में कुछ परिवर्तन हुआ, 1970 के दशक के अंत तक कई परतुओं के आयात प्रतिस्थापन के लिए प्रयास किये गये। 1980 के शुरुआत में, 1970 के अंत में आश्चर्यजनक निर्यात निष्पादन और 1980-82 की मंदी के सफलतापूर्वक अपशय ने, भारत की निर्यात क्षमताओं की व्यापकता के संकेतों में आशाजनक माहौल पैदा किया। विदेश व्यापार की संसाधनों में सफलतापूर्वक व्यवस्थापन के तौर पर और तकनीक में वैश्विक अनुसंधान का साधन बनना शुरू हुआ।

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बाद व्यापार नीति में आए बदलावों ने माजामक रूप से व्यापार नीति को तात्त्विक रूप से टैरिफ दरों में कमी की। भारत के व्यापार संगठनों के प्रति इसकी प्रतिक्रिया को प्रातर्गम्य किया।

### आयात-निर्यात नीति 1997-2002

वर्ष 1997-2002 के लिए पंचवर्षीय आयात-निर्यात नीति का विवरण आशा की गई है—

- इस नीति का मुख्य उद्देश्य विश्व बाजार में हो रहे विस्तार का लाभ उठाना था इसके लिए अर्थव्यवस्था में तनुचित परिवर्तन लाना तथा उसमें गति प्रदान करना था।
- उत्पादन वृद्धि के लिए आवश्यक कच्चे माल, मशीन, उपकरण, यंत्रणा व पूंजीगत वस्तुओं की उपलब्धता सुनिश्चित करना जिससे जातीय उत्पादन की गति तीव्र हो सके।
- भारत एक कृषि प्रधान देश होते हुए भी यहां कृषि उत्पादन उस समय न के बराबर था जिसका मूल कारण कृषि तकनीक का अधिकसित होना था। इस नीति का उद्देश्य भारतीय कृषि, उद्योग व सेवा क्षेत्र की प्रतिस्पर्धी क्षमता में वृद्धि के लिए प्रौद्योगिकी में उन्नयन करना था ताकि कृषि उत्पादन को प्रोत्साहित हो सके।
- इस नीति का एक अन्य उद्देश्य रोजगार के नवीन अवसरों का सृजन करना एवं विश्वस्तरीय गुणवत्ता वाली वस्तुओं एवं सेवाओं का उत्पादन करना था।

### आयात-निर्यात नीति, 2002-07

विशेष आर्थिक क्षेत्र (एसईजेड) योजना को आयात-निर्यात नीति में मूल्य जोखिमों के बचाव तथा लघु अचधि विदेशी बाजारों तक पहुंचाने का उद्देश्य देकर मजबूत किया गया है। इस नीति ने एसईजेड इकाइयों द्वारा की गई आयात-निर्यात प्रक्रिया में प्रक्रियात्मक सरलीकरण भी सुनिश्चित किया है। एसईजेड में तथा इसके आस-पास विद्युत की स्थिति को सुधारने के लिए विद्युत की उत्पादन तथा वितरण की इकाइयों की एसईजेड में स्थापना की अनुमति दे दी गई है।

विदेशी व्यापार निदेशालय, सीमा शुल्क तथा वीए की लंबी-लम्बी नीति को और बनाने के लिए एक्जिम नीति में प्रक्रियात्मक सरलीकरण किए गए हैं। एक्जिम नीति 2002-07 के अन्य मुख्य लक्षणों में निर्यातों के बाजार संवर्धन पर ध्यान देने के लिए आवश्यक समझी गई गतिविधियों को शामिल करने के लिए बाजार प्रवृत्ति पहल योजना व कार्यक्षेत्र को बढ़ाना निर्यातकों को एक सुविधाकारी माहौल सुनिश्चित करने के लिए



भारतीय निर्यातकों तथा व्यवसायों से निर्यात में इस्तेमाल होने वाले प्रमुख वस्तुओं की स्थापना, पूर्वोत्तर, सिविल तथा जम्बू एंग कर्षण मशीनों, इत्यादि की निर्यात में परिवहन सस्ती तथा बाजारों को विविध रूप देने की लिए अनुसंधान तथा फोकस सीआईएस सहित फोकस आफीका का सूत्रपात करना शामिल है।

भारत सरकार ने 2009-14 की पांच वर्ष की अवधि के लिए विदेश व्यापार नीति को घोषणा 27 अगस्त, 2009 को की। 15 प्रतिशत वार्षिक वृद्धि के साथ 2014 तक वस्तुओं एवं सेवाओं के निर्यातों को दोगुना करने का लक्ष्य है। नीति का दीर्घकालिक लक्ष्य 2020 तक वैश्विक व्यापार में भारत की हिस्सेदारी बढ़ाकर दोगुना करना है।

वाणिज्य एवं उद्योग मंत्री निर्मला सीतारमण ने भारत सरकार की ओर से 2015-20 (2020) की पहली विदेश व्यापार नीति-2015-20, 1 अप्रैल 2015 को जारी किया गया पंचवर्षीय विदेश व्यापार नीति में वस्तुओं एवं सेवाओं का निर्यात बढ़ाने के साथ-साथ रोजगार सृजन करने और प्रधानमंत्री के मेक इन इंडिया विजन को ध्यान में रखते हुए देश में मूल्य संवर्द्धन को नई गति प्रदान करने की रूपरेखा का जिक्र किया गया है। इस नीति में विनिर्माण एवं सेवा दोनों ही क्षेत्रों को समर्थन देना का ध्यान रखा गया है। साथ ही, विदेश व्यापार नीति-2015-20 में 'कारोम' विषय का उल्लेख नहीं है। पर विशेष जोर दिया गया है।

विदेश व्यापार नीति आने वाले वर्षों में भारत के निर्यात व्यापार को बढ़ावा देने में मददगार साबित होगी। वर्ष 2020 तक विश्व व्यापार में भारत एक महत्वपूर्ण भागीदार होगा। विश्व व्यापार में भारत का निर्यात हिस्सा दो प्रतिशत से बढ़ाकर 10 प्रतिशत तक पहुंचाया जाएगा। विदेश व्यापार नीति से देश में एसईजेड के विकास का नई सफाई मिलेगी।

इस समय देश से निर्यात बढ़ाने और व्यापार घाटा कम करने का हमारा लक्ष्य है। चुनौतियाँ भी दिखाई दे रही हैं। इन चुनौतियों में सबसे बड़ी चुनौती तब सामने आएगी जब हाल ही में यूरोपीय यूनियन, चीन, जापान, कनाडा, रूस, श्रीलंका, ताइवान, दक्षिण कोरिया और थाईलैंड ने अमेरिका के साथ मिलकर विश्व व्यापार संगठन में भारत की निर्यात संवर्धन योजनाओं के खिलाफ प्रस्ताव पेश किया। इसमें कहा गया है कि अब भारत

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अपने निर्यातकों के लिये सब्सिडी योजनाएँ लागू नहीं कर सकें। इससे इनका निर्यात समझौते का उल्लंघन है।

### निर्यात संवर्द्धन हेतु सुझाव

- निश्चित रूप से निर्यात परिदृश्य पर दिखाई दे रहा दुश्कली को दूर करना होगा। भारतीय निर्यातकों के संगठन फियो का कहना है कि भारत के सुझावों के अलावा, वियतनाम, थाईलैंड जैसे कई छोटे देशों ने अपने निर्यातकों को भारी दुश्कली का सामना करने के लिये भारतीय निर्यातकों के सामने कड़ी चुनौती पेश की है।
- भारतीय निर्यातकों को वस्तु एवं सेवा कर में आम सुधार के लिये बलवत्तता के साथ दूर करना होगा।
- निर्यात को प्राथमिकता वाले क्षेत्र में शामिल किया जाना चाहिए और सभी निर्यातकों के लिये व्याज सब्सिडी बहाल की जानी चाहिये।
- सरकार द्वारा निर्यात वृद्धि के दीर्घकालिक प्रयासों के अलावा निर्यात बाजारों के कमजोर बुनियादी ढाँचा सुधारे जाने की जरूरत है। निर्यातकों को समुचित आर्थिक संवर्द्धित बुनियादी ढाँचे पर विशेष ध्यान देना होगा।
- विभिन्न क्षेत्रीय कारोबारी समूहों और मुक्त व्यापार समझौतों के क्षेत्र में पूरा नियंत्रण हासिल करना होगा।
- सार्क देशों— श्रीलंका, बांग्लादेश, भूटान, मालदीव और जम्बिया के साथ निर्यात बढ़ने की संभावनाएँ हैं।
- ब्राजील, रूस, चीन और दक्षिण अफ्रीका, म्यांमार और मलेशिया सहित आसियान देशों में भी निर्यात बढ़ने की संभावना है।
- चीन को निर्यात बढ़ाने के लिये हमें चीन के बाजार में भारतीय सामान को बेचने के लिये उन क्षेत्रों को समझना होगा, जहाँ चीन की गुणवत्तापूर्ण भारतीय वस्तुओं की आवश्यकता है। गुणवत्तापूर्ण उत्पादों के मामले में भारत चीन से बहुत आगे है।
- देश से कृषि निर्यात की नई संभावनाएँ भी उभर रही हैं। खाद्यान्न, फलों और सब्जियों का उत्पादन हमारी खपत से बहुत जगह है। कृषि क्षेत्र में होने वाला यह अतिरिक्त उत्पादन देश से निर्यात की नई संभावनाएँ प्रस्तुत कर रहा है।

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भारत आज विश्व मंडल का एक मुख्य सदस्य के रूप में उभर रहा है। आज विश्व के शक्तिशाली देश भी भारत एक वाजिब बनने में मदद कर रहे हैं। औद्योगिक विकास के साथ-साथ भारत कई क्षेत्रों में अग्रणी बन रहा है। आज भी बड़ी मात्रा में वस्तुओं का आयात किया जा रहा है। इन वस्तुओं का निर्माण किया जा रहा है जिससे जहाँ एक ओर निर्यात बढ़ेगा वहीं दूसरी ओर शोध को घटाया जा सके। इन नीतियों के परिणाम भी धीरे-धीरे सामने आने लगेंगे। हमारी विदेशी व्यापार नीति को सुदृढ़ बनाने की आवश्यकता है ताकि आयात को कम किया जा सके और निर्यात को बढ़ावा मिल सके।

संदर्भ ग्रन्थ

विदेश व्यापार नीति, विदेश व्यापार निदेशालय, भारत सरकार, नई दिल्ली

विदेश व्यापार नीति 2009-2014, वाणिज्य विभाग, वाणिज्य एवं उद्योग मंत्रालय, भारत सरकार


विदेश व्यापार नीति 2015-2020, वाणिज्य विभाग, वाणिज्य एवं उद्योग मंत्रालय, भारत सरकार

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Book

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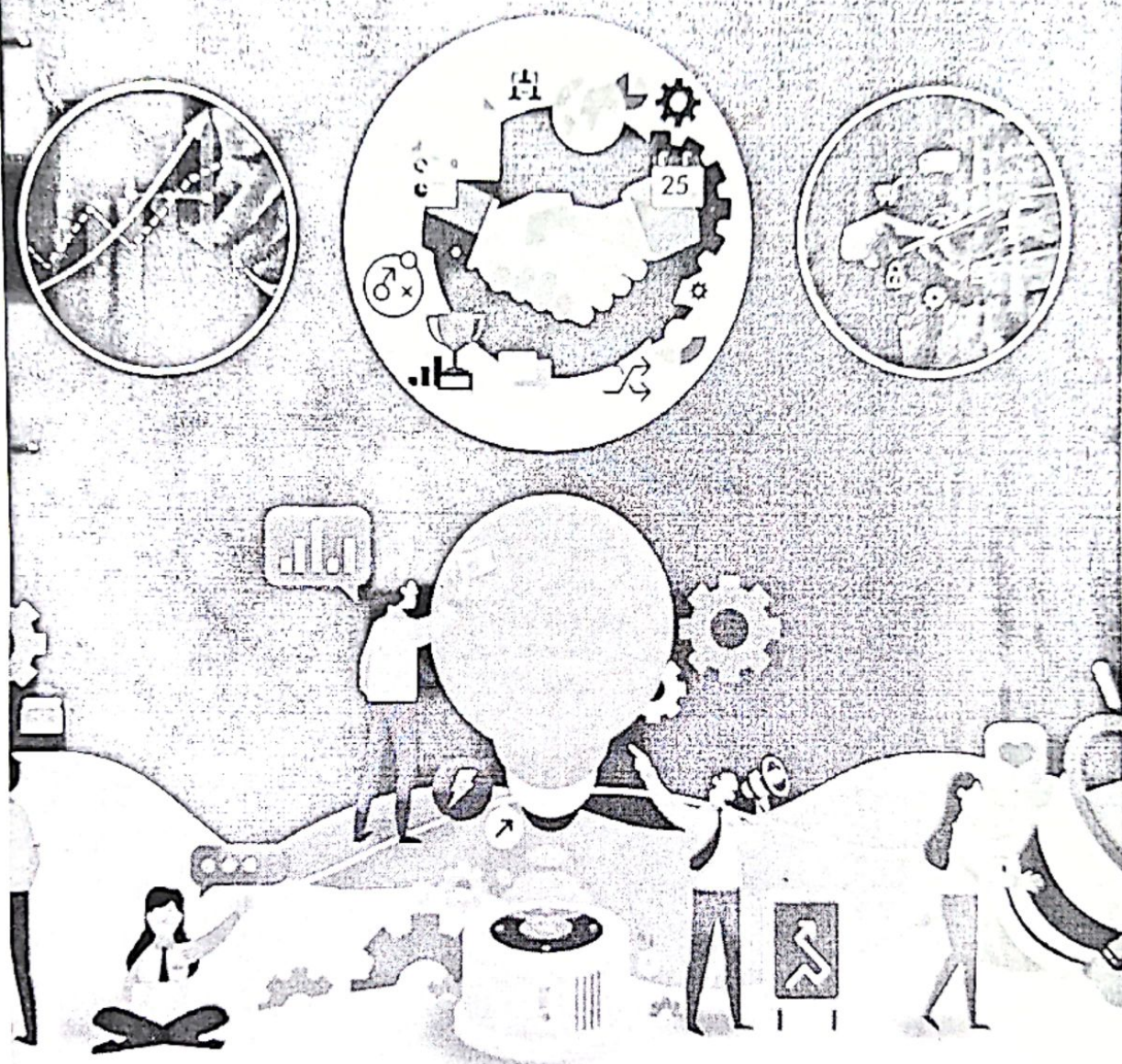
ISBN No

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2-6

# EMERGING TRENDS IN COMMERCE AND MANAGEMENT



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2021

ISBN - 978-81-952502-2-6

Rudra Publishers & Distributors  
New Delhi - India.

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## MARKETING MYOPIA

Sona Soni<sup>1</sup>Dr. Ashok Kumar<sup>2</sup>

### ABSTRACT

The term "Marketing Myopia" was first coined by the Theodore Levitt over half century ago. He shook up the world with his Harvard Business Review article on "Marketing Myopia". His proverbial question, "How can a company ensure its continued growth?" cautioned the corporate world to refrain from operating with myopic thinking. He argued business leaders to always pay attention on long-term gains rather than short-term gains. In this chapter, it has been trying to explain the necessary aspects of marketing myopia such as introduction, evolution, reasons for occurrence of such phenomenon, how to get rid of, examples of various companies that failed due to marketing myopia, and to drawn conclusion.

**Keywords:** Marketing, Marketing Myopia, Corporate, Myopic thinking, Growth.

### Introduction

Marketing Myopia, first coined in an article by Theodore Levitt in Harvard Business Review. He stated that companies only focuses on short term growth strategies, they neglect the needs and wants of their customers and fail as a result.

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The term marketing myopia suggests that companies will do better if they would concentrate on meeting customer's needs. Marketing myopia is considered as inward looking approach to marketing which only focuses on attainment of immediate needs and demands of a company rather than focusing on marketing from consumer's point of view. Basically, marketing myopia exist when companies are over confined in their marketing tactics with less amount of research and they feel that my product is best in the market.

Levitt in his article mentioned that "every business will experience growth based on the superiority of its product, but that engenders conditions under which mismanagement becomes rife". He further said that "even if your business is growing, don't forget to give the customer what they need".

In recent time it is necessary to consider the broader societal aspects while taking business decisions and in doing so if company fails, marketing myopia exists. Marketing myopia is just a concept which goes much more beyond the marketing. Marketing myopia only focuses too much on the present which makes it harder to see the future. So, here we can say that marketing myopia is:

- Inward looking approach
- Focuses only on the needs of company
- Ignore the needs and wants of customer
- Failure to recognize and adjust to rapid changes in market.

### Definition

According to levitt, "Marketing Myopia develops when a company's competitive domain is defined primarily as its products rather than the needs of the market".

### Evolution of Marketing Myopia

Theodore Levitt in his article asked question "What

business are you really in?" can challenge us to really think more intelligently about the aim of our company. Ais outstanding example is "Why railroads ceased growing was not because cars, trucks and airplanes took their customer off, but because they assumed themselves to be in the train business rather than transportation business. This is simply because they were product oriented rather than customeroriented".

Levitt's article has sincerely guided many companies for years, and has unquestionably made a notable impact on businesses. The concept of focusing on the customer rather than product has evolved.

Over the past decade, the department of marketing has in fact become very focused on the needs and demands of their customers. Being customer centric is now extensively accepted as the most promising business model.

Reasons for occurrence:

Marketing myopia strikes in:

- When company assumes they are in a growth industry
- When company gives priority only to selling rather than marketing.
- When company assumes that whatever they produce, it will sell
- When a company fails to establish relationship with customers and they only focuses on their selling strategies
- When a company focuses more on short term marketing goals rather than long term goals
- When a companies don't change their marketing strategies with the dynamic consumer environment
- When company predicts growth without conducting proper research
- When company focuses just on quality and neglects the requirement of customers.

  
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- When company avoids customer shifting trends
- When company fails to consider the changing lifestyle of consumer in the digital world

### How to get rid of:

There are many methods of overcoming marketing myopia. Some of them are as follows:

- Companies should continuously conduct customer development surveys to tune with customer trends
- Proper marketing research are required to be done in order to understand wants of customers
- Proper customer oriented strategies should be developed keeping in view customer needs and demands
- New ideas and approaches should be adopted in order to meet changing lifestyle of consumer in the digital world
- Companies should produce those products which add value in the customer's life.
- Further, to avoid marketing Myopia, companies should diversify their products.

Examples of various companies that failed due to marketing myopia: There are some examples of disastrous failure due to marketing myopia like Nokia, Kodak, Blockbuster, Hollywood, Yahoo and Bing etc.

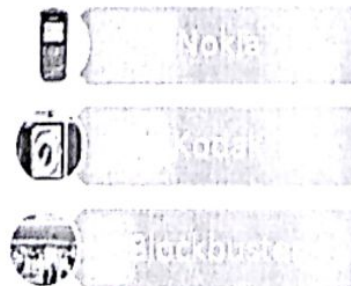


Fig. 1

These companies lost their market share because of their stubbornness to stick to an existing business model,

may serve the very purpose of their business instead of looking at honing skills in one product only.

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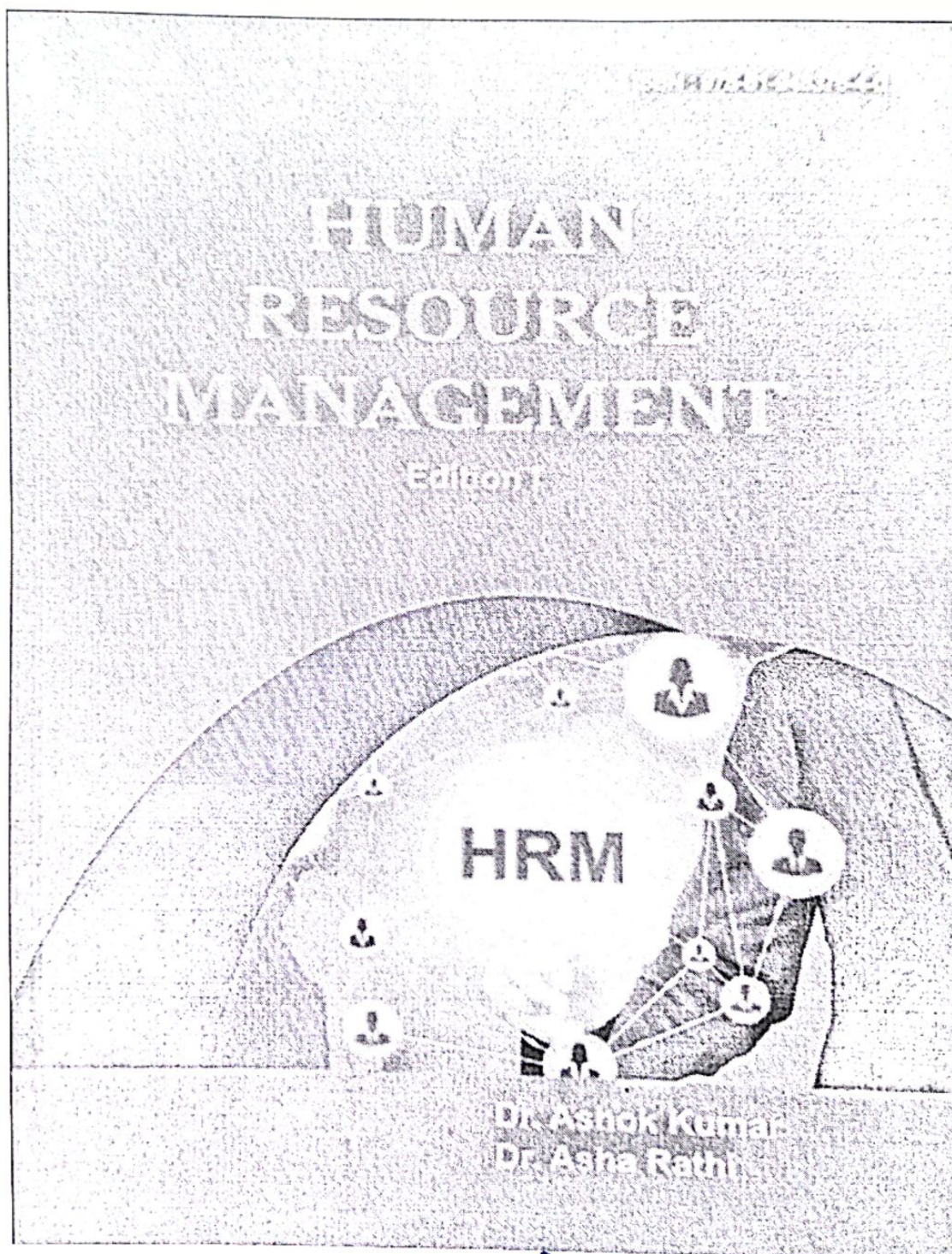
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➤ Book Publications

③, ⑦

Sir, ma'am

S.No	Title of Book	Publication House	ISBN Number	Year	Numbers of Authors
2.	Human Resource Management	Inspira Research Association, Jaipur	ISBN:978-81-948376-4-0	2020-21	Two



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*Published by*

**INSPIRA**

25, Modi Sadan

Sudama Nagar, Tonk Road

Jaipur-302018, Rajasthan, India

© Author

ISBN: 978-81-948376-4-0

First Edition: 2021

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Price: Rs. 570/-

*Laser Type Setting by*

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Tonk Road, Jaipur

Ph.: 0141-2710264

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Phone: 011-26101234, Fax: 011-26101235

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Editor:

Dr. Anand Kumar, 1/1, Subash Nagar, New Delhi

Phone: 011-26101234, Fax: 011-26101235

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INSPIRE Publications

ISBN : 978-81-948376-4-0



9 788194 837640



➤ Edited Book Publications

S.No	Title of Book	Publication House	ISBN Number	Year	Numbers of Authors
1.	Post Covid: Opportunities and Challenges	Inspira Research Association, Jaipur	ISBN:978-81-948376-5-7	2020-21	Two

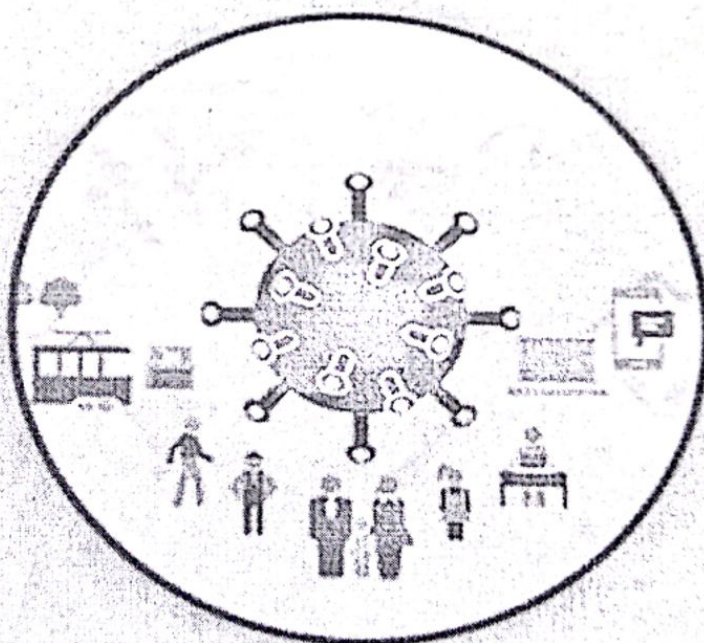
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INSPIRA  
Prof. (Dr.) S S Modi  
Proprietor  
25, Modi Sadan  
Sudama Nagar  
Tonk Road  
Jaipur-302018  
Rajasthan, India

© Publisher

ISBN: 978-81-948376-5-7

First Edition: June 2021

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Price: Rs. 690/-

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25, Modi Sadan  
Sudama Nagar  
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Rajasthan, India

© Publisher

ISBN: 978-93-91932-14-5

Edition: October, 2021

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Price: Rs. 720/-

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Editors

PJBN 978-81-945437-0-1


First Edition: July, 2020

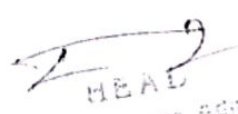
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## COVID-19: Pros. and Cons. All Over the World

Dr. Asha Rath<sup>\*</sup>  
Trapti Asava<sup>\*\*</sup>

### Introduction

#### COVID -19

Covid-19 is a disease caused by a new strain of corona virus.

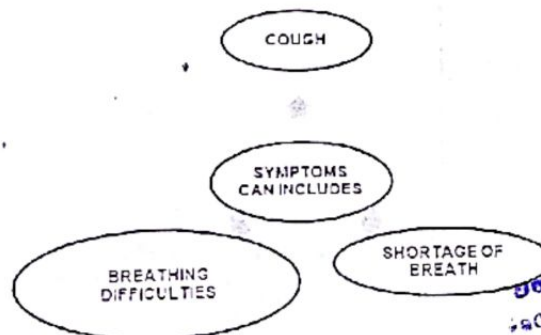
'CO' stands for - 'CORONA'

'VI' stands for - 'VIRUS'

'D' stands for - 'DISEASE'

Formally, this was referred to as '2019' novel coronavirus or 2019-n CoV.

#### • What are the Symptoms of COVID -19 ?



#### • How does COVID-19 spread ?

The virus is transmitted through direct contact with respiratory droplets of an infected person (generated through coughing and sneezing). Individuals can also be infected from and touching surfaces contaminated with the virus and touching their face (e.g eyes, nose, mouth)

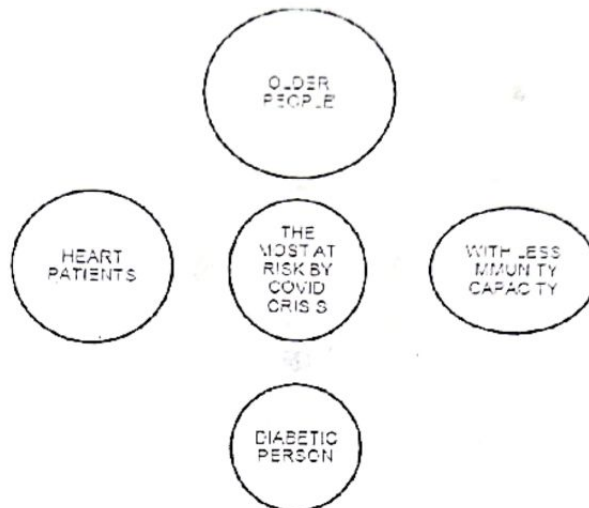
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Who is the most at Risk ?

We are learning more about how COVID-19 affects people every day.



How can the spread of COVID-19 be slowed down or prevented?

There is no currently available vaccine for COVID-19, social distancing is the best way to stay away by this crisis.

Social distancing means avoiding close contact with others to prevent the spread of COVID-19. Keep a minimum distance of 2 metres from others when shopping or walking in the community.



Avoid non-essential trips in community



Postpone gatherings



Keep kids at home away from group settings



Work from home wherever possible



Visits to long-term care homes are restricted to immediate family for compassionate reasons



Conduct meetings virtually

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(Image Source : <https://www.saskatchewan.ca/government/health-care-administration-and-provider-resources/treatment-procedures-and-guidelines/emerging-public-health-issues/2019-novel-coronavirus/social-distancing>)

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### Objective of the Research

- To highlights the reasons of COVID-19 situation emergence
- To highlights the Pros. of COVID-19 crisis all over world
- To highlights the Cons. of COVID-19 crisis all over world

Let's look at some reasons stated the emergence of the COVID- 19 below:

- **Improvement in Earth's Condition** : Due to continuous development by humans earth has faced a lot of problems like global warming , acid produced by factories, climatic change, deforestation cutting of trees in the forest for construction work , ozone layer depletion (caused etc. by CFC's).
  - All these problems which are mentioned above making earth ill. Due to this corona spread everything is post causing no damage to our planet .even there is a lot of improvement in an atmosphere that is pollution has reduced a lot. Now, everywhere night skies totally clear like earlier, it was because their pollutions is reduced to an extent due to this pause.
- **Nature Wants Some Relaxation:** Development is good but without any break. If someday works a lot then he o she will get tired.
  - Similarity, humans are enhancing their development without any pause. So nature wants to be relaxed for sometime due to this corona spread everything on this earth is in stationary phase (except medical development)
- **Control over Resources:** For development whatever we use comes from nature. For, the continuous development of humans, we are using everything continuously without thinking about sustainable development.
  - Sustaining the precious and exhaustible resources for our future generation can help in giving comfort to our future generation.
- **Control over Science Activities:** Development in every field has made human things that they are the most genius species on the earth. they had control everything they want .they had started making missiles and bomb which is a misuse of science. This misuse has reached upto a large extent.
  - To control this misuse, they spread has occurred. This spread has stopped everything and every work. This spread has stopped manufacturing of bombs and missiles and their testing too.

This stoppage of everything has saved our earth front the damage. It makes human realize that

*Nothing is More Powerful than the Power of Nature"*

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## The Cons of Corona Spread

Above all mentioned reasons says that nature wants some rest and also make human realize that everybody has to bow their head in front of nature.

Everything in this world has cons and pros. There are lots of cons and pros. Of corona spread cons are too much that we usually neglect pros.

Corona virus has cons and pros. Very limited people know about its pros if we will look at the good side of everything or every problem then we can find out its solution easily and quickly.

Firstly, let's have a look at it's Con's

- **Enhancement / Increase in the Death Rate:** It's a fatal virus and fatal virus without any antivirus medicines causes death only. in the whole world due to covid spread, death is increasing day by day. This death rated is largely increased in the group of aged people because of their low immunity. Those who are fit and healthy are getting cure if suffering from covid-19. So keep yourself enough strong and healthy to keep such disease away from you.
- **Stoppage over Development:** To stop the spread of the virus everything has stopped now every shop, every business and every work has stopped. Nobody is going to the office to what extent nurses and doctors in hospital but everyone is spending money to buy food and other essential grocery items. Not even a single student going to school every place is closed and every work is stopped the development of every country. But this has only stopped not removed development. One day this development will continue again. There is a Phrase: **"Don't Worry After Every Night Morning Will Have to Comes."**
- **Financial Crisis:** Due to this, Covid crisis, everybody has to stop offline work or offline business due to which they are economical condition is getting poor. Especially this spread is acting as a curse for those who are involved in tourist lines or have a business in the tourist field.

Every rich is safe and have so much stuff to fill their needs but on the other hand, every poor with less food which will be finished soon will starve for more food and can die because of starvation. **"Now in this critical situation, everybody is dependent on God."**

- **Break over Celebration:** We know that in this world, there are a lot of religion has its own culture and in every culture, there are so many festivals. People of every religion celebrate their festival with the full passion but this year every festival lost its colour because of this corona spread, nobody has celebrated their festival with full passion.

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### Major Pros and Cons Across the World

- **Laziness and Boredom:** In place of going out, you are active on social media, even more. These days everyone is active on social media these days.

People are getting lazy day by day as imbalance in resource activities. Those who are not on social media especially kids and old people are getting bored and their boredom is increasing time to time because kids are not going to school and it's people are not going to park where they usually meet their friends.

- **Requirements are Unable to Meet:** There is a shortage of something in every house but due to this, nobody is able to meet their requirement and overcome their shortage.

*Suppose*, if a person needs grocery urgently but due to lockdown within certain hours per day. In this time period, a person can't meet his urgent requirements.

### Pros of Corona Spread

There are both pros. and cons. of the covid-19 crisis. In this situation, we need to stay fully and completely positive to fight with corona. So, to make you positive and to fill you with some positivity. I am sharing pros. with you.

- **Move Towards Spirituality:** Now a days, people move towards spiritual journey. Even kids are also enjoying watching Ramayan, Mahabharat etc.
- **Spending Quality Time with Family:** While everybody is locked in one place that is their house with their family. Now, nobody has another option. everyone is spending time with their family. family members used to play indoor games like cartoon, ludo, chess etc. and spending time with each other.
- **Innovations:** Due to such crisis, new doors are open to innovate new technology and work to improve the existing technology to connect people through virtual world.
- **Focus On Healthy Food:** now a days, everybody is having a habit of eating out but due to this lockdown, nobody can go out to have some junk so everyone will have to focus on healthy food only. Being lock in the house can build a habit of eating healthy food which is quite beneficial for everyone.
- **Engaged in Self Work, self care:** Now days, everyone is engaged in self work because of this corona spread, everyone is locked in the house due to which nobody can take help from outside. Everyone will have to work on their own, in this way everyone will learn self work especially when nobody is there to help. So, exercise and maintain a healthy diet to strengthen your immunity system. May God bless to all the COVID warriors.

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## Conclusion

In this earth detox situation and the covid 19 crisis emerging outbreak educational institutions, business organizations, and government of different countries are facing lots of problems and complexities in day to day life and also for the others professionals, business enterprises.

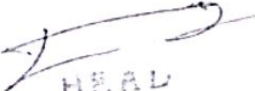
In this article, authors try to highlight the major pros and cons of Covid -19 crisis over the environment and humans. They are facing so many challenges in day to day life. Humans need to stay positive in this time of crisis.

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# IMPACT OF COVID-19 ON GLOBAL ECONOMY

(ISBN: 978-81-945437-0-1)

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# INDUSTRY 4.0 AND FUTURE OF WORK

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# Impact of Experiential Marketing on Brand Loyalty for Personal Luxury Goods in an Era of Industry 4.0: A Conceptual Framework and Literature Review

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## Abstract

Experiential marketers do is experiential at some level – from the brand identity creation to the packaging, store design, media communication, Web site. These are tactical decisions and activities. Experiential marketing is strategic marketing of experiences (according to Pine and Gilmore, 2002) the experience is the marketing. Experiential marketing is for goal to create emotions to the customer that lead to enjoy the experience for the consumer and affect his attitude and behaviour. Sensory experience, affecting experience, behavioural experience, intellectual experience, and through experience form the dimensions of personal luxury goods. However aesthetic products like art or luxury goods already create emotions by themselves. Moreover, some products are sensitive to emotions and aesthetic than others. This study aims to see if experiential marketing has an impact on brand loyalty. The study is done in a growing market in India continues to experience a high growth rate. A rising disposable income segment supplementing purchasing power and a growing number of HENRYS (High-End New York's) are spending on luxury goods are largely responsible for the growth of the market. This study focuses on the Personal Goods market and particularly on the Personal Goods market. Particularly important, too small

of experiential Marketing on Brand Loyalty for Personal Luxury Goods. *Experiential Marketing, Brand Loyalty, Personal Luxury Goods, Brand, Consumer, Experience*

## INTRODUCTION

Experiential marketing is said to be practiced when companies shift from just meeting the customers' basic needs to building consumer loyalty for particular brands which becomes part of the overall experience of shoppers (Srivastava, 2008). In this era of Industry 4.0, products have very sustainable competitive advantage and the difference between products. Finding a new way to create the difference from one to another, becoming a company to survive in this context. Brands have to play cat-and-mouse with customers, trying to keep up with the going and adapting messaging to the medium du jour. The "push" option, which requires you spend money on advertising to their next favourite medium and then trying to interrupt them with your message. Or

forces target audiences to stop, take notice, a "pull" approach, and it is the central tenet of experiential marketing, a powerful strategy used more and more by brands to create true customer engagement that delivers results.

Marketing strategies focusing on price or quality are a source of differentiation and competitive advantage. Differentiation is by means of a much stronger focus on the customer. Experiential marketing is this new way by making the customer feel through the creation of emotions. In fact, according to Holbrook (1999) modern economies have evolved from the delivery of goods, from the delivery of goods to it and are in the process of evolving to the delivery, and it becomes necessary to consider aspects that relate to the delivery of goods to the customer. The experiential and rational side of customer behaviour (Holbrook & Miller, 2005) and try to work with it.

Experiential marketing has for goal to create emotions to the customer and affect his attitude and behaviour. This study focuses on the Personal Goods market and particularly on the Personal Goods market. Particularly important, too small



# A BRIEF HISTORY OF EXPERIENTIAL MARKETING

This technique became much more popular when General Motors' Ford Motor Company were able to introduce cars to people who never felt the need to drive one through a series of events. These were famous car shows of 1920s. Companies around the globe started following experimental marketing trends by creating immersive experiences for their target customers.

of experiential marketing in the consumption and marketing areas, so that experiential marketing is a consumption of fantasies, feelings and experiences. This experience has been widespread in the marketing literature. The contexts comprising brand experience, consumption experience, experience, shopping experience and service experience (Ezra, 2008; Zampollo and Schmitt, 2010).

## CONCEPTUAL FRAMEWORK: WHAT IS EXPERIENTIAL MARKETING?

# THE STATE OF EXPERIENTIAL MARKETING IN A DIGITAL ERA

Direct marketing is not a tool to run a single campaign, but a way of thinking about how marketing works for you. It carries the strength of traditional marketing: it allows marketers to combine the best of all marketing tools into a single channel—leaving behind each tool's limitations. The best experiential programs benefit from the impact of experiential marketing: a direct reach; the motivation of promotion without the cost of advertising; the ability of direct marketing without the junk mail of direct mail; the reach of social media but with real engagement; and the ability to track and measure results.



The above points are serving as recording studios for  
 several session keynotes at business-to-business events  
 and are distributed as investor briefings, sales over-  
 sight and management.

### The Role of Luxury Goods

In the luxury goods industry, goods are defined as products that incu-  
 re a high level of status and prestige. In short, they are goods that  
 are not necessary. Luxury has never been about things people  
 need, but about things people want. Luxury is what people use to define and in-

themselves. Daydreams, fantasies. In order to achieve this, Alfaro (1991) categorized luxury into three categories: luxury, intermediate luxury and accessible luxury. In the market value of the brand. Until recently, luxury was the domain of the wealthy. But now the boundaries have expanded to include the middle class, which, to a large extent, includes the emerging middle class and well-travelled corporate employees. The luxury market has become a symbol of an increasingly diverse and affluent consumer class, which is starting to experience products and services that transcend India's 'old money'. The luxury market is moving from being exclusively for the elite few, to the middle class, and is becoming a term can be used to describe consumer goods and services that are affordable to a large number of consumers. In some cases, an affordable luxury brand can be a high-end brand that is sold at a lower price than other offerings. An affordable luxury may also be a

...that enhances the life of the purchaser and ...  
...disposable income. For example, items ...  
...tea, and good wine are often sold at a ...  
...brands but are still priced so that many ...  
...basis. Services that could be consi ...  
...include things like professional maini ...

... are forecast to increase 4 to 6 per cent. The new estimates from Bain & Company



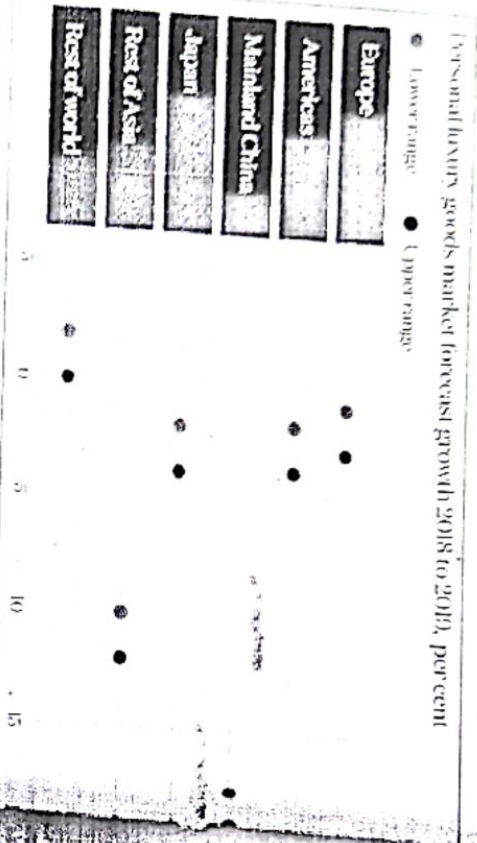


Figure 1. Personal Luxury Goods Market Forecast Growth 2018-2019  
Source: BRAIN, *Vogue Business*, 2019.

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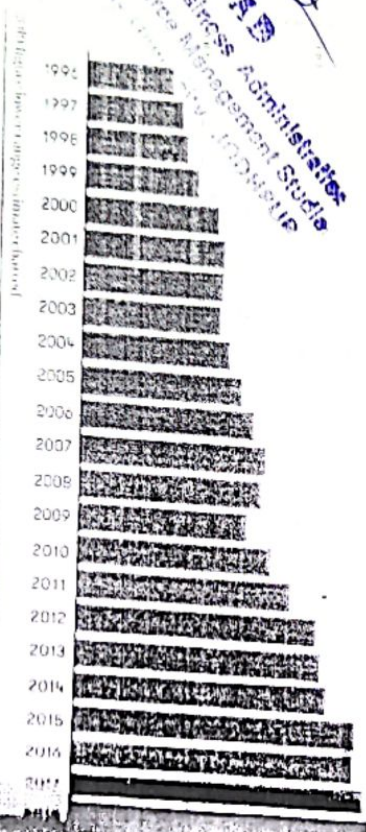


Figure 2. Personal Luxury Goods Market  
Source: BRAIN, *Vogue Business*, 2019.

### SOME CHARACTERISTICS OF INDIAN LUXURY BRAND MARKET

Indian consumers are very different from a consumer in China. Indians' cultural are value-conscious and also...

and logo has to be shown well. For men, shoes sell more in India. Women shoes do not sell well. However, women buy sunglasses and handbags. Indian buyers give a huge importance to jewelry and craftsmanship is a selling point but not a prestige that people associate with brand. Therefore more than anything else it is price that is either making a brand successful or not. Affordable luxury brands: Affordable luxury brands like Spade, Coach and Charles & Keith have captured the hearts of young aspirational Indian consumers. They give an option to the brand-conscious consumers to buy luxury goods at a much lower price than the rate of 40% per annum, outpacing the rate of growth in the competitive landscape. There are several players which are growing in the country and are thus are building through Omnichannel distribution. Younger consumers, are shifting towards convenience, easy availability in locations where physical store is not available. However, the dominance of store-based retail experience that is offered to consumers is still a factor. The luxury market in India is growing at a fast pace. The spending capacity of Indian consumers is increasing. Despite the fact that the luxury market is still a niche market, it is becoming more popular amongst people however, the decision of buying a luxury product is still a conscious decision.



"Well-travelled consumers and a stable economy, coupled with young population with growing disposable incomes, spell good news for luxury brands across the world. With positive regulations and policies in the retail industry being put in place by the government, India is a market that can no longer be ignored by international brands" (ASSOCHAM India).

Burgeoning aspirational and younger middle class and growing awareness of 'brand-consciousness' are driving growth of luxury sector in India. Moreover, increased internet penetration has also contributed to consumer behaviour, allowing consumers to search and satisfy their desire to own and possess designer brands. Taken together, these factors will help India's luxury sector grow by about 30 to 35 per cent in the next three years – across categories such as fine dining, electronic luxury travel, luxury personal care, fashion, and jewellery. According to Deloitte's Global Luxury Top 100 listings Indian luxury brands are in top 10 include: Titan Company Limited (#Rank 27), Kalyan Jewellers Pvt. Ltd. (#Rank 35), PC Jewellers (#Rank 40), Joylukkhas Pvt. Limited (#Rank 47), Tribhovandas Bhimji Zaveri – Limited or T. Zaveri (#Rank 87).

## BRAND EXPERIENCE AND LUXURY GOODS

Imagine you were given some money to treat yourself to one thing, which of the following would most appeal to you?

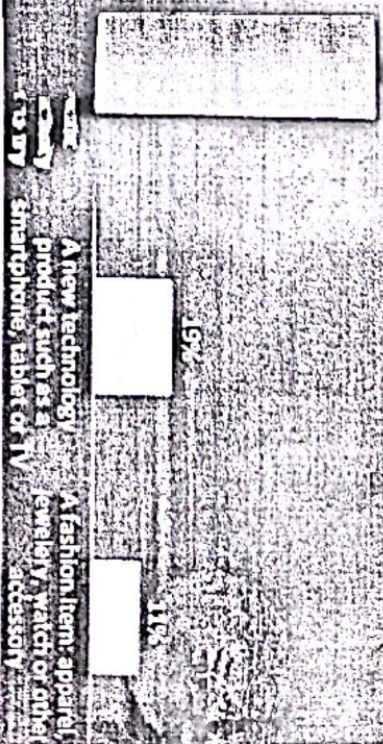


Figure 4. Experience over Owning

Source: The Economist Group Luxury Group Survey 2014.

## THE STUDY

The luxury brand on the planet has adopted an experience-oriented marketing mix, and many of them have emerged as the lead discipline—with advertising, only one of the mix playing supporting roles behind live events, digital, and fast-changing trends, luxury companies have started to see a new consumer class that is rising nowadays and is increasingly relevant in the future: The HENRYs (The Henrys are the Closest Customers. In addition, companies make significant investments in stimulating the interests of the population, namely Millennials and Generation Z, living in tier 2 and 3 cities, as the aspirational class with higher spending capacity, according to a CII-IMR Wealth Management Report. (Bhattacharya, 2014). The Tier II and Tier III markets, simply as an extension











brand experience is conceptualized as sensations, feelings, cognitions and other responses evoked by brand-related stimuli that are part of the brand's design and identity, packaging, communications and environment (Schmitt, 2007). Schmitt referred to 'superficial out of profundity' (SOOP) brand experience. The author described that the concept of SOOP focuses on the experience perception of brand rather than the experiential variables such as price and information processors. The brand experience originates from a set of interactions between a customer and the brand, a company or a part of the organisation involved. Nowadays, 'experiential branding' is of interest to marketing academics; in the business arena 'experiential marketing' has become mainstream (Schmitt, 2009).

Brand experience refers to the knowledge and familiarity of consumers towards a brand or brand category (Alba and Hutchinson, 1987). It is essentially such that internal consumer responses are significantly affected. In promotional marketing, Brand experience can give a positive and active perceptions; also, it can remain in the mind for a long time (Brakus et al., 2009). Weinberg (2001), Murphy (2002) note that brand experience is more crucial than price or cost; brand experience is able to be held in long-term memory. In other meaning, which can contribute to brand trust.

**Department of Customer, THINKY (High Earning but Not Reach Yet)**  
Faculty of Customer, THINKY (High Earning but Not Reach Yet)

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...Experimental Marketing on Brand Loyalty for Personal Luxury Goods...

## Marketing

The term "experiential marketing" was coined by Schmitt (2010) to describe a strategic approach that views consumers as rational and technologically savvy individuals who are concerned with achieving pleasurable experiences. In addition, Pine and Gilmore, (2003), experiences occur when companies provide customers with products and goods as props to engage customers in a way that makes them feel like they are part of the events. This type of marketing tries to use senses to evoke emotional responses (Shukla, 2007).

Marketing is all about using non-traditional ways to reach customers. You are trying to engage the customer in a meaningful way - and this novelty helps people remember who you are. There are a lot of marketing methods banked on visual and auditory stimuli, and the benefits of your product. Experiential Marketing is an immersive environment where they can experience your product and sometimes non-tangible experiences build a strong relationship between the customer and s/he is more likely to remember your product or service. According to Schmitt, there are four types of experiential marketing, the framework of experience and the aspects: (1) five types of experiences, called strategic experiences (SEAs), which form the strategic underpinning of the experience, and (2) experience providers (ExProfs), the fact

## LUXURY MARKET DIMENSION

imply that there are two bi-polar constructs that connect participation and customer involvement. This notion to become customer involvement is constructed across experiences (2009). The bi-polar constructs are identity tour experience (Figgs and Williams (2009) identity tour experience) and management, education, escapist and aesthetic (Figgs and Williams, 2009). They assert that 'customer involvement' exists between the supplier and the customer, with



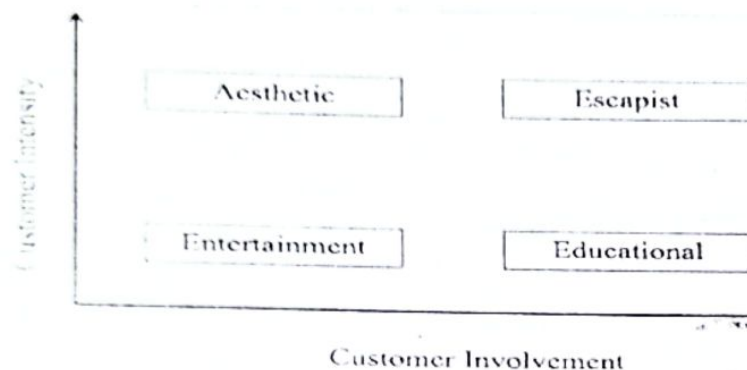


Figure 6. Table Experiential Zones

Source: Atwal and Williams (2009).

The concept of four experiential luxury marketing zones is explained below:

- **Entertainment:** This experiential zone involves a low degree of customer involvement and intensity. It is usually related to fashion shows at designer boutiques and upmarket department stores (Atwal and Williams, 2009). An example of this experiential zone is that flagship Gucci and Chanel stores in Tokyo have added restaurants/bistros with famous chefs (Atwal and Williams, 2009).
- **Educational:** This experiential zone involves a high degree of customer involvement and a low degree of customer intensity. In this experiential zone, sometimes called 'edutainment', customers are required to develop new skills or increase their previous skills (Atwal and Williams, 2009). An example is the Ferrari Driving Experience programme, which was developed to educate customers about driving with Ferrari's performance capability.
- **Escapist:** This experiential zone involves a high degree of customer involvement and a high degree of customer intensity. This zone mostly relates to the luxury tourism and hospitality sector (Atwal and Williams, 2009). An example of this is the Royal Tented Taj Spa (Hill Hotels Resorts and Palaces) at the Rambagh Palace in Jaipur (Hill Hotels Resorts and Palaces offer a luxury stay with luxury accommodations redolent of the Mughal emperors of the sixteenth and seventeenth centuries (Atwal and Williams, 2009)).

This experiential zone balances a high degree of customer involvement and a low degree of customer intensity. It could be said that the effects of its environment, such

### Experiential Marketing on Brand Loyalty for Personal Luxury Goods

design (Atwal and Williams, 2009). It has been stated by Kent (2011, p. 3) that "flagships provide the opportunity to experience the brand distinctive, often memorable and in places unique, physical environment". Flagship store is one of the marketing communication strategies and could make a significant change to the visibility of retail brand (Kent, 2011).

#### Consumer Constructs

**How consumers buy Luxury:** consumers purchase luxury goods when the opportunity arises. Luxury goods purchases often do not have convenience as they are constantly desired and often form the priority of luxury consumers.

**Why consumers buy Luxury:** consumers do not buy luxury fashion when they are required because the desire for luxury goods is not fulfilled by basic needs. Luxury products are 'cravings' as opposed to 'needs', rather than functional needs, therefore there is a constant yearning to possess them. Luxury goods are objects of desire and desires exist on a continuous basis.

**Where consumers buy Luxury:** consumers buy their products mainly from the centres of the world where luxury fashion is prominent in their lifestyles.

**How consumers buy:** The majority of luxury consumers prefer to visit the physical stores in order to benefit from a complete product experience and also enjoy the luxury retail atmosphere. However, other channels such as the Internet and Mobile shopping are increasing influence in the luxury arena and consumers are increasingly shopping through these channels.

**How consumers buy Luxury:** consumers buy luxury goods when it is practically and financially possible for them. The consumers evaluate the buying decision of luxury goods on a logical basis. As previously indicated, luxury goods are objects of desire and if consumers can help it, they would fulfil this desire of owning luxury goods.

**How consumers use the products:** Luxury goods are highly valued by consumers as a stamp of their personalities and lifestyles. The products are used frequently.

**How consumers evaluate the products:** The post-purchase evaluation of luxury goods is almost a non-representational occurrence. This evaluation of luxury goods extends beyond the product attributes to include abstract and symbolic benefits. As the evaluation focus is on the role of the brand,



rite of the consumer and the satisfaction that it provides. Since the symbolic role of luxury products is continuous, their post purchase evaluation remains immaterial.

An interesting occurrence has developed in the luxury goods sector in the last five years that has made luxury goods disposable. This occurrence is called the 'fast fashion' phenomenon. Fast fashion means that the desirability of luxury products has become higher and the product lifecycle has become shorter. As a result, the 'It' fashion items change every weeks. Consumers in a bid to keep up have also become smart and sell their luxury goods purchase cycle. They now sell their 'used' or 'second-hand' products for substantial amounts (sometimes close to the original price tag) in order to purchase new ones. Several second-hand dealers have emerged in these items are cropping up in different global markets. This factor, however, does not diminish the value of the products or brands. How consumers decide on future purchases. The decision for future purchase of luxury goods has already been made. The future is uncertain.

### Experience Marketing

Experience marketing is generally based on experience economy theory. Pine and Gilmore (1998) claim experiences to be the fourth economic offering. They explain the progression of value from commodities to goods and services, showing how experiences differ from goods and services. Pine and Gilmore (1999, p. 12) declare that "while commodities are generic, goods tangible, and services intangible, experiences are specific, intangible, and memorable".

Experience economy (Exponomy) is of increasing focus. Although the concept was born in the business field in 1998, it has gone beyond its boundaries to tourism (Leighton 2007), retailing (Grewal et al. 2009), architecture, sports, branding (Brakus et al. 2007), entertainment and arts (Petkus 2004), urban planning, hospitality and other fields. Experience economy is also considered as a key driver for customer experience management (CEM). According to Pine (2003), the term 'customer experience management' refers to "the methodology and/or process" used to comprehend, design, and deliver a cross-channel exposure, interaction and transaction.

and or service

gaging, interactive, and enter

culture theory, and behavioural decision theory (MacInnis et al. 2010). These subfields have all provided consumer insights and have contributed to the understanding of consumer behaviour. However, Schmitt (2010) regards that also two other major disciplines (marketing strategy and marketing models) have also contributed to experience marketing in addition to consumer behaviour. According to Schmitt (2010) the key concepts of experience marketing are: (1) differential value, (2) different types of experiences, (3) the relationship between ordinary and extraordinary experiences, and (4) the touchpoints. Consumer behaviour and experience marketing are closely related to adjoining disciplines, e.g. psychology, economics, and sociology.

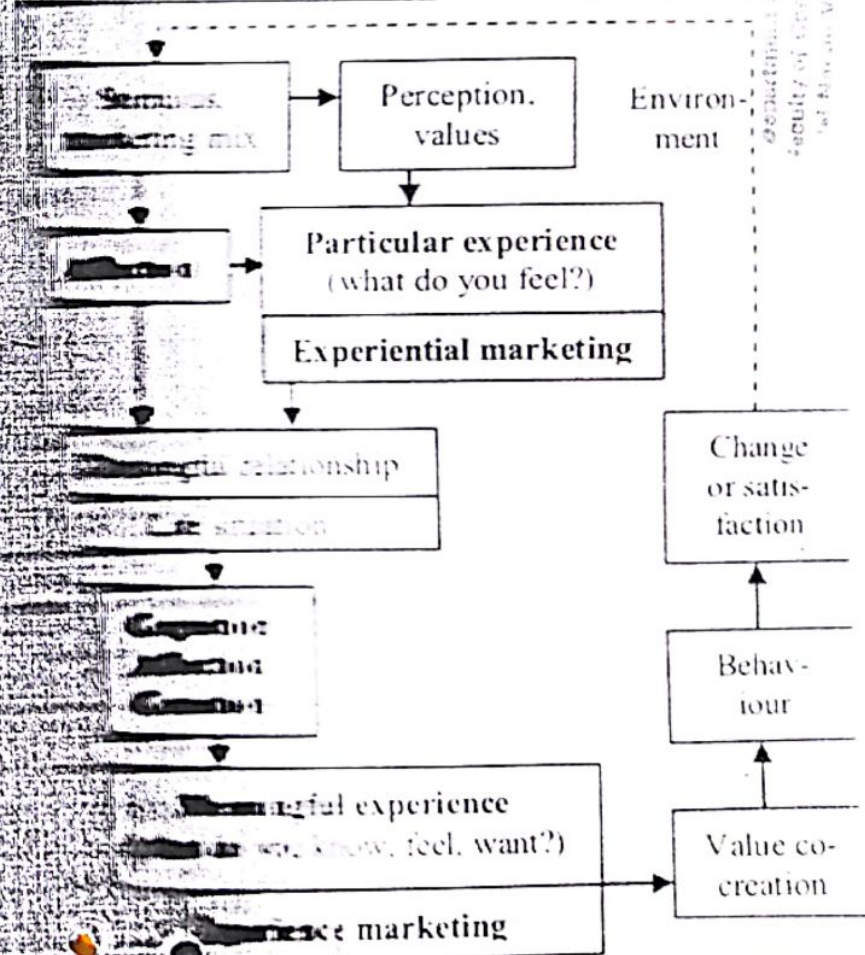


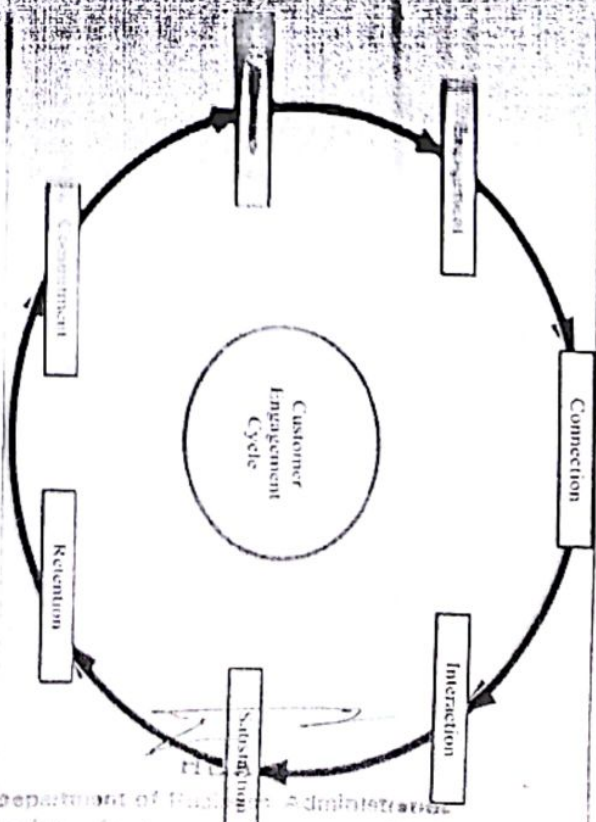


Diagram illustrating a connection point. A curved line with an arrow points to a box labeled "Connection".

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*Erners-Nol-Rich-Yel*

segment, loyalty could be built by endorsing authenticity, reliability, commitment to do sustainable practices. Consequently, brands focus on values shared by this aspirational group. HENRYs are heavily influenced by media to form their buying decisions.



## Figure S

- Corner Engagement Cycle by Sashi (2012).

— *Yes-Yes-Yes-Not-Rich-Yet*

to initiate and sustain longstanding relationships who is likely to become or remain affluent. With HENRYs likely to become some of the

erly, the potential benefits of on boarding the brand's product and service portfolio are twofold: customers and building client relationships are likely to be amongst the most affluent consumer brands wishing to target HENRYs must offer and self-expressive products. As HENRYs are a premium segment, loyalty could be built by endorsing authenticity, reliability, commitment to do the sustainable practices. Consequently, brand focus on values shared by this aspirational HENRYs are heavily influenced by modern media to form their buying decisions. However,



## THE BRANDS USAGE OF SOCIAL MEDIA AS A PART OF THE MARKETING STRATEGY

**IMMEDIATE BRANDS USAGE OF SOCIAL MEDIA AS A PART OF THE MARKETING STRATEGY**

The interest among Millennials and Gen Z, luxury brands are increasing social media platforms to engage with young consumers. Brands need to keep their brand value intact. The future success of brands depends on how well they will be able to communicate their goods to the new generations of tech-savvy buyers. The convenience and ease of use of the digitalized platforms have led to increased usage, especially the youngest ones, to increasingly use social media.

## IMPERATIVE BRANDS USAGE OF SOCIAL MEDIA AS A PART OF THE MARKETING STRATEGY

their brand preferences. However, brand has its own distinct social media strategy. They are designed keeping in mind their traditional customers and choices. Some of these strategies include unveiling the brand on social media platforms. Others are trying to promote their brand on social media by emphasizing their aspirational characteristics and accessibility, to avoid impacting their traditional brand image. They are regularly and consistently differentiating and optimizing their content across platforms. Finally, many luxury brands are building relationships with influencers and niche bloggers, who are already well known within interested communities. Mr. Bags is already well known in China but there are many examples of luxury fashion bloggers (Gogoboi, Gabi Gregg, Jein Im, Julia) and businesswomen (Chiara Ferragni) that play a major role in promoting luxury products. (Top fashion Instagram influencers are also followed from <https://tza.com/2018/03/05/top>

their brand preferences. However, brand has its own distinct social media strategy. They are designed keeping in mind their traditional customers and choices. Some of these strategies include unveiling the brand on social media platforms. Others are trying to promote their brand on social media by emphasizing their aspirational characteristics and accessibility, to avoid impacting their traditional brand image. They are regularly and consistently differentiating and optimizing their content across platforms. Finally, many luxury brands are building relationships with influencers and niche bloggers, who are already well known within interested communities. Mr. Bags is already well known in China but there are many examples of luxury fashion bloggers (Gogoboi, Gabi Gregg, Jein Im, Julia) and businesswomen (Chiara Ferragni) that play a major role in promoting luxury products. (Top fashion Instagram influencers are also followed from <https://tza.com/2018/03/05/top>

As of January 2017, Chanel was named the most influential fashion brand on social media. Chanel employs sections of advertising, public relations, and digital marketing on Instagram, while posting the entire collection of Chanel products on Facebook. The company's content strategy is to focus on creative videos. According to theLoup, in July 2017, Chanel videos generated more than 1.5 billion views on YouTube and Facebook, more than any other brand.



# ROYAL CANAL LUXURY TO ANY PERSONAL LUXURY

HERB

## NOCTEN AND ATMOSPHERE

## SELLING AND PERSONAL LUXURY GOODS

their experiences in a luxury store based on the feelings they have during and after the store visit. These feelings are shaped by their sensory elements. The visual aspect of a store is affected by its size, and shapes, pack-aging and so on, and visual display in defining the mood that a store evokes in consumers' and their level of impact on consumers' interpretation of a store's

### RETAILING AND PERSONAL LUXURY GOODS

With the rise of other goods became prominent, there has been a wide range of retailing of luxury goods. This is as a result of the perception that e-retail has negative impact on the innate attributes of luxury brands and 'exclusivity'. Also, the sale of luxury goods relies on sensory appreciation and this factor has raised the reproduction of a prestigious atmosphere and the reproduction of luxury products online. These issues are yet to be resolved. The sensory nature of luxury goods has been particularly important for the slow adoption of e-retail by luxury consumers. This is because luxury consumers are known to appreciate luxury products when viewed physically, through the senses of sight, touch and feel. These senses are personal and psychological brand responses from luxury products such as apparel, leather goods, fragrances, cosmetics and other accessories. The online reproduction of the sensory goods retailing has been a major source of concern. Also, the conventional luxury shopping experience is based up in the store visit, the immersion within the store's atmosphere and the interaction between the customer and the store. The majority of luxury goods retailing is lacking online. The majority of luxury goods retailing cannot reproduce the level of the e-retail shopping experience lacks these sensory elements. However, there are



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## THE BIG AND PERSONAL, LUXURY GOODS

*Journal of Experiential Marketing on Brand Loyalty for Personal Luxury Goods...*



# Industry 4.0 and Future of Work

The experience affects their assessment of the current online purchasing process. If the consumers already have a positive brand experience, it affects the consumers' evaluative process and the decision to buy the product or service. At the same time, the website must satisfy consumer expectations. At the same time, the website must satisfy consumer expectations.

Online integration involving the effective streamlining of both online and offline retail channels is beneficial. Brands that adopt a multi-channel integration involving the effective streamlining of both online and offline retail channels is beneficial. Brands that adopt a multi-channel integration involving the effective streamlining of both online and offline retail channels is beneficial.

## CONCLUSION

Of the insight gained from this study, it will become clear that experiential marketing for brand loyalty that will ultimately lead to increased sales is thus profitability. Experiential marketing has for great success in the past and affect his attitude and behaviour towards the customer that lead to enjoy an experience for the customer.

Experiential marketing is a most powerful method to combine the best of both worlds into a single channel—leaving behind the traditional marketing mix without wasted reach; the motivation of promotion without the target ability of direct marketing without the social media but with real engagement. The mass connectivity of social marketing is Experiential Marketing.

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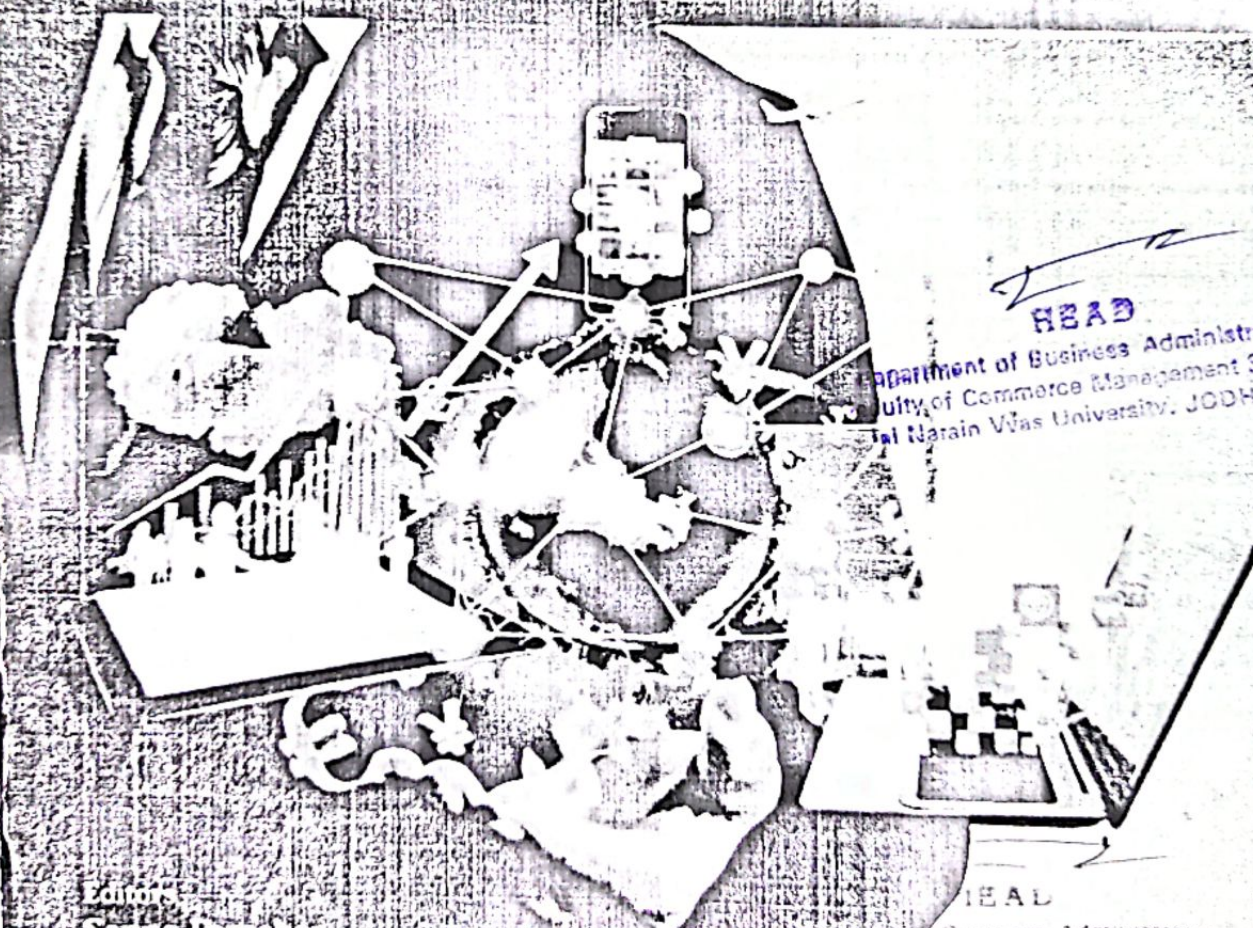
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# CUSTOMER, COMPETITION AND MARKETING STRATEGY



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# An Overview and Analysis of Ethical Issues in Marketing

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## ABSTRACT

In the area of marketing has been accused of being used for unethical motives and practices to buy products which they might not really need. But, in this process customers had become so active and vigilant that they now don't want lip service, deceptive promises and offerings. So, here the role of marketing managers increases and they have to consider ethics while pursue with the marketing goals because the purpose of marketing is customer's well-being. This paper is an attempt to throw light on the review and analysis of ethical issues in marketing and also highlights the importance of ethical practices in the field of marketing.

**Keywords:** Ethics, Ethical Practices, Ethical Issues, Marketing Ethics, Marketing, Marketing Practices and Customer

## INTRODUCTION

Ethical marketing and its relationship with the customers forms a mainstay to the big companies. Now a day, customers want careful attention and expect to be treated in a better manner. Ethical marketing addresses standards that define acceptable conduct in the market place. It is very common that all organizations face notable threat due to unethical conduct and illegal behavior from employees and managers. Marketers often use schemes that appear legal but are so ethically flawed that they result in scandals and legal entanglements. Ethical marketing means as an application of ethics into the marketing practices. Marketing ethics will assist the humankind as a whole both in short and long term. Marketing ethics have dominance on companies and their influence on their product and services in a more socially accountable manner. So, we can say that marketing ethics is considered as the implementation of ethics into the marketing practices. It is a concession to the moral principles beyond the operation and regulation. Kotler (1996) defined marketing ethics as the basic principles and values that regulate the behavior of a company that is engaged in marketing products or services to customers. Marketing ethics are the practices that foreground transparency, trustworthy, and responsible personal and organizational marketing policies and actions that manifest not only integrity but also

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business consumers as well as the other stakeholders. It says that marketing ethics describes with it, "Marketing ethics emphasizes on principle and standards that determine marketing conduct but we must focus not only on ethics, but also on regulatory and marketing issues which in turn influence business relationships."

## LITERATURE REVIEW

The historical development of ethics in marketing began in the early 20th century with consumer protection concerns. According to Sharp and Lee (1994) and "fair service" and the authors stated the principles of fair trade movement (1939) published an article entitled, "Some Theoretical Considerations on Trade Laws," one of the first articles that appeared in the *Journal of Marketing* which studied the impact of resale price maintenance on competition among members and customers, was addressed and highlighted factors in a comprehensive model which explained the variables that influence decision making and tried to determine the logical basis of ethical decision scheme to analyze these variables and provided a framework for ethical decisions in marketing decisions.

Dunfee *et al.* (1999) suggested the requirement for a normative framework in business ethics. Integrative Social Contract Theory (ISCT) that links the decisions of multiple communities and ethical judgments based on the legitimate norms can be used by all the marketers who frequently engage in cross-cultural marketing. It emphasizes the exchange relationship between the firm and its stakeholders, the right to exist and even prosper in society. This theory can be used in descriptive research in marketing ethics (Dunfee *et al.*, 1999). Gellert and Gellert and Schalk, (2012) explained the "Codes of conduct top management issues related to ethics, the moral development and philosophies of the organization for misconduct all contribute to an organization's ethical climate determines whether or not certain decisions are taken with an ethical perspective. A specific work situation is another factor that affects ethical behavior (Gellert 2003; Gellert, F., Schalk, R. 2012).

## ETHICAL VALUES IN MARKETING

There are six marketing ethics that marketers are required to follow with marketing objectives which include Honesty - Be forthright in business value and integrity by offering products of value that do what is best for the customer, Responsibility - By accepting consequences of marketing decisions striving to serve the requirements of customers as well as other stakeholders, good steward of the environment at the time of making decisions, Balance balance between buyer's needs and seller's interest in a fair manner, Tactics and sales tactics in all forms while protecting consumers trust Respect for basic human dignity of all stakeholders by listening to their needs and



Transparency - To create a spirit of transparency in marketing activities and operations by communication, disclosure of price list and terms of sale, appropriate action, and disclosing price list and terms of sale to all people as well as giveback to the community through social responsibility.

## ETHICAL MARKETING

Ethical marketing is a long standing concern and in that advertising is one of the most criticized marketing activities. Undoubtedly, some deceptive advertising practices are the very purpose for putting the advertising under scrutiny. Customer care is another crucial issue for any business in satisfying its customers. Proper customer care can create an image to the customers as the responsible firm. It takes into consideration the companies' engagement with customers and after sales service to the customers. Therefore companies should provide a value added service through their considerable services, offering an open door policy, proactive grievance and problem solving and handling request in timely and rational manner. Taking into consideration the history of marketing, it has been observed that the most of the academic researches on the issues like fair trade, anti-trust, marketing activities and consumer protection related to 4P such as unreliable products, deceptive and misleading advertising, discrimination in distribution channels.

There are increasingly adopting various packaging practices to mislead consumers which include practices relating to packing sizes are employing in order to mislead consumer into thinking that there is the availability of greater quantity of product. Providing wrongful or misleading information on the packaging of the product is misleading; among the consumers regarding the certainty of the quality of products available in the market because they mistrust the communications made by the manufacturer buyers to make use of those products. Somehow, it is also possible for companies of consumers to consider that manufacturer's procedures for handling grievances and such grievances is not up to scratch. Indicating wrongful or not the price on the packaging of the product: Unfair pricing is also considered as a deceptive pricing is the most sensitive matter to the consumers. Ethically, price should be proportional to benefit which is available by the consumers. It is asserted that people believe that price charged by the companies is not only excessive

and unfair. (2004) revealed that fairness with pricing is a crucial consideration for consumers in involving in the pro-ethical or pro-consumerist purchasing practices. Those ethical issues are also connected to various misleading pricing practices consist of price increasing, price reduction, knowingly not mentioning the price of price which affect the structure of competition in the market.

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discriminatory pricing, pricing applications of products not in accordance to the quantity or quantity basis and practicing of other misleading pricing methods. Producers emulate another's packaging in order to implet a certain product or quality of the product. On the otherhand an advertisement will be regarded as misleading or deceptive only in the case if it is feasible to expect that persons exposed to it, if advertising can be defined as "the standard that has generally relied on what a consumer would take away the product by inducing from advertisement under a situation". It would not be wrong to denote that those consumer who are misled by advertisement will be tempted to buy the advertised product and in such a way they either pay more than they should or get less than they thought.

Furthermore, the consumer's skepticism about the fairness of promotional offers can lead them to disregard ethical consideration while making decision for purchase products. These days, the practice of green marketing is also prevailing, which is to the development and distribution of those products which are ecologically safe. Organizations have growing concerns towards the environmental consumerism. (1992) stated that the consumer pro-environmental buying behavior is positively influenced by the availability of the ethical and social responsible organizations that offer eco-friendly products. Whereas, consumers' skepticism related to the environmental consumerism practice discourage them to get indulge in ethical and pro-environmental buying decisions.

## CONCLUSION AND RECOMMENDATIONS

It has become a very usual phenomenon that most of the marketers engage in the form of misconduct and their behavior have great potential to do harm and opportunity to have a very positive impact. For instance, on one side, advertisements are used for campaigning against the ills of the society and on the other side it misleads the consumer. Today, several forces are leading companies to practice ethics like changing in employee expectations, government legislation and pressure, changing business practices and consumers are becoming more sensitive to evaluate companies, products and their evaluations reflect in their purchasing decisions.

It is essential that organizations should be aware of the critical need for ethics and consider ethics as a social responsibility to which they are obligated. Therefore, companies should not only spend more time for ethical practices but also need to evaluate whether they are truly practicing ethical marketing and those marketers who have concern for stakeholders and want to build long-term relationships with their customers will have to develop sound products, pricing them competitively, making stakeholders aware of the ethical practices and make the consumers aware of their ethical issues. To conclude, it can be said that ethics will only find its place in organizations when top management makes it a priority by creating relational expectations which will work for the good of everyone and by building a context of ethical practices.

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# Corporate Management in Times of Crisis



## Corporate Management in Times of Crisis

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RUDRA PUBLISHERS AND  
DISTRIBUTORS  
C-293A, Street No. 3,  
West Karawal Nagar, New Delhi - 110094

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## Corporate Management in Times of Crisis

© Editors

First Published 2021

ISBN: - 978-81-953203-0-1

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*Published in India by*

**RUDRA PUBLISHERS & DISTRIBUTORS**

C-293A, Street No. 3, West Karawal Nagar, New Delhi - 110094

Cell : 9312442975 E-mail : rudrapublishers@yahoo.com

Printed at Research Press India New Delhi.

  
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# The Basics of Digital Marketing

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## A b s t r a c t

Digital marketing is often referred to as innovation of traditional marketing as it holds the same core values and tactics on display overcoming the problems and limited opportunities of traditional marketing. Today, no marketing strategy is complete if it does not incorporate digital strategy and expression. Understanding digital requires thinking beyond any one tool or channel, and towards an exchange of value. Digital marketing not only allows to segment audience precisely & is completely measurable but has also made communication two ways and equipped business with flexibility in approach to the clients. The scope surrounding the digital marketing world is diverse, complex, and ever-changing providing opportunities to companies to successfully targeting the preferred viewers. At the core of digital marketing is the knowledge and awareness of the macro-environment which makes up the marketplace, and the micro-environment as well. The current paper is an effort to study and understand the concept of digital marketing, the digital marketplace, its importance for the marketer, and elements of its macro and micro environment.

**Keywords:** *Digital Marketing, Digital Marketplace, Marketing, Macro-environment and Micro-environment*



## INTRODUCTION

At the base of it, digital marketing is a form of marketing which has its existence online. When it is offline, people refer to it as traditional marketing. It has provided advertisements an online platform. Many have called it an innovation of traditional marketing as it holds the same core values and tactics on display. The entire concept as well as the functionality of digital marketing has proven to be more proficient, productive, result based and has its significant differences with traditional marketing. Conventional methods allowed a business to market its product on print media, TV commercial, billboards as well as a number of other ways that did not rely on the internet for any form of promotional activity. The problem with the conventional system appeared to be the limited opportunities a business had, in terms of being able to reach the client and motivate the client enough to buy the product by means of promotional activities. However, the advent of digital marketing meant that, communication had become two ways. The medium for communicating with clients have developed significantly as businesses can now access social media to reach their clients/customers with the help of social media, emails, websites etc. It has also equipped businesses with a certain amount of flexibility in their approach to the clients.

## DO WE NEED DIGITAL MARKETING?

Beginnings can be hard, whether it is in life or while conducting business. People give their all just to receive some feedback at the end of it. The effort that peoples put behind their "all" holds a lot of power. Once an individual decides that he wants to start a business on his own, he will need to motivate himself at the starting point. Then, his business idea will be billed as a "start-up", which should not be a cause for concern as, every idea for a business initially is labelled with that tag. A very common attribute of every successful business venture is the rate at which people are easily recognizing these "brands". The path towards this "recognition" was a long journey when the conventional method of marketing was existent. However, now the path has been cut a little bit short, provided that, the business has the correct marketing strategy in its arsenal.



There was a time when online marketing was a new way of marketing. It created a new format of media for peddling goods and services. However, rapid developments have signified the rise to ascendancy of digital marketing and now, it is at the core of what businesses have become to the customer base. When it all started, it was okay for websites to run a few unfocused AdWords campaigns, but in recent times, such actions would be deemed highly inadequate. If a company does not have a dedicated marketing strategy, then, it becomes difficult for the company to gain any form of relevancy. The Internet has become tangled with every activity we are participating in and so is digital marketing.

There is no secret regarding marketing's enthralling role as a link to success and income. It has been prevalent for decades. While there are still fragments of the conventional method floating around the markets worldwide, the digital method has taken on a far more useful role which at this point, has become undeniable. There are indeed certain reasons behind such claims:

First of all, approach is vastly important in the field of marketing. Primarily, the only facet of approach to worry about is the consumer approach. In the modern system of marketing, the consumer is able to have a look at what a business is trying to do at all times. Visitors are able to visit the official webpage of any company in an effort to find out what it is doing at the moment and how it has fared so far. In addition, a couple of extra clicks will let them know about the profits a company makes along with other information such as, how many employees work in the company, are there any flaws in the company's services etc. All of it has been made accessible for the public.

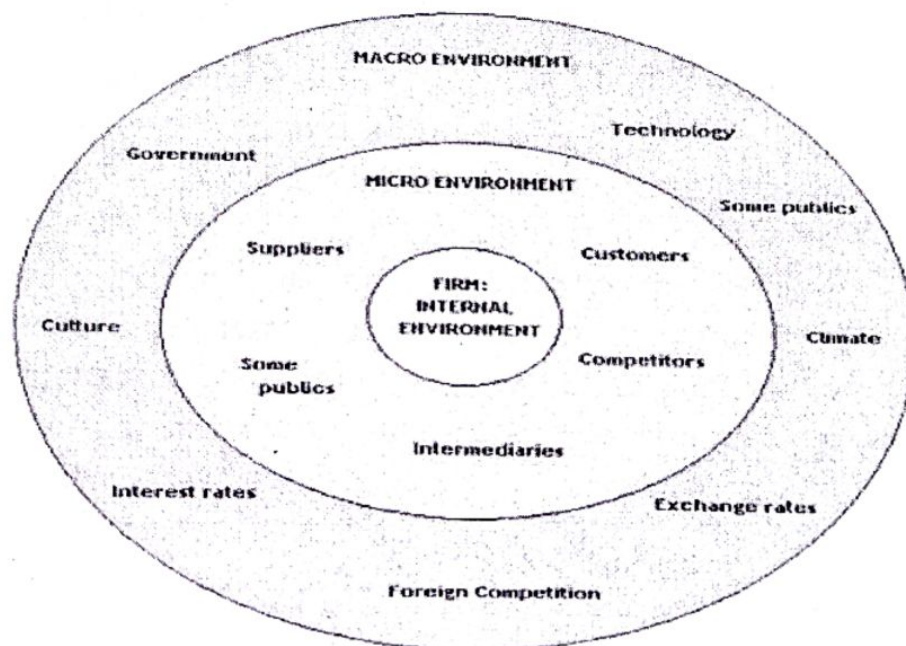
The other facet is, the approach a company has towards any individual. Given the proper set of tools, a company is able to view the habitual activities of any visitor. It will automatically provide the company a chance to manage the category of content it wants the visitor to see. The key part in this, also a marketing basics, is having a target group that the company tries attracting. However, a common problem which has been brought by visitors is, the lack of conviction they feel from the website content, meaning that they find it hard to rely on the



company. With a step-by-step guidance plan, the company can gain the trust of the visitors enough to convert them into consumers of the company's product.

### THE MACRO-ENVIRONMENT OF THE DIGITAL MARKETPLACE

The scope which surrounds the digital marketing world is diverse and complex, not to forget that it is ever-changing. The environment evolves on a constant basis, not standing still for long. Due to this, it provides opportunities in abundance to companies looking to exploit in attempts of improving their propensity of successfully targeting the preferred viewers. Implementing a marketing activity differs from that of an online marketer to an offline one. So, a company has to look at those successful strategies to target the audiences while positioning the product which is going to generate profit as well as creating brand awareness. At the core of it is the knowledge and awareness of the macro-environment which makes up the marketplace; not to forget the micro-environment as well.



### MACRO-ENVIRONMENT

There are four factors that influence the micro-environment:

1. Social
2. Technological



3. Legal/Ethical

4. Economic

**Social:** The social variables are characterized by the social constraints to internet acceptance. Such constraints often lead to a certain population as a variable for internet adoption and, eventually, in the proliferation for digital marketing in several regions. Over 60% of the global population had been offline as per reports in 2014. If the crucial disincentives to adopting the internet remain, it will not be easy for the whole world to move with the digital trend.

The time it took for the internet to grow from a growing technology to a tool that transforms the way individuals, businesses and governments communicate is hardly a generation long. Considering the influence it has on economies, internet has made worthwhile contributions to the rise of many nations' GDP as well as providing the "fuel" for the rise of innovativeness within the business industry. It does not necessarily mean that, every country has been able to harness the benefit Internet provides with a similar degree.

Spanning across a decade and a half, the global population coming online has grown in excess of 2.7 billion people. The growth has fuelled by five trends: growth in mobile-network coverage as well as the increased adoption of mobile-internet, urbanizing the countries, reduction in data-plan price, growth in middle-class economy, and finally the increase in the usefulness of internet (McKinsey & Company, 2014). Almost 75% of offline population persists in 20 countries and inordinately rural, economically disadvantaged conditions.

This population has to face four barriers for adopting internet:

The initial barrier is incentive. Even though there has been an increase in the usefulness of internet when it comes to giving access to information, and resources which improves the quality of life, a major part of the offline community do not feel any obligation nor do they feel any compelling need for going online. Within this category itself, there are significant barriers. Lacking the knowledge of the benefit of using internet is just one such barrier. On the other hand,



many within the offline community also do not wish to accept it due to certain cultural and social stigma against such an activity. There is also little value being offered in terms of producing relevant localized content and service which can attract the offline users. A prime cause for such consumer barriers comprises of a huge cost faced by content and service providers face as well as localizing apropos content including constraints in the associated business models to reach the targeted audience. In addition, there is dearth of trustworthy logistics and payment systems, which further highlights the limitations in internet use cases like e-commerce and online banking system.

The areas in discussion are predominantly filled with low income people. These regions, more or less rural, face a great deal of difficulty in bearing the huge expenses linked with providing internet access to the people. The low income is a reflection of less-than-fortunate economic circumstance of the huge segment of offline population. It also includes employment problems to go with the need for sustainable economic growth etc. There are other aspects contributing to the high cost of service for device manufacturing and network operating which is not limited to taxes and fees only but includes unfavourable market structure too.

After that, the user's capabilities have to also be taken into consideration. This sector comprises of the barriers like dearth of digital literacy which refers to having discomfort while utilizing digital technology for accessing information. Of course, a dearth of language literacy is not out of place either which stems from the scarcely resourced education system.

Finally, infrastructure itself is a cause for concern. The dearth in mobile internet coverage is a clear barrier as well as the scarcity of adjacent infrastructures like grid electricity. The prime cause of such barriers comprise of constraints in accessing international bandwidth as well as poorly developed nationwide core network and access infrastructure.

Recently, governments all over the world have recognized the huge impact which can be created once the online population increases. For achieving this feat, they have begun investing towards extending



fixed-broadband infrastructure as well as increasing the general WiFi access.

There is the issue of the internet helping the environment through the paperless transactions. It is easy to find a number of way in which the internet has rendered paper consumption outdated. Before the internet was widely diffused, many studies reckoned that, price and income elasticity of paper's demand as well as paperboard products. The price and income elasticity of demand for paper has direct link with how effective taxes are, which has been looking to decrease the negative externalities that arise from producing paper. The increase in the consumption of digital content has direct effect on the demand for printed content. With the rise of digital content, the number of printed content readers have decreased, which leads to less paper consumption (Andrés, 2014). For instance, people everywhere around the globe have switched to reading online newspapers and magazine. Other significant changes include opting for paperless bills, online advertising instead of mail advertising, using email, eBooks etc.

**Technological:** Technology has made major contributions in the daily operations of a business in the past. In modern times, businesses cannot just rely on technology for the small help like before since businesses have entered the digital environment now. The major problem for many companies has been the continual need to adapt in coherence with the changes and the rate at which technology is accelerating. Often times, companies make poor choices as well as miss huge opportunities at gaining profit is a result of not adapting to the changes and trends or, not understanding how to adapt can lead to the same outcome as well. Those missed opportunities are also at times the outcome of improper use of the social media platforms. Such outcomes are a product of decisions taken by a company regarding which social media platform they are going to try capitalizing on. Not every company and their activities are compatible with all the social media platforms, in which case it sometimes boils down to Twitter vs Instagram. The task ahead for the company is simple, it has to firmly decide which platform will benefit their cause most and which platform has to be avoided in order to save money, time and resource.



Using the social media tools to promote a product is the number one priority with regards to digital marketing.

Barring these aspects, there have been other general issues related to technology. The list includes servers being down, software complications leading to banner advertisements not loading to name a few. Besides the technological struggle, a company has to invest in buying equipment as well as services which are necessary to launch their digital marketing campaign. For instance, companies can be in need of making a short promotional video to represent their new product which really is just video marketing. In such a case, they need to have a digital camera as well as the necessary lights, other equipment to record audio. But, more importantly, they need an individual who has experience working with such tools. So, the company has to pay a studio for doing the video editing and formatting part.

**Legal/Ethical:** The law has close relation to ethics. Ethics takes the concerns of the entire society into consideration. In several incidents, it has been highlighted that, modern technology presents a big hurdle for marketing ethics. A few of those crucial topics comprise of the ownership of intellectual property, privacy and its part in the virtual world, data usage etc. Companies conducting business in the digital platform have to be mindful of some laws as well as ethical code which deals with the ethical and legal cases of digital marketing.

First of all, a company has to be aware of the data protection and privacy law. The law has to deal with an individual's fundamental right to privacy. As a part of this law, an individual will be able to access and correct the information about himself. However, the people who store the data about the individual must adhere to the data protection principles. It influences the digital marketing activities like collecting storage, usage and deleting personal info with the help of data capture forms. There is an indirect influence as well, in the form of following behaviours.

For instance, within e-commerce websites, there is use of cookies. This helps in storing personal data within two ways, one is form marketing while the other is, ad tracking. It is easy to think that, cookies are responsible for it. But, this collection of data takes place due to the



customer sending input to the website's order form, registration page, payment page as well as other forms. The data is encrypted to protect it from hackers from remote servers by means of limited interaction through a safety feature such as the secure sockets layers (SSL) verified page including other familiar network safety schemes. The cookies cannot on their own dig through the obtained information nor can they explore the computer meaning that they do adhere to the Data Protection and Privacy Law and orders.

In addition, the law also influences email and viral marketing activities. In the case of email marketing, the common scenario is that of the "tell a friend" service. As a part of this strategy, the websites invite visitors and ask them to provide a friend's email address. After that, the website sends an email to the newly acquired email address. It is not the only type of email viral marketing however, as marketers send emails, encouraging the recipient to forward the message to one of his/her friends. Such practices have generated a fair share of controversy with the marketing team that forwards the email while assuming the identity of the initial recipient. There are grounds for such a practice to be considered a serious issue as per the law. In addition, antiviruses which are installed to safeguard the computer from "malware" can also gain access to certain private information on the computer as well as another digital asset. Even smartphones are not exempt from such occurrences taking place.

The issue of privacy can be classified as both- legal and ethical. The concept cannot be put down as one or the other, in fact providing a strong definition for such a scenario has proven to be rather difficult. Few have described it as a right for being left alone or the interest of individuals deciding to safeguard their lives from any form of unwarranted interference.

This sector of digital marketing is in fact dynamic and as such, the Code of Ethics for Internet Marketing laid down by the leading American Marketing Association further provides additional guidance in an effort to direct the marketplace towards proper ethical practices (Digital Environment, 2015). The code engages in privacy issues and access including ownership problem. In case of privacy, the code has



stated that the data which has been accumulated from a customer has to be kept confidential, only to be utilized for purposes specifically related to the marketing plan. Every kind of information, chiefly private customer data, has to be protected from any unauthorized access. No matter what, the confidential data cannot be used for any personal gain or to even employ any underhanded tactics to gain profit in the marketplace.

In the case of ownership, the code has stated that, data received from an internet source must be placed under proper authorization and documentation is to be done. Information possession must be protected at all costs. Issues regarding access also deserve to be mentioned since the code expresses that marketers have to value access to accounts, password and other data with utter confidentiality while examining or disclosing content that is sanctioned by a responsible party. The ethics of another individual's information system has to be treated with respect regarding how information is placed along with advertising and spreading any other message.

There have also been controversies surrounding few of LG's Smart TVs. The TVs sent out data regarding the channels that were being watched. The case was first discovered by a UK-based IT consultant who wrote a blog post entailing the way in which his Smart TV had been dispatching data regarding the channels that he was watching (Kelion, 2013). Upon further investigation, the IT consultant specified that those TVs were uploading information regarding the content of the devices connected to the TVs

It is not always that the intellectual property laws have been followed sincerely. Rather than that, these laws have been the source of dissent not too long ago regarding what can or cannot be patented. There is a list for things that can be patented, it includes e-commerce business methods, medical care, just as much as any naturally occurred phenomena like technology-based breakthroughs.

Even though digital content has been put under the protection of copyright laws, to police the entire Web and then catch the law breakers is not as easy as it sounds. Continuing on the topic of copyright laws to safeguard the digital content, the digital rights movement (DRM)



has been the source of what can be called an “organized approach”. Development was underway in attempts to counter quick rise in online piracy of commercially marketable content.

The digital rights management is an approach that comprises of the use of technology that limits the use of copyright work and proprietary software. It has allowed publishers or authors the right of controlling what a paying user should be able to do with their work. Even companies can now implement the digital rights management system and simply disallow users the access to specific assets. This step allows companies the benefit of avoiding legal issues which are born out of unauthorized usage. In the present time, DRM has been allowed to play a growing role with respect to data security.

**Economic:** Not every country will be similar in terms of economies. While one country may be a victim of depression, as well as there is low level circulation of money; and the other is probably on its way to a huge economic boom. So, they have taken the opportunity of moving away from the target market of developing countries and taking a place at the developed economies in which, there is a higher rate of GDP as well as consumers who can understand the natural context of digital marketplace.

The classical economic theory operates with the assumption that a customer will be rational and make an informed decision regarding what product he/she will buy (Adams, 2013). Market forces move forward with this belief and engage in the production of the highest quality of goods and services which leads to meritocracy within the marketplace. In recent times, it is enough to take one look at consumer behaviour to realise that it is not the way a customer behaves. In fact, there are no rational agents who make an informed decision, rather a customer in the modern day is driven instinctively to make a buying decision on the basis of a gut feeling or a psychological bias towards a product or service. This is all a part of behaviour economics and its attempts at understanding the human behaviour.

Digital marketers are quite aware of the multiple aspects of behaviour economics. When the business optimizes the shopping cart with a large checkout button, it becomes easier for the online customer to



purchase. The marketplace has always shown straightforwardness as it ultimately has been all about trying to match the supply and demand. However, in its truest form, the marketplace is anything but simple. While eBay can be taken into consideration as the first few marketplaces to have scaled both parts of the business- buying and selling, it may not be as easy as it looks at a first glance. It allows the "sellers" post an item they want to sell and help the "buyers" discover what they seek. If you take a better look behind the scenes however, eBay has been providing "a helping hand" in determining the items that are going to surface on the basis of purchasing behaviour, price, reputation of the seller, as well as the time of the year etc. In this case, marketplace can be deemed as a complex system which is not easy to start, fix and sell (Durany, 2018).

Within the digital marketplace, most have started small- eBay began by emphasizing on collectibles, Uber was an app to share limo rides and Amazon had books. However, from the onset, they had the potential to be big and as time passed, they became very big. It has taken place because of their inherent network effect. As buyers and sellers coming in at a frequent rate, the utility part of these online platforms increased exponentially. In essence, the virtuous cycle has helped in building an engaging audience which has translated to huge business models.

While all may seem good within these digital marketplaces, it is time to question, whether they are truly beneficial to the end customers. As these platforms have dominated the digital marketplace, they have seemingly imposed excess take rates on all the transactions. For example, GroupOn has a take rate nearing thirty-eight percent even after the merchant had been asked to underwrite a fifty percent discount. This translates to a recovery from all transactions for the supplier of thirty percent. The decision in-between the value that will be withdrawn versus the value that should be withdrawn is of prime importance to build a successful marketplace business model which scales.

## THE MICRO-ENVIRONMENT OF DIGITAL MARKETPLACE

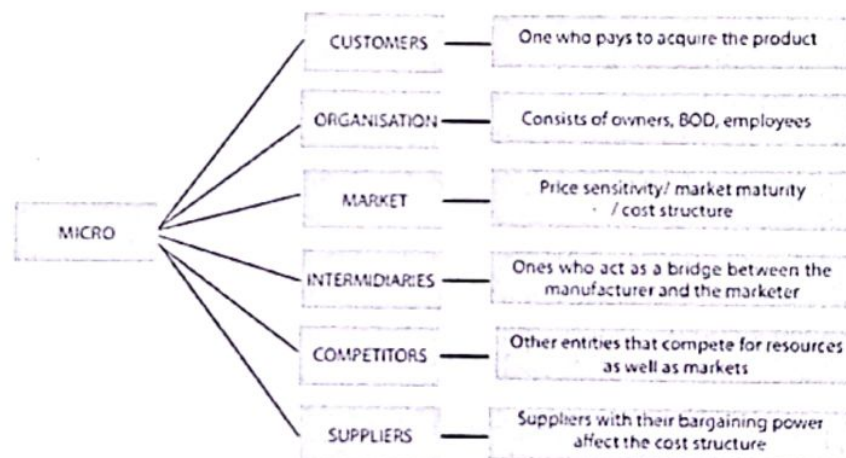
The environment in which organizations function has the power of



determining how business will be conducted. These organizations need to observe and appraise the external business environment on a constant basis. An organization has to change its activities according to the environment it is conducting business in to ensure profitability and effectiveness. So, it is necessary for the organization to completely understand the business environment before it develops a marketing strategy.

The micro-environment is linked to the immediate boundaries of the organization and has a direct influence on the organization regularly. That is why, the micro-environment is also referred to as the task environment. The organizations have to take time when monitoring and analysing every aspect of the micro-environment such as, customers, competitors etc.

The elements found within the micro-environment are:



### *Elements of micro-environment*

**Customer and Consumer:** A customer is an individual who buys an organization's products or services. To put simply, no organization will be able to survive without customers. On the other hand, a consumer is the end user of a product or service. For instance, husbands buy products specifically for their wives so, even if the husband is the customer who buys the product from the marketplace, the wife is the consumer as she is the end user for the product.

The marketplace is destined to full of competition. There are a number of sellers who sell similar products or services. The customer cannot



simply buy the same product from two different markets. First of all, the customer will look a differential factor and in the case of similar products, price plays a big role. The variations in price of a product is an influential factor in the buying decision of the customer. A market that offers a fairly affordable price for goods that the customer wants will sell its products at ease while attempting to build a strong customer relationship. Another influential factor in the buying decision process is customer service. The customer seeks, not only a good product but, proper behaviour. In the digital marketplace, it means to properly value the customer's queries regarding the product as well as providing assurance of after sale services.

The prosperous businesses keep a close eye on the customer as well as the consumer of their products or services. Companies now use demand analysis for understanding and determining the possibilities of a new business concept succeeding among the customers. In addition, a qualitative analysis is also deployed to figure out the perception of customers regarding any new product or service. Marketing communication is then developed once an assessment is performed regarding demand and perception of customers in case of a new product. The marketing communication targets certain potential customers in social media websites or through email marketing in attempts of converting them into actual customers. As mentioned previously, websites track the ways a customer navigates the web in order to fulfil the buying decision. It is far too common for customers to search the web regarding a product's description and specifications, this opportunity is taken by websites in the digital marketplace to design the website in way that is customer friendly and then approach the customers in social media websites regarding the specific product. Market segmentation is the concept used when companies divide the customers on the basis of age demographic and psychographics.

**Competitor:** Businesses have competition. This competition, primarily the competitors are organizations competing with each other to secure the market and its resources. Of course, the competitors have to be competing for a similar base of service or product. Organizations put strong emphasis on analysing the competition and



the threat each competitor presents. The competition today has taken the form of a "digital fog". Staying ahead of the competition presents another hurdle which severely influences digital marketing strategies (Amanda, 2017).

To start off, a business has to know its audience. It means investing time to analyse who the customers are to the business, what interests they have and the behaviours they show. Identifying the type of customers, a business wants to attract as well as highlighting their interests, location and behaviour have similarity with the existing customer base is crucial to converting potential customers into the actual customers.

If segmentation of customers and the probability data is completed, businesses tend to develop personalised marketing message for the audience on the basis of their preferences. It exposes them to content they deem relevant and show interest in finding out more about the business and even buy from it. Of course, it is not the only way of staying ahead of the competition. With respect to content marketing and subsequent strategies, competitor analysis is of much greater value. For this, a business has to dive deep into its competitor's content. This helps establishing the content type, tone, topic and theme that has worked for the competitor.

### **COMMERCIAL COMPETITOR VS ORGANIC CONTENT COMPETITOR**

In recent times, competition has branched out into two categories: commercial competitors and organic content competitors. A commercial competitor has meagre content in many cases while their on-page performance is not up to the mark. This can be the result of poor content strategies as well as seeding the content. These commercial competitors present hardly any challenges. The real threat presents itself in the form of organic content competitors (Derbyshire, 2017).

It is not necessary for them to be a brand or people selling the same product or offering similar services as the business. Rather than that, they are competitors who write the content which is being sought by a business' target audience. They also look to provide genuine



information regarding a product or service which can make the target audience question their own intention of buying products or services from said business organization.

The question in such instances for a business is, should it look into that organic content? To point out precisely, the business has to look into it to figure out the way in which the content creator is engaging his/her audience and then direct their energy to "reinvent the wheel". Now it is time to emulate that content creator's work but, the trick is to make the content grander for the customer. In this way, businesses can produce content that diverts the attention of customers away from the competition and in turn, sheds light on their own product.

Competitor analysis is also dependent on the objectives such as, engagement metric. For that topic, researching website reach metrics is a good way to begin proceedings.

The ultimate question still remains unanswered, who is the organic competitor to your business? Well, before starting, it is vital to remember that, competitor analysis requires two factors to be covered. These two factors are:

**Keyword research:** It is a complete list of the keywords primarily needed for competitor analysis. Keywords are the words a user places on the search box. With respect to performance, it is one that can have the most impact and if research is conducted properly, will land a business' content on the first page or basically, Google will rank it number one. The keyword research has to catch all the keywords which relate to a business. The competitor's keywords may contain words which are hardly relevant to a business.

The parameters have to be set in a proper manner after which, the business is going to have its hands full with the list of keywords that have clear importance to the competitor. At the time of writing the content, it is vital to keep in mind the keyword difficulty. Generally, when content is being created, businesses have to come up with keywords that they will put their focus on. The keywords do not have to be common yet, they cannot also be too difficult for users to find online. If the search term is hard, there is a high chance that users will



not type those words in the search box for the product or service they desire. In that case, businesses have to look out for the "search volume" of their keywords. Search volume refers to the number of times any keyword has been searched in the past month. It will determine the popularity or the demand of the said keyword and product.

Next, it is very important to fix whether a keyword has commercial value or informational intent. It is going to help understand what works well for the competitor with respect to category, product and blog pages.

After collecting all the necessary data, it is imperative to identify the aspect in which the competitor has been excelling. Now the business has to address a few issues:

- What is the number of links for every URL ignoring the domain level?
- The difference in the quality of content- to target keywords with Meta titles.
- How is the brand different from the competitor?
- Is the website suitable for the purpose?

Once these questions have been answered, the business will have a clearer idea of what needs to be done to compete with the rivals.

Next in line are the audiences and their insights.

**Audience insight:** The first task which has to be completed is not actually competitor analysis but, having a clear view of the audience a business is targeting. To be more specific, what is the audience's micro-moment and what provides the pain point? Keeping a decent knowledge of the audience lets a business secure advantage over its competitor.

Now, the business has to process and find out, who is the real competitor. The process starts when you type some main words into internet and explore the websites which have been ranked at the top. Are these websites answering the question that the business' target audience is going to ask a search engine? Have sites A and



B appeared in the top four spots for nearly every keyword that has been researched? If the answer is positive, then those websites are the business' original competition.

**Organization:** Within the micro-environment, the organization or business itself has to put under self-evaluation. It has to be aware of its own strength, weakness, objectives, the goal of the business as well as the accessibility of the resources (toppe, n.d.). There is a list of elements within the organization which influences its performances:

- **Owners:** It is a group of people or even a single person having majority of the shares within the organization and have vested interest in the well-being of the organization.
- **Board of directors:** They are elected by the shareholders. They are tasked with overseeing the basic management of the organization as well as conducting activities to meet the shareholders' interests. The directors have to attend board meetings, assess the performances of the management, look after the major decision-making processes, make stock-option policy etc.
- **Employees:** They are the individuals working for the organization. Key contributions coming from the employees are always directly proportional to the success. Whether the employees deal directly with the customers or not, their contributions cannot be denied. Proper management of employee performance results in the increase of profits while the sales goals are met on a constant basis. If the business is structured as such that, employees must deal with the customer in real time then, there are a number of ways by which employee performance can influence the profit. For instance, creating a positive impression on the first meeting with the customers have always benefited the business in terms of sales. It is even more in effect when it comes to large sales like automobile and home improvement. If the employees fail to meet the company standards, it directly impacts the company's reputation and not in a positive manner. Of course, productiveness of an employee will also create an impact on the good fortunes of the



organization. It also consists of a ripple effect predominantly within the workplace. Employees who show consistency in terms of productivity are able to set the standards within the workplace as well as uplift the morale of their colleagues.

**Market:** It is a lot more than the sum of every customer. In this case, digital marketing comprises of the usage of internet, mobile device, social media, search engines as well as other mediums for reaching customers. Experts in the field of marketing have considered digital marketing as a completely new venture which is in need of a new way to approach customers and new ways to understand how customer behaves in comparison with the conventional methods of marketing (Barone, 2019).

Digital marketing operates by targeting a certain portion of the customer base and interacts with them. It has begun rising and comprises of search result ads, email ads as well as promoted tweets. In short, it will incorporate marketing with customer feedback and even two-way interactions between the company and the customer.

Online marketing is not the same as the digital one. Internet marketing are the advertising activities executed on the Internet only. On the other hand, digital marketing takes place over telephones, within video games or even through a smartphone app.

The language of digital marketing refers to people working with advertising as sources. The members of the targeted ad are generally referred to as "receivers". In which case, the sources are constantly targeting well-defined receivers.

Digital marketing operates on a few mediums, such as:

- **Website marketing:** Websites are at the core of digital marketing and all of its activities. On its own, a website holds a lot of power, however it also has to act as the medium necessary for executing a range of online marketing crusades. Websites exist as the representatives of brands, products and services in a clear way. They obviously have to be fast, easy to use and have to suit mobile devices.



- **Pay-Per-Click Advertising:** This form of advertising exists to empower businesses in attempts of reaching the internet users on numerous digital platforms based on paid ads. PPC campaign can be set up on Google, Bing, LinkedIn, Twitter, Facebook etc. that show the ads to individuals who search for terms which have a connection to a business' product or service. These campaigns utilize market segmentation on the basis of demographic features (age, gender etc.) as well as the internet user's specific interests and location. Facebook and Google Ads have been the most suitable platform for these PPC campaigns.
- **Content Marketing:** Through this form of marketing, the business tries to reach possible customers by using content. Content is generally produced on websites and promotions are performed via social media, email marketing, SEO as well as PPC campaigns. Content marketing tools comprise of blogs, e-book, online course, infographics, podcast etc.
- **Email Marketing:** Emails are still very effective as a digital marketing channel. A lot of people often become confused between email marketing and spam messages that they receive throughout the day. However, email marketing is a channel for connecting with possible customers or individuals who show interest specifically in your brand. Often times, a digital marketer will use every other digital marketing channel in order to add more email addresses to the list and then, with the help of email marketing, a customer acquisition funnel is created to convert the leads into customers.
- **Social Media Marketing:** From the onset, the main goal of this form of marketing is to create and raise brand awareness while it also establishes social trust on the go. However, if you delve deeper into the format, it is evident that this form of marketing is also used for creating leads as well as being direct sales medium.
- **Affiliate Marketing:** While it is new to many people primarily because of the new life that has been sparked by the internet, it is in fact one of the most traditional forms of marketing. As a part of affiliate marketing, individuals are told to promote



a brand's product in exchange of commissions each time that product is sold or even introduce a new lead.

- **Video Marketing:** People now seek advice in YouTube through form of videos as part of the buying decision process. It has in turn increased the popularity of the platform and put it in second place as a search engine. Of course, video marketing is now available in Facebook, Instagram, Vimeo to construct campaigns. Companies have been successful on majority of the occasions when they integrated their videos with SEO, content marketing, not to forget- social media marketing campaign.
- **SMS Messages:** In politics, parties and their representatives make use of this technique to send positive information about their chosen candidate and negative information regarding the opposition.

The digital marketplace presents its purveyor with unique hurdles. The digital mediums have been multiplying on a rapid scale. As such, marketers need to stay alert regarding how these mediums operate, the way they are utilized by the receivers and how the mediums have to be used for marketing products in an effective manner. To add to that, catching the receiver's attention has become harder than before as they have become preoccupied with the competitor's ads more than before. Data analysis currently requires much effort from the marketers after which, the information obtained has to be exploited. Digital marketers are continually tested as they have to capture data and use it in an effective manner. This fact has further highlighted just how much marketers are in need of a new approach to marketing on the basis of newer understandings of consumer behaviour.

**Supplier:** It is the next facet of the micro-environment which has to be scrutinized. Suppliers are people who are tasked with delivering the raw materials which a business needs to carry on with their regular activities like manufacturing and production of goods. Alibaba is the world's leading example of an online supplier. Since its beginning in 1999, Alibaba is now the name of one of largest e-commerce websites worldwide (DGTL, 2016). It is common knowledge that, China- its host country has a population of 1.411 billion but, even after having



a gigantic customer base, Alibaba has been able to supply goods all over the world. There are of course, certain facets of Alibaba's service which makes it a role model for suppliers in the digital marketplace. These are:

- **Understands Customer Behaviour:** A lot of people have speculated that Alibaba does not have an inventory and while such a move can cut down costs, it becomes impossible to respond to the continuous demands of the customers without an inventory. In that case, it becomes the issue of an entirely separate business model and is dependent on how the company is going to execute its strategies. With Alibaba however, they have a clear idea about the customer's buying behaviours. The fact that Chinese people have a tendency of bargaining is well known. Hence, Alibaba has created an environment in which customers can shop in their usual manners emulating real life. They have built a chatting system for customers to ask the vendors for some discounts resulting in customer satisfaction.
- **Delivering satisfactory service:** "Xiaoer" has made significant contributions to the success of Alibaba. It is a team that represents the customer service department and are tasked with mediating all forms of dispute. In addition, they can even manage and control the performances of the vendors while inviting the highest performing vendors to take part in any new marketing campaign.
- **Setting up logistics partnership:** In a country as big as China, not all the regions have developed at the same rate. So, Alibaba has to resort to third party logistics suppliers. Alibaba initially used private couriers for in-service regions and China Post for deliver products at the countryside.
- **Goal setting and prioritizing:** Companies all over the world focus on the outcomes but, Alibaba takes another approach entirely. There will be employees who set the standard for work rate within the company and as such will be duly rewarded. However, Alibaba has encouraged its' employee base to fix achievable goals and analyse the entire process so that, the



employees get a result all through the week.

- **Rotating employees:** Employees are encouraged to rotate the work between all the business units and branches on a frequent basis. Alibaba hopes that it will improve the overall coordinating skills of the employees.

**Marketing Intermediaries:** They are the firms which help companies in promoting, selling, distributing their products and services. Intermediaries within the digital marketplace are a number of transitional organizations existing primarily in the market, managing trades between the producers, consumers as well as their data, product, service resulting in a very convenient and cheap organization. In this day and age, companies can easily set up shops consisting of an e-commerce website and this idea tempts the small business organizations to remove the intermediaries which may result in profit maximization. If the business is scaling, then such a step results in more logistics work as well as customer support. If a customer does not buy a product straight from the company that has manufactured it then, one or more intermediaries facilitate the sales and are mostly known as the "middlemen". In the conventional physical market, intermediaries act as brokers and facilitate market transaction through intermediation services. Four types of marketing intermediaries exist in the marketplace:

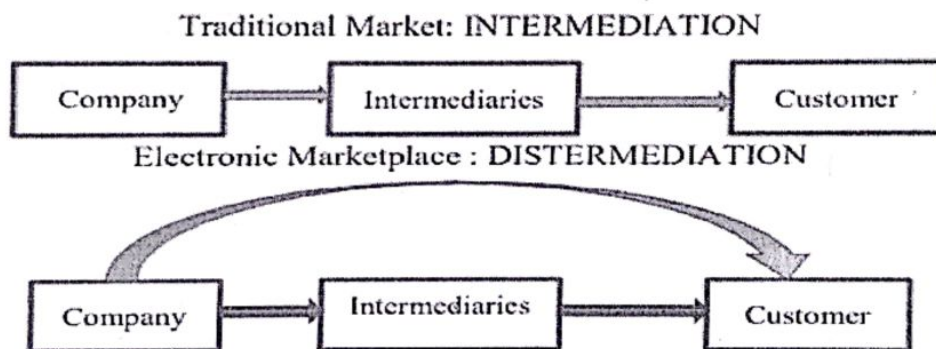
1. **Agents and Broker:** Real estate transactions bring out the best in agents and brokers as intermediaries. Agents provide services as an intermediary on a regular basis between the buyer and the seller whereas, brokers perform the activity only temporarily. They are both paid through the commissions after every sale and cannot assume the ownership of the good being sold.
2. **Merchant wholesaler:** A wholesaler is one who buys products from a manufacturer in bulk and then resells them to a retailer. Few of them can be found in possession of a wide range of different products. Some of them conduct cash-and-carry outlets and online inventory to their customer base.
3. **Distributor:** A distributor does not buy products from the manufacturer rather, fasten the sales between a manufacturer



and a retailer or other forms of business. Their payments can be processed as commissions much like a broker.

**Retailer:** If a customer does not buy a product from the company that manufactures the product, then he/she is buying it from a retailer. It consists of corner stores, shopping malls and e-commerce websites. The retailer buys the product straight from the producer and also from other intermediaries. There are markets in which the retailer stocks items and pay for the items once a sale is made, it is a common scenario for majority of bookstores.

Intermediation services create value which can be decreased as soon as a relationship shifts to the digital marketplace. To precisely put it, the digital marketplace is in no need of the services linked with the matching of a customer with the supplier in a physical space. Rather, matching customers and suppliers has become easier due to the information infrastructure that, there is no need of an intermediary at all.



As illustrated in the figure above, the relationship between a company and its customer base undergo dramatic changes due to the opportunities created by the internet. In the digital marketplace, it is very easy to bypass the middlemen so much so that, the whole process has been called disintermediation (George M. Giaglis). It refers to the ousting of intermediaries like a broker or a distributor who would make the formal connection between a company and its customer base. This disintermediation topic puts much emphasis on the expenses that have to be carried due to the active participation of the intermediaries. It does not consider the values that an intermediary adds.



There are a number of markets which relied on intermediaries and with the advent of the digital marketplace, the disintermediation process was expected to turn out in a different way:

- **Publishing markets:** Before the rise of internet, books would be sold by physical retailers acting as intermediaries in the old market system. When the books were being moved to the internet, the initial hypothesis was that, conventional retailers would be substituted by electronic retailers. More than that, wholesalers and publishers were expected to gain straight access to the customer through the internet. It was supposed to change the foundation of the publishing value chain on a fundamental level.
- **Music market:** In the old market system, intermediaries used to sell music which matched the customer's interests with what the record company had to offer. As digital marketplace began taking shape, the initial hypothesis was that, record companies would shift towards direct sales as the expenditures linked to electronic distribution of a digital product can be very meagre.

Advancements in IT coupled with the development of the digital marketplace have reduced the transaction cost of such processes. Now, a business is now capable of internalizing activities bought from an intermediary within the old market system.

The trend of aggregation and disaggregation has provided manufacturers a chance to use the features of information-rich products for bundling or unbundling a product offering while they maintain a very adjustable product mix. Digital marketplaces evaluated the cost structure of the bundle product offering and had reinforced the functions of an intermediary while encouraging newer versions of intermediaries to enter the digital market. The modern intermediaries have created utility through aggregation of products and services which were conventionally offered by distinct industries.

Then again, lower cost of transactions, distribution and the cost of maintaining a product mix in the digital marketplace is the probable reason for manufacturers to disaggregate products. Instead, they have chosen to employ direct sales strategies, in turn, the intermediaries



have once again been bypassed.

It is hard to tell if the digital marketplace has reached a matured state. So, it is not possible to predict the future of digital marketing and since, it is subject to change, the market structure cannot also be determined with certainty. But, the only apparent thing thus far has been the termination of intermediaries and even that, did not match the initial hypothesis. The dynamics of the digital market structure and its subsequent restructuring have been the cause of termination for many intermediaries. However, it is not completely out of question to relocate the marketing intermediaries in some form to another relevant position.

To fully understand the part and position of a marketing intermediary is a must if one wishes to understand the economic efficiency of the digital marketplace.

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**NEW DELHI -110094 (INDIA)**



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First Published 2021

ISBN: - 978-81-952552-2-6

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Published by



**RUDRA PUBLISHERS & DISTRIBUTORS**

C-293A, Street No. 3, West Karawal Nagar, New Delhi - 110094

Mo. : 9312442975 E-mail : rudrapublishers@yahoo.com

Printed at Research Press India New Delhi.

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# ORGANIZATIONAL CITIZENSHIP BEHAVIOR: A CONCEPTUAL FRAMEWORK

Dr. Ashish Mathur<sup>1</sup>  
Dr. Bhawana Bohra<sup>2</sup>

## ABSTRACT

The concept of Organizational Citizenship Behaviour (OCB) has been around for several years and has been an area of constant interest and research by several scholars. OCB is a voluntary behaviour of an employee in which he goes some extra miles for his organization. These are those belief systems that money cannot buy and if identified and managed precisely, can lead to the great success of the organization. This paper focuses on the conceptual framework of organizational citizenship behaviour by throwing light on its dimensions, antecedents and consequences.

**Keywords:** Organizational Citizenship Behaviour, Dimensions, Motives, Antecedents, Consequences.

## Introduction

The concept of Organizational Citizenship Behaviour (OCB) has been around for several years and has been an area of constant interest and research by several scholars. OCB is a voluntary behaviour of an employee in which he goes some extra miles for his organization i.e.

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he contributes (voluntarily without keeping any longing for the reward) to the organization's objective by going out of the call of the duty. Organ has termed it as good soldier syndrome.

It has carved an important place among researchers because it plays a pivotal role in generating positive organizational outcomes such as employee retention, reduced absenteeism, reduced conflict etc.

In the current cut throat competitive environment the only way to survive for an organization is to have a competitive edge over its competitors & for achieving such an edge organizations are looking forward for such employees who can go an extra mile for achieving company's objectives & who do not restrict themselves in the castle of job description.

OCB is one of the most powerful weapon by which various roadblocks in the way to achieve competitive advantage can be easily overcome and employees can be directed toward organizational goal.

In an Organization employee behaviour mainly consists of:

- **In role behaviour:** In role behaviour is the behaviour that an employer expects from his employee, which primarily means that the employee is following and complying with the standard procedures and norms of the organization.
- **Extra role behaviour:** Extra role behaviour can be defined as a behaviour that goes beyond the boundaries of standard work description and in absence of the same no organization can flourish. Denis Organ has termed this extra role behaviour as OCB, which he defines as the voluntary behaviour of individuals, which is not acknowledged by means of any official compensation package or reward. In sum it only helps in smooth and productive functioning of the organization. Voluntary

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behaviour is that behaviour which is not a part of the work description but purely voluntary on part of employee.

Rather, the behaviour involves some degree of personal choice, such that the person will not be punished if he or she chooses not to engage in the behaviour.

As per Podsakoff, Mackenzie, Paine & Bachrach (2000): Employees provide organization with unique human resource capabilities that can create competitive advantage & OCB is one such way that may help organizations to avail such advantage.

OCB has a very strong impact on individual & organizational performance. It affects effectiveness & efficiency of the workers and organization which in turn act as a determining factor for overall functioning of the organization.

Study of OCB helps manager to understand the variables which evoke an individual to contribute to the objective of company that to by going out of the call of the duty and which lead to such an organizational culture that nurture such antecedents of extra role behaviour that can help an organization achieving competitive advantage over the other players of the same industry.

The scope of OCB is quite far reaching. The employees who believe in OCB are those who have an eye out for the company's best interest at all times. They can take many forms such as:

1. **Assisting coworkers:** An employee takes out time to help another employee to get their work done, as they know it is important to the company & other employees.
2. **Working for the future:** Those who practice OCB believe there will be rewards down the lane & do not focus on short term rather they focus on long term.
3. **A company representative:** Employee represents their company even after office hours & has no problem talking to others about their company. They are not on



the work but they take the company with them wherever they go.

### Motives of OCB

Several studies conducted around OCB revealed that there are numerous motives for an employee to engage in OCB. Three major motives have been observed by Rioux and Penner (2001) for engagement by employees in OCB, which can be summarized as follows:

- **Impression Management:** It refers to a practice of workers towards creating an favorable reputation for themselves so that they may be able to take benefits and avert unfavorable perception of them. Bowler and Brass in their study identified that workers belonging to the lower cadre usually employ these tactics in order to get attention from the top brass in the company. The workers of higher cadre as unlikely to extend their support to these workers of lower cadre. The workers who are involved in these types of behaviours normally lead their behaviour towards individuals rather than the company primarily because the lead of their behaviour towards the individual is more noticeable. Bolino (1999) in his study concluded that employees who are driven by impression management are more and more inclined towards engaging an altruistic behaviour.
- **Pro-Social Values:** These values originate from a desire to be helpful. People who get engaged in OCB due to pro-social values are genuinely concerned with welfare of others.
- **Organizational Concern:** This concept is based on the theory of social exchange. The Social Exchange theory is of the opinion that workers practice OCB because the company has not only provided with an opportunity to work with the company but also a recognition & honor in the society together with good standard of living. Due



to these reasons a worker feels obligated and attempts to return back the favor by participating & practicing OCB.

### Dimensions

Organ, Smith & Near (1983) interviewed a sample of managers and identified two types of OCB. The first called Altruism & second generalized compliance.

A few year later organ (1988) proposed an expanded categorization of OCB including: Altruism, Conscientiousness, Sportsmanship, courtesy & Civic virtue. This was later used by Podsakoff, Mackenzie, Moorman & Fetter (1990). These are as follows:-

- **Altruism:** In literal meaning the term altruism signifies providing support or help to someone. When a new employees joins the organization or when we are providing assistance or support to our co-worker who has been overburdened with work or assisting some other employees or co-workers in the organization with their task or work, then it refers to altruism.
- **Conscientiousness:** It had been defined by Organ (1988) as the devotion by employee towards his work which the formal work requirements. For example when an employee is putting in more hours towards the work or is volunteering to perform other tasks than his normal work requirements or is working for longer periods of the day then normally required or not taking any extra breaks in work as examples of conscientiousness. Podsakoff & Mackenzie (1977) observed that when a worker requires minimal supervision and acts in a responsible manner than that worker is highly conscientious.
- **Sportsmanship:** It refers to the readiness of an employee to accept the unavoidable troubles and restrictions at work with no complain what-so-ever about the hardships at the worksite and adopting an uplifting and accommodating behavior towards the challenges at work.



This behaviour results in preserving the organization's time and resources towards the completion of work tasks and assists managerial team to be relaxed & relieved from superfluous pressure.

- **Courtesy:** It refers to an action which averts personal and social issues from happening. It can be illustrated with help of example like an employee is consulted prior to initiating any action against them that could impact the employee or the employee is provided with an advance notice of the plan of work to the employee who is in need of the same. Organ (1977) deliberated that in order to avoid or avert formation of any issues for the co-workers, courtesy is exhibited. Therefore, we can conclude that courtesy is the behaviour that helps to ward off actions which could needlessly make co-workers work extra hard.
- **Civic Virtue:** It can be referred to the participation of the sub-ordinate employees in the political activities of the company and assisting in the operational task of the company. Therefore we can summarize it as an behaviour of individuals which shows that the workers not only honestly take an active part but are fully associated and worried of the existence of the organization.

### Antecedents

In the early days, the researchers primarily highlighted the antecedents of OCB as the attitude of the workers, support extended by the leaders and the management of situations. But as the research on OCB has progressed, several new variables have been discovered and investigated to discover and decide on the antecedents of OCB. Some of the most frequently and ordinarily studied antecedents of OCB include:

- Leadership Behaviour
- Organizational Commitment

  
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- Job Satisfaction
- Task Characteristics
- Perception of Organizational Justice
- Personality Characteristics etc.

The above stated antecedents have been evaluated and investigated for testing the OCB level at individual personal level and at overall organizational level too.

Job satisfaction is perhaps the most apparent antecedent of OCB. A study was conducted by Organ & Ryan (1995) with a meta-analysis of multiple (around about 28) studies and concluded that there is a moderate connection among OCB and job satisfaction. Although this connection was found to be more significant among in-role performance and job satisfaction. The study further concluded that other attitudinal measures which include like to leaders co-operation, commitment towards the organization and perception of fairness etc had similar level of association with OCB as the satisfaction level.

Podsakoff, Mackenzie, Paine, Bachrach (2000) in its study concluded that some of the antecedents of OCB like attributes of personality, dutifulness, affability, attachment either positive or negative are more important as the antecedents of OCB.

Organ (2006) in his study found out that there is more substantial association among the conscientiousness as one of the agreement aspect of OCB. However, in the study conduct by Organ & Ryan (1995), it was established that personality measurements have been found to be weak OCB predictors when they are contrasted with other predictors like attitudinal predictors.

In the study of Todd and Kent (2006), it was found that characteristics of task namely routine feedback and inherent contentment are highly associated to sportsmanship, altruism, civic virtue, courtesy and conscientiousness. Significant relationship was established amongst OCB and



routine tasks. Although through characteristics of task OCB can be anticipated, there exist several questions as to whether there is a direct influence or a link mediated by work satisfaction.

Leadership behaviour was also established as one of the major anticipators of OCB, which can be classified into the following four groups viz.

- Path-Goal Theory of Leadership connected behaviour
- Leader-Member-Exchange Theory connected behaviour
- Transactional Leadership Behaviour
- Transformational Leadership Behaviour

Among these types of behaviours transformational leadership behaviour (which primarily includes, intellectual provocation, vision articulation, significant output anticipation, supply of a suitable model & promoting consent of collective objectives) has been found to have considerable positive association with the dimensions of OCB as explained by Organ.

As for the transactional leadership behaviour (which primarily includes two types of behaviour namely non-contingent punishment and contingent reward) too has been found to have considerable positive association with the dimensions of OCB as explained by Organ. OCB has also been found to have positive association with both the path goal theory facets (namely leader-role clarification and supportive leadership).

Additionally, Podsakoff (2000) too concluded in his study that altruism and comprehensive combined parts of OCB has an positive association with the leader member exchange.

### Consequences of OCB

- **Employee retention-** Employee retention has always been an important issue for top management. Few

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studies have revealed that OCB dimensions like altruism & sportsmanship, courtesy always help in creating a positive work environment. By altruism employees help in creating a positive work environment. By altruism employee help each other & by sportsmanship they avoid conflict & help in creating such a climate that helps in attracting & retaining employees.

- **Job satisfaction:** It is related to the assessment of satisfaction of the workers with their task. The studies of Chughtai & Zafar (2006) and Kalid & Ali (2005) concluded that by way of courtesy and altruism, strong mutual connections can be formed and conscientious behaviour permits leaders to assign additional tasks to the workers and would result in enhancing work contentment.
- **Absenteeism:** Absenteeism refers to the absence from job without information. Various studies (Chughtai & Zafar, 2006; Khalid & Ali, 2005; Meyer & Colleagues, 1997) supported that OCB leads to less absenteeism. Dimension like civic virtue & conscientiousness are helpful in reducing absenteeism. Hence negative relation exists between absenteeism and OCB.
- **Work-Family Conflict:** When a worker starts to devote more time towards his work and stays for longer durations due to OCB, many a times leads to conflicts in the family. But these types of conflicts in work and family are positively connected.
- **Role Overload:** This primarily happens when the requirements from the position surpass the means and duration available for the fulfilment. When a worker performs specific tasks outside of the work assigned, then the worker is required to invest additional hours into his work leading to the ignorance of the family. Therefore, it can be concluded that high OCB level is positively connected to the overburden of work and thereby resulting conflicts in the family.



### Advantages of OCB

- **A Sense of Purpose:** OCB helps the workers to recognize their own importance for the organization and perceive oneself as a necessary component of the organization. It makes the workers have a feeling of importance. This feeling of importance leads them to put in more efforts leading to the higher output.
- **More liberty in work:** OCB permits the workers to sense that they are having higher autonomy over the task they are performing and have liberty in deciding the way they want to do it. It also provides the workers with an chance to make decision as to when and where they want to invest more time and the way they want to achieve the task.
- **Sense of Vigor:** When a worker develops a feeling that they are positively contributing for the company or their co-workers, it reduces the sense of fatigue. This newfound energy helps the workers to become more positive. This helps the workers to re-energize themselves and have a renewed sense of purpose in order to help them take work forward so that the company goals are achieved.
- **Increased Job Performance:** OCB has contributed towards greater work performance, leading to higher productivity for the workers and increase in the quality of work performed. It has further benefitted with stronger interpersonal connections, lesser conflicts and lowered time costs.
- **Lesser conflicts:** OCB increases interpersonal relationship and reduces conflict and hence provide more output in less input.

### Disadvantages of OCB

There are not many disadvantages of OCB. Majority of authors and scholars are of the opinion that these behaviours provide both the workers and the organization



with a series of advantages. But there are also a group of authors and scholars who have highlighted the negative sides of the concept of OCB. They believe that OCB leads to several stress related to work and also several work-life balance issues occur. Originally the behaviours which were treated to be voluntary have slowly mandated to become a part of the position and take away the aspect of OCB which can lead to increased engagement.

## Conclusion

Although the concept of Organizational Citizenship Behaviour (OCB) has been studied with interest by various academic scholars and managerial staff from industry but still there is an scope for further dwell into the concept. In our paper we have tried to bring down the various concepts of OCB together with its upsides and downsides which will further help the scholars to carry forward the research.

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# Emerging Trends in Commerce and Management

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First Published 2021

ISBN: - 978-81-952502-2-6

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*Published by*



**RUDRA PUBLISHERS & DISTRIBUTORS**

C-293A, Street No. 3, West Karawal Nagar, New Delhi - 110094

Mob. : 9312442975 E-mail : rudrapublishers@yahoo.com

Printed at Research Press India New Delhi.

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## A PEEP INTO THE GLOBAL RECESSION OF 2008 AND ITS IMPACTS ON INDIA

Dr. Vandana Yadav<sup>1</sup>

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### ABSTRACT

Even if the financial crisis of 2008 did not send the world back to the 1930s, it turned economic growth into contraction in many countries and slowed expansion practically everywhere. The ripple effects of the financial crisis ranged far beyond the financial. Most of the major industrial democracies adopted government programmes designed to awaken their slumbering economies, the US package was the biggest. The U.S. housing market was the domino that, due to its fall, toppled many of the world's economies and led the world into depression. Most of the developed countries that had close financial and trade relations with the US suffered. But, the dynamic economies of Asia were well positioned, and the large economies like India, Indonesia and China escaped relatively unscathed.

**Keywords:** Globalization, Economy, Recession, institutions, GDP

### Introduction

An economy which grows over a period of time tends to slow down in the growth as a part of the normal economic cycle. An economy typically expands for 6-10 years and

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tends to go into a recession for about 6 months to 2 years. A recession is a decline in a country's gross domestic product (GDP) growth for two or more consecutive quarters of a year. A recession is also preceded by several quarters of slowing down. A recession normally takes place when consumers lose confidence in the growth of and spend less. This leads to a decreased demand for goods and services, which in turn leads to a decrease in production, lay-offs and a sharp rise in unemployment. Investors spend less as they fear stock values will fall and thus stock markets fall on negative sentiments.

The U.S. based National Bureau of Economic Research (NBER) defines economic recession as: "a significant decline in the economic activity spread across the economy, lasting more than a few months, normally visible in the real GDP growth, real personal income, employment, industrial production, and wholesale-retail sales." A recession is characterised by rising unemployment, increase in government borrowing, decrease of share and stock prices, and falling investment. All of these characteristics have effects on people. In macroeconomics, a recession is a decline in a country's gross domestic product (GDP), or negative real economic growth, for two or more successive quarters of a year. An alternative, less accepted definition of recession is a downward trend in the rate of actual GDP growth as promoted by the business-cycle dating committee of the National Bureau of Economic Research. The private organization defines a recession more ambiguously as "a significant decline in economic activity spread across the economy, lasting more than a few months." A recession has many attributes that can occur simultaneously and can include decline in coincident measures of activity such as employment, investment, and corporate profits. A severe or prolonged recession is referred to as economic depression.

Some recessions have been anticipated by stock market declines. In stocks for the long run, Siegel mentions that



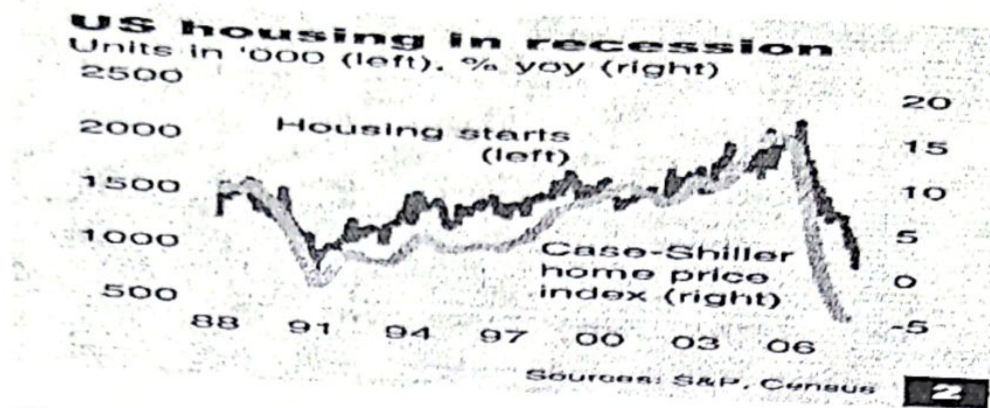
since 1948, ten recessions were preceded by a stock market declines, by a lead time of 0 to 13 months (average 5.7 months). It should be noted that ten stock market declines of greater 10% in the DJIA were not followed by a recession. The real -estate market also usually weakens before a recession. However real -estate declines can last much longer than recession.

### U.S. Experience

The reason we are in a major slowdown centers on U.S. consumers, who drive the economy. Through the past six years till beginning of recession has been the most maniacal spending machine the world has ever seen. Stock- market wobbles, rising interest rates, staggering personal debt, war, floods, hurricanes nothing could slow them down. That was mainly because the value of their largest asset, housing, kept going up, and because they were confident about their jobs. As long as their home equity looked like a piggy bank and their paychecks looked solid, they just kept buying, and America's engine just kept turning. The default on sub-prime mortgages (home loan default) have led to a major crisis in the U.S. Sub prime is a high risk debt offered to people with poor credit worthiness or unstable incomes. Major banks have landed in trouble after people could not pay back loans. The housing market soared on the back of easy availability of loans. The realty sector boomed but could not sustain the momentum for long, and it collapsed under the gargantuan weight of crippling loan defaults. Foreclosures spread like wildfire putting the US economy on shaky ground. This, coupled with rising oil prices at \$100 a barrel, slowed down the growth of the economy.

  
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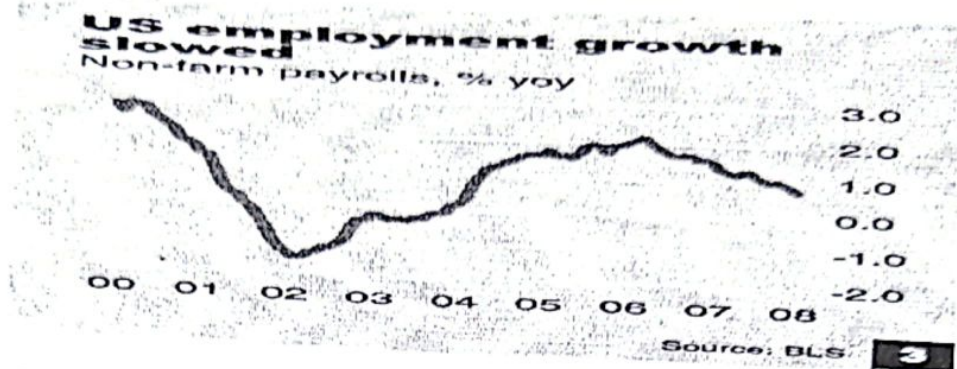


The relation of this with globalization is also important. The housing bubble was fueled by the extraordinary cheap money that lenders were virtually throwing at borrowers. As a result, the prices paid broke free of any connection to plausible values in relation to rents or total housing supply. That superabundance of cheap money didn't come from Americans, since they haven't been saving for years. It came from the rest of the world, from what fed chairman Ben Bernanke calls the "global saving glut". While Americans were spending, nearly everyone else on earth was saving at unprecedented rates, and those hundreds of billions of dollars made their way to US. No body forced them to borrow the money and pay ridiculous prices for homes. The fact remains that without the global saving glut; there could not have been a housing bubble or the resulting housing collapse.

The job picture also has an important global dimension. For a majority of Americans, the most significant fact of globalization is the advent of a large scale global labour market. Millions of people around the world can now compete for millions of US jobs. Never mind that the number of jobs that actually get outsourced is relatively small. What matters is the mere presence of those lower-wage workers. They hold down the pay of high paid Americans and constantly entice employers everywhere to create new jobs over there rather than in US. Thus, the problem isn't so much jobs being sent abroad but jobs that never showed up in US at all. But, while the American influences the



world economy, the new reality is that the world's economy influences America.



After four years of above average growth the global economy is facing substantial challenges: Financial distress caused by the fallout of the US sub prime crisis; the corrections in a number of residential property markets, the surge in global headline inflation driven by record oil and food prices plus – outside the US- the effect of the declining US\$. The US slowdown will subtract about half a percentage point from European growth and higher oil prices might take away another  $\frac{1}{4}$  of a percentage point. These numbers are the result of model simulations, which obviously cannot pick up the financial ramifications of the current sub prime crisis. It is predicted that the substantial US\$ depreciation of the last two years, decisive and timely fed action and USD 150 bn fiscal package will prevent a US recession. But even in 2009 US growth remained below potential. Since we do not believe in decoupling, Euro land growth will slow to  $1\frac{1}{4}\%$ , German GDP to  $1\frac{1}{2}\%$  in 2008.

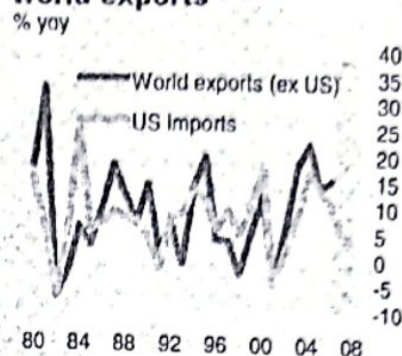
The global economy is in a difficult situation. Economic growth virtually came to a standstill in the US in Q4 2007 and already passed the top of the cycle in the Euro area around the end of 2006. After real GDP rose by an annualized 4.9% in the US in Q3, it increased by a measly 0.6% in Q4. The reason is the deep seated recession in the American housing sector. The contraction of the market there, which had already been underway for over 2 years, recently became even more



**GDP growth slows in 2008**

% yoy	2006	2007	2008	2009
USA	2.9	2.2	1.5	1.7
EMU	2.8	2.7	1.6	1.6
Germany	2.9	2.5	1.5	1.5
Japan	2.4	2.1	1.3	1.5
China	11.1	11.4	10.4	10.0
India	9.4	9.0	8.2	8.6
LatAm	5.2	5.3	4.3	3.8
Asia	8.3	8.4	7.4	7.6
World	3.7	3.5	2.6	2.7

Source: DB Research

**US imports set pace for world exports**

Sources: IMF, DB Research

acute as a result of the deepening financial crisis. Housing starts in December 2007, at a little over 1 millions units (annualized), were almost 40% down on their year-earlier level and around 56% lower than their peak in 2006. Capital market valuations seem to indicate that the question is no longer whether there will be a US recession but rather how deep it will be and how long it will last. We however, believe that a US recession will be avoided. Our argument is based on the expansionary monetary policy of the fed and the government's fiscal stimulus package running to over USD 150 bn or slightly more than 1% of GDP. The fed had cut its fed funds target rate by 225bp since mid September 2007 to 3% most recently and is likely to reduce it by a further 50bp to march. Seldom has there been such unanimity among Americans politicians regarding stimulus for the economy. As the presidential primary races shifts into top gear no party wants to risk putting itself in a position where it can be blamed for the recession by opposing the package. The stimulus package contains not only tax breaks for companies but above tax rebates for US households worth around USD100bn, which will be disbursed in the form of tax- cheques as was the case in 2001. In 2001 the US government sent out cheques worth USD 38 bn- equivalent to 0.4% of GDP of which two-thirds were spent within two quarters. This year's temporary tax rebate is thus twice the volume of the 2001 package. Against this background our



consumption forecast of 1.8% in 2008 is on the conservative side. Going by the experience in 2001, the stimulus could well turn out to have a greater impact. For example, a tax payer can expect to receive a tax cheque of up to USD 600 while a couple with two children can look forward to receiving USD 1800.

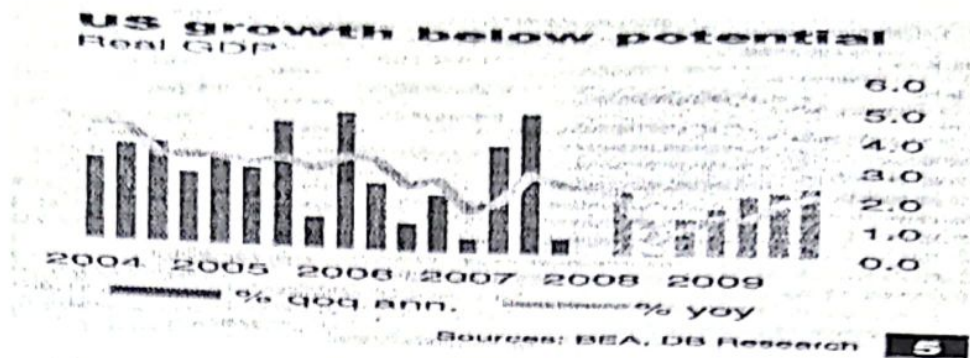


Such a package is well timed. The tax cheques that are this time also to be given to households with only small incomes and which do not pay tax could already be spent by the end Q2. i.e. take effect at the very moment when a significant weakening of private demand and an increase in the saving ratio can be expected as a result of shrinking housing prices. To date, private consumption has remained robust and relatively untouched by the fallout from the real estate and financial crisis, and rose even in Q4 by 2% verses the preceding quarter. This does seem astonishing at first glance, but it can be explained by the still relatively stable labour market in Q4. However, at 17000, non farm payrolls fell in January for the first time since 2003.

The fiscal package is not the appropriate means of solving structural imbalances, such as the extremely low saving ratio. We therefore expect that the US economy will be able to avoid slipping into recession, but that growth will nevertheless remain a long way below potential, which we estimate at 2½ to 3%.

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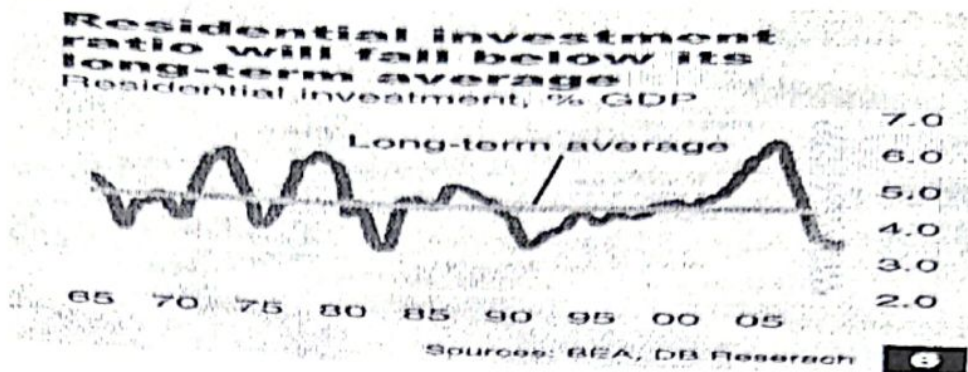
After an average growth rate of  $1\frac{1}{2}\%$  for 2008 we forecast GDP growth of  $1\frac{3}{4}\%$  at best in 2009. Private consumption is likely to grow  $1\frac{3}{4}\%$  in the current year mainly for fiscal reasons, declining however, to below  $1\frac{1}{2}\%$  in the coming year, while the saving ratio climbs from 0.5% in 2007 to  $2\frac{3}{4}\%$  in 2009.

This is based on the assumption that employment increases by just  $1\frac{1}{2}\%$  each year in 2008 and 2009, compared with nearly 2% in 2006 and 1.3% in 2007, and that the unemployment rate rises towards 6% in 2009 compared with an annual average of 4.6% in 2007. A sharper slump in the labour market appears unlikely as US companies repeatedly cited the 2001 recession as a reason for consolidation and are currently far better equipped for a downturn than in the weak phases of the 1980s, 1990s and 2001.

The biggest imponderables in our US economic forecast lie in the housing sector and the impact of the subprime crisis on US consumption. Looking at the past developments, we assume that the nadir for housing starts will soon be reached. At present, construction is being started on around 1 million dwellings per month. In the three months around the lows of 1982 and 1991 the average figures were between 8,75,000 and 9,00,000. A rapid recovery is, however, unlikely given that vacancy terms are far higher than the long term trend. The correction could even take several years.

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Correspondingly, housing investment is likely to contract by nearly 14% in the current year, after falling 4.6% in 2006 and nearly 17% in 2007, and will remain slightly negative in 2009 as well. Relative to GDP, housing investments would thus drop to 3½% in 2009 and thereby fall considerably below the long term trend, which however would correspond with earlier developments patterns.

The recession in the housing sector weighs on private consumption via falling housing prices and thus shrinking asset values. On top of this, losses are suffered from corrections in the equity market. How much these wealth effects actually dampen private consumption is open to question, however. According to our calculations the wealth effect on US private consumption of 2 cents per dollar of asset loss is possibly only half as much as estimated by the IMF and other institutions.

In addition, the fed's rate cuts have made the refinancing of mortgages attractive once again. This reduces the household's interest burden directly. In addition, the rate cuts have also appreciably reduced the increase in burden from mortgages with a low initial interest rate that is adjusted after 1-2 years to match market developments. For this reason we do not expect a massive slump in private consumption. However, the effects of the mortgages crisis will continue to reverberate for a long time- albeit with a muted impact following the key rate cuts- and the default rates particularly in the subprime segment will continue to rise for a while.

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## EURO Experience

Euro area growth has remained robust of late with employment continuing to increase. In fact, the purchasing manager index in manufacturing rose slightly in January. Nevertheless, the European economy is scarcely likely to be able to decouple completely from the US economy on a permanent basis.

The reason is that ongoing globalization and the increasing use of information and communication technologies have resulted in closer transatlantic links in external trade and financial markets than in the 1980s. The growth slump in the US could restrain growth in the euro area by roughly one-half of a percentage point, with the effect being reinforced by the strong euro and stubbornly high oil prices. Against this backdrop we expect euro area growth to slow in the current year, from 2.7% to merely 1.6%, and continue at a similarly moderate pace in 2009.



After two years of unusually strong growth (real GDP up 2.9% in 2006 and 2.5% in 2007) the economic expansion in Germany is also set to ease. However, our forecast of 1.5%

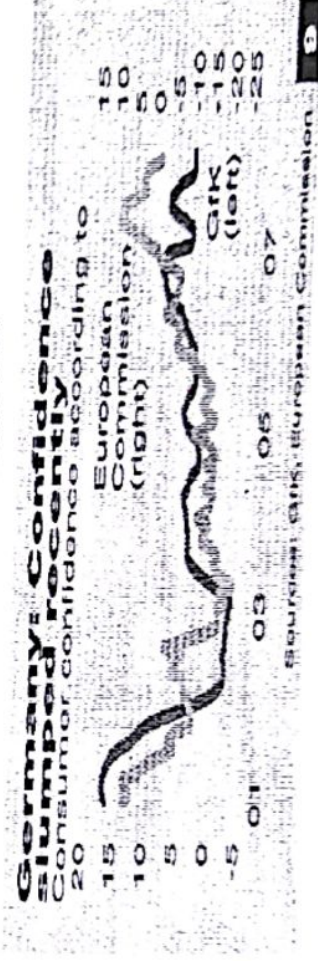
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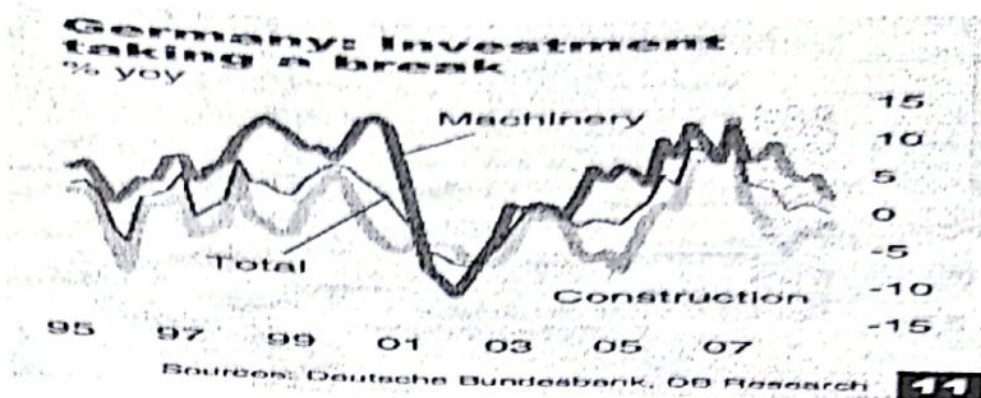
growth for both 2008 and 2009 puts it roughly in line with potential. That growth is more broadly based than in past years. As long as fiscal policy plays along and employment continues to increase, albeit at a somewhat slower pace (0.25% in 2008 and 1.7% in 2007), private consumption should start to expand again at about the same rate as GDP for the first time in 6 years. However, considering that consumer confidence has fallen sharply. Since its last high in autumn 2007, there are substantial risks attached to our assumption of a decrease in the saving ratio and thus in the degree to which consumption will grow in 2008.

On a contrasting note, the current drivers of growth, i.e. capital spending and net exports, are weakening noticeably. The strong euro and the sagging growth in the US are weighing on German net exports, whereas demand- at least from the euro area and the oil- exporting nations (Russia in particular) – has remained relatively vigorous. All in all, real export growth is likely to ease in 2008, from over 8% to just over 5%. This and the pull forward effects that emerged for tax reasons in 2007 will curb investment activity in 2008. We therefore expect investment in machinery and equipment to climb by only 5% in 2008, down from 8.4% in 2007. Moreover, the expansion in construction investment that started in late 2006 will fizzle out.



Given the substantial decline in order intake, investment in construction will probably contract by 2.25% in 2008 after having expanded by 2% in 2007, meaning investment activity will be more or less flat in 2008.





### Emerging Market Experience

The emerging markets will continue to outperform the rest of the world in terms of economic growth and likely with respect to financial markets as well. The be sure, due to ongoing global market turmoil and sharp slow down in the US economy, EM growth will be lower and financial market returns smaller than in 2007. In the sense, EMs have not decoupled from the rest of the world. But EM resilience to external shocks has significantly increased in recent years, due to much improved fundamental conditions (especially sovereign credit quality) and favorable medium term growth prospects. It was expected for emerging market economies to grow at 6% to 6.5% in 2008-2009, a drop of approximately 0.25 pp from 2007. Asia (without Japan) would remain the most dynamic region, growing at roughly 7.5% in 2008, powered by china (10.5%) and India (8.5%). GDP growth in other regions will range from 4% (Latin America) to 5.5%-6% (Eastern Europe, Middle East and Africa).





## INDIAN Experience

Even as several top financial institutions and banks with footprints across several countries have crumbled under the relentless onslaught of a global turmoil, **Indian banks** and institutions have come out relatively unscathed from the recession. Built on strong financial fundamentals, strict vigil on risk appetite and firm monetary guidelines, Indian banks have proved among the most resilient and sound banking institutions in the world. But there has been considerable divergence in the performance of the various banking institutions in the country as also among the public, private and foreign banks operating in India. Going by the performance for the calendar year 2008, Indian public sector banks have not only been able to weather the storm of global recession but have been able to moderate its impact on the Indian economy as well, compared to its peers among the foreign and private banks. Figures put out by the reserve bank of India suggest that banking sector in the country continued unabated during the first phase of recession, thanks to the better than expected performance of public sector. This was while the assets and liabilities of both foreign and private sector banks dipped during the corresponding period last year. But public sector banks seem to have more than made up for the shortfall from foreign and private sector banks and the growth inflow of bank resources to the diverse sector of the Indian economy has continued unabated.

	(In percentage)			
	Deposit		Credit	
	2007	2008	2007	2008
Public sector banks	24.2	24.2	19.8	28.6
Foreign banks	34.1	12.1	30.7	16.9
Private sector banks	26.9	13.4	24.2	11.8

Annual percentage growth as on January 4, 2008, and January 2, 2009.



Contradicting the general trends of the economy, the extension of non-food bank credit has grown faster in calendar year 2008 against the previous year. The same has been the case with regard to the flow of resources to the commercial sector, which includes non-food bank credit, investment on shares/bonds/debentures and commercial paper issued by public/private sector companies. Despite this visible growth in credit extension by banks, there was a perception of decelerating credit growth to the Indian economy as a whole during 2008.

This slow down in credit extension could be primarily attributed to reduced flow of funds from non-bank sources such as financial institutions, NBFCs and resources mobilized from the capital market and by way of external commercial borrowings- ADR, GDR, FCCB, foreign direct investment- and other forms of short term credit. In fact, resources flow from these sources had dipped by over 30% during 2008, which flow from the banking sector had increased by close to 30%. The review of the monetary policy by the RBI for the third quarter of 2008-09 said, "There has been noticeable variation in credit expansion across bank groups. European of credit by public sector banks was much higher this year than in the previous year, while credit expansion by foreign and private sector banks was significantly lower". This credit expanded by the banking sector was also reflected in the deep divergence in the pace of growth in deposits among the banks. It was only the public sector banks which could maintain the pace of growth in deposit accretion at 24.2%. Deposit accretion in foreign banks fell sharply from 34% to 12% and to private sector banks from 27% to 13%. Backed by the steady pace of growth in deposits, the growth in public sector banks disbursal also grew quite significantly. Meanwhile, there was a deceleration in credit extension by foreign and private sector banks during 2008.

  
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Annual Variations in Banking		
	(in percentage)	
	2007	2008
Aggregate deposits	25.1	21.2
Bank credit	21.4	24.0
Non-food bank credit	22.0	23.9
Flow to commercial sector	21.7	23.4
Annual Variations as on January 4, 2008, and January 2, 2009		

The slow down in the economy along with the high interest rate regime and risk aversion by banks had led to a declaration in some credit portfolios. While extension of credit to agriculture, industry and real estate continued, to grow during 2008, there was a deceleration of credit to the housing sector. Flow of credit to the housing sector fell from Rs 31,780 crore in year 2007 to Rs 21,989 crore in 2008. This was partly due to slow down in the Indian economy, the high interest rate regime and growing risk aversion of the banking sector. As the interest rates breached levels of 12%, the potential home loan seekers deferred their investment decisions. Moreover, the real estate market had already peaked and the investors were waiting for the prices to dip before reentering the market. For the banking-sector it was a case of risk aversion and the prevailing high interest rates which deferred further growth in the home loan portfolio. But the successive slash in key interest rates, repeated promptings by the RBI and a corpus of low cost funds prompted some public sector banks to cut interest rates for fresh loans.

Facilitating the extent and reach of public sector bank's credit extension program was the huge corpus of cheap current accounts/saving accounts (CASA) deposits, which command just nominal rates of interest. While foreign and private sector banks have been stymied by lower accretion and higher interest rates, access to cheap deposits have further fuelled credit delivery by public sector banks. The corpus of cheap funds has also prompted public sector banks



to take the lead in disbursement credit by offering retail loans at attractive prices.

State bank of India had taken the lead by slashing interest rates to 8% for certain home loans to rejuvenate the flagging home loan markets and reviving the demand in a sluggish economy. Others such as canara bank have followed suit, sweetening the home loan portfolio with additional incentives and offers. Led by the public sector banks, the deposits and credit portfolio of the Indian banking industry had continued to grow during the first phase of India's economic slowdown. Now the very same banking institutions had led the way in slashing rates and reviving demand, which in turn drove the Indian economy away from the recessionary spell.

## Conclusion

While 2008 was the year of crisis, the origin of this crisis dates back to the middle of 2007 when evidence erupted that homeowners who had borrowed to finance the property they purchased had begun defaulting on their debt. Soon it became clear that too many people with limited or poor creditworthiness had been induced to borrow large sums by banks eager to exploit the large amounts of liquidity and the low level of interest rates in the system. An unsustainable proportion of defaults seemed inevitable. What was disconcerting in the events that followed was that this "sub prime" problem soon spread and created a systemic crisis that soon bankrupted a host of mortgage finance companies, banks, investment banks and insurance companies, including big players like Bear Sterns, Lehman Brothers and AIG.

The reason this occurred are not well known. The increase in sub- prime crisis occurred because of the complex nature of current-day finance that allows an array of agents to earn lucrative returns even while transferring the risks. Mortgage brokers seek out and find willing borrowers for a fee, taking



on excess risk in search of volumes. Mortgage lenders finance these mortgages not with the intention of garnering the interest and amortization flows associated with such lending, but because they can sell these mortgages to Wall Street banks. The wall street banks buy these mortgages because they can bundle asset with varying returns to create securities with differing probability of default that are then sold to a range of investors such as banks, mutual funds, pension funds and insurance companies. Nevertheless to say, institutions at every level are not fully rid of risks but those risks are shared and rest in large measure with the final investors in the chain. And unfortunately all players were exposed to each other and to these toxic assets. When sub-prime defaults began this whole structure collapsed leading to a financial crisis of giant proportions.

The crisis had a number of consequences in the developed countries. It made households whose homes were now 'worth much less' more cautious in their spending and borrowing behaviour, resulting in a collapse of consumption spending. It made, banks and financial institutions hit by default, more cautious in their lending resulting in a credit crunch that bankrupted businesses. It resulted in a collapse in the value of the assets held by banks and financial institutions, pushing them into insolvency. All this resulted in a huge pull out of capital from the emerging markets: net private flow of capital to developing countries was projected to decline to \$530 billion in 2009, from \$ 1 trillion in 2007. The effect it had on credit and demand, contributed through a sharp fall in exports, was to transmit the recession to developing countries. Indian companies have major outsourcing deals from the US. India's export to the US has also grown substantially over the years. The Indian economy was likely to lose between 1 to 2 percentages points in the GDP growth in the fiscal year 2009. Indian companies with big tickets deal in the US would see their profit margins shrinking. All of these effects soon translated into a collapse of demand and a crisis in the real economy with falling output and rising unemployment. This only worsened the financial crisis even further.



A crisis of this nature requires holes to be plugged at many places simultaneously. While there was wide agreement on what was needed was a globally coordinated and huge fiscal stimulus, the actual efforts on the ground remained fragmented and meager. Because of this results were disappointing, threatening to make this crisis the most protracted in a long time. Year 2008 is likely to be remembered as a year in which a crisis of immense proportions unfolded.

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First Published 2021

ISBN: - 978-93-88361-53-8

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Printed at Research Press India New Delhi.



## A STUDY ON TALENT MANAGEMENT PRACTICES AND ITS IMPACT ON ORGANIZATIONAL COMMITMENT

Dr. Archana Joshi<sup>1</sup>  
Dr. Ashish Mathur<sup>2</sup>

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### ABSTRACT

In today's competitive environment, it is very difficult for an employee or an organization to maintain their position for long. Long-time employees are scarce, which not only leads to high employee costs but also the employee turnover rate are ever increasing. Employees are changing jobs more often than ever. Today's booming economy is also affecting employee engagement levels. The opportunities available in the market are leading employees to leave their jobs to find better positions offered by other organizations. Employees are more focused on their best interests and no longer think about the best interests of the organization they are currently working in. Thus it brings to light the importance of Talent management in every organization. Talent Management is very complex but important for every organization. Good talent management practices strengthen an organization's commitment. Employees are constantly looking for career growth and are willing to move to other organizations that offer better opportunities. Employees choose organizations that are willing to pay higher salaries and have

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opportunities for career growth. Research shows that talent management is considered by researchers, professionals and scholars to be one of the most positive and successful ways of employee engagement. This helps organizations to make the employees recognize their responsibilities. The organization should endeavour to promote employee involvement in the organization. Employees who meet their expectations and needs can contribute to the organization and stay longer. Organizations that fail to practice talent management lose their employees to competitors. Since these institutions, researchers, and academics cannot excel in the current market environment, the definition and framework of the department's talent management practices are still lacking. The practice of talent management helps employees maintain their commitment to the organization. Every organization needs a strong organizational structure that can easily adapt to its talent management approach. When an organization uses appropriate talent management practices, it helps improve employee commitment to the organization. Increased employee engagement leads to increased productivity. The current paper aims to clarify the relationship between talent management practices and organizational commitment to assist HR managers with information to build a talent management approach as a strategic tool to strengthen employee engagement and improve performance.

**Keywords:** Talent Management, Employee retention, Employee Commitment, Organization Performance.

## Introduction

In the 21st century, organizations are undergoing major changes in the behaviour, needs and demands of their employees. Employees are willing to quit their jobs when a better opportunity arises. Therefore, organizations have adopted a new HR approach to better understand their employees. To overcome the problems being faced due



to employee turnover, talent management practices are practised and are given high importance.

These days it's tough for employees to serve the same organization for several years. Long-term workers in the organization are a rare occurrence that is leading to the increased turnover rate in the organization. Job hopping by employees has increased several folds than before. Today's booming economy is affecting the level of employee commitment towards the organization (Boles, Madupalli et al., 2007). The availability of opportunities in the market is enabling workers to leave their current employment to achieve better positions available in other companies. Workers these days are increasingly concerned only for their own interest and are no longer thinking for the interest of the company they are working with (Brewer, 1996). Employees always believe in career advancement and are willing to look to other organizations that offer better opportunities. Employees will choose organizations that are willing to pay higher salaries and have opportunities for career growth. Research shows the impact of talent management practices on employee engagement and performance. Organizations need to recognize their responsibilities to their employees. Organizations should strive to promote employee engagement with the organization. Employees, whose expectations and requirements are fulfilled, can contribute to the organization and stay longer. Organizations that do not practice talent management will lose employees to competitors (Zheng, 2009). In the difficult environment of globalization and increasingly fierce competition, organizations are under increasing pressure to improve their performance. In recent years, talent training and protection has become an important tool to accelerate and improve an organization's ability to respond to market changes (Bryan, 2004). The current paper is based on data gathered from secondary sources which include journals, websites and research papers. The study tries to have an understanding of the talent management practices and



how it is affecting the performance of an employee and his commitment towards the organization.

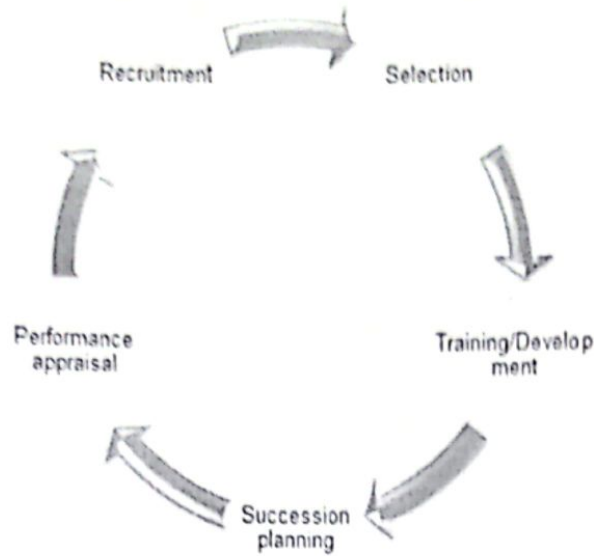
### Meaning and Definition of Talent Management

The word Talent Management is a combination of two separate words viz. Talent and Management. Talent in general means a skill or art which any individual possesses in any given area. It includes those workers possessing high capabilities, real understanding and expertise who could effectively drive transformation and change in the organization. These types of workers are set of talented workers, who not only add value to the organization through strategic or competitive positioning but also drive the desired change in the organization. Management is the process of bringing these types of workers together to efficiently and successfully achieve desired goals and targets using scarce available resources.

Fegley (2006) in his paper referred to Talent Management as a vital process comprising of HR processes including (1) recruitment (2) selection (3) training and (4) development. He further states that it also includes succession planning and performance appraisal of all skilled workers to ensure that all the human resource needs of the organization which not only include current needs but also future needs are addressed. Talent Management not only helps to rope in the best of talented workers in the company but also makes them a key foundation for success. It is how high potential workers are retained. Talent Management guarantees that the type of high skill workers which the organization requires for the fulfilment of its business plan or strategy is available. In the developing new market sphere where success is guaranteed only by learning and developing new skill sets so that current and future challenges can be met. Talent Management deals with the potential of the future and worker development.

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## Objectives of The Study

This present research study has been carried out with the following two stated objectives:

- To understand the purpose and importance of talent management at work
- To study the effects of talent management on the organizational commitment.

## Research Methodology

The current study is primarily based on literature review derived from various published sources. Several papers from leading databases which includes Springer, Scopus, Google Scholar etc were referred together with reports and published papers from leading journals from libraries of different universities.

## Literature Review

### (a) Talent Management

The research and practice area of Talent Management has gained popularity among HR professionals in the last couple of decades only. Several researchers have been

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conducted and studies made on Talent Management across various industries and academia. On examining some of the published reports and papers, we would like to summarise the following major studies related to Talent Management.

Philips, UK (1999) in his study has described Talent is a skill or trait that an individual has in a specific discipline or endeavour. When a company makes sure that appropriate workers, undertaking an appropriate task, at an appropriate time performing appropriate tasks, these number of complicated HR practices are integrated and that has been given the name of Talent Management.

Michaels, Handfield-jones, H. & Axelrod (2002) in their study observed that the term talent management is used to define HR activities to attract, keep and develop appropriate workers for the appropriate job at the appropriate time. The success of any company is measured by the workers who are working in that organization. Because of which the concept of talent management has been considered a priority area for the management of any organization. It identifies an individual's innate abilities, characteristics, personality and offers him/her suitable work accordingly. Each individual has a unique skill that fits a certain task and every other work will bring him discomfort and impair his or her efficiency. The HR department is responsible for correctly placing workers for the right task. If the HR department fails in this task or places the wrong person to the wrong task then it will result in wasteful expenditure of not only hiring a new employee but also spending on his training and other unnecessary activities.

The study carried out by to McCauley and Wakefield (2006) noted that the process of talent management should be more tactical, linked and must have a wider range than has never been before. He further stated that Talent Management is a vital process comprising of (1) planning (2) selection and (3) recruitment. He further states that it also includes development and the retention of the working in



the organization. For every organization, it is imperative to mix and utilize these approaches together with the business tactics and must be combined and used to deal with ever fast-changing market and to create a better resilient work environment for the workers in the organization.

CIPD (2006) in its study pointed out that talent management is the methodological alignment of processes which includes recruiting, identifying, developing, engaging and retaining workers having significant capabilities and those who have a distinctive worth for the organization. Its objective is to sustain the organization's talent pool.

Armstrong (2006) has defined talent as a group of related corporate acts that enable organizations to attract, retain, motivate and nurture talented employees they need and will need to succeed in future.

Collings and Mellahi (2009) in their study defined talent management as a standardized, persuasive process for inventing, establishing and retaining talent. They further stated that talent management depends largely on the circumstances and how the organization carries out its activities.

Oehley and Theron (2010) noted that talent management skills are the set of behavioural patterns required by line managers to attract, select, involve, nurture and retain talented employees to achieve desired organizational goals.

Makela et al. (2010) observed that talent management stems from the fact that the shortage of skilled workers is growing fast is one of the major human resources problems faced by the companies.

Yadav & Aspal (2014) noted that the phrase talent management first appeared in 1990s and was formulated in 1998 by David Watkins in an article, also defined in his book in 2004 entitled Talent Management Systems. Its major focus is to promote innovative techniques of human resource development, particularly in talent management.



Lalani (2014) further observed that in today's difficult and competitive business climate, companies can get into an advantageous position over the competition in terms of advantages and profitability only through the policies, they frame and strategies they adopt to manage talent in their company.

Management Study Guide (2015) mentioned that as the term itself indicates that talent management manages workers capacity, capabilities and influence in the company. The goal of talent management is not just to hire the appropriate workers at the right moment but also developing workers invisible and unusual characteristics to achieve the desired results. Keeping talent in sync with the organizational culture, keeping them moving and making the most of them is the biggest challenge beyond recruiting into the company.

Uma R (2015) stated that the principles of talent management seem logical in this period of fierce completion, when survival is the greatest challenge for businesses.

### **(B) Organizational Commitment**

Hounari (2004) had observed that organizations are experiencing rapid changes as one of the great highlights of present social order and as a result, there ought to be an effect of these human forces in these advances. Robbins (1986) had stated that improving the performance of employees and institutions is one of the key aims of a dynamic and active organization. Therefore, consideration of variables that are critical to an organization's performance is an important source of information for coordinating supervisors to achieve this goal.

Enhanced human and institutional performance is one of the key aims of any dynamic and active organisation; the main source of coordination amongst supervisors in order to achieve this purpose is thus the consideration of factors that make an organisation's performance appealing.



Various concepts and definitions of organizational commitment can be found in the relevant literature, some of which are presented as part of this review.

The study carried out by Sheldon (1971) noted that organizational commitment the workers way of thinking or the way a company is introduced to the worker, which attracts or connects a workers personality to the organization.

Buchanan (1974) in its study mentioned commitment as an emotional link with the company's goals and estimations, as well as workers, own goals and estimates related to his work, and to the company for the good of its own, aside from its net value.

O'Reilly (1999) observed that organizational commitment is a mental attachment to the company by a worker, comprising a sense of job contribution, dedication and trust in the company's estimations.

Balay (2000) noted that organizational commitment represents a worker's emotional relationship with the company bound by traditional respect, esteem and goals.

The Business Dictionary (2013) mentioned that organizational commitment is the feeling of duty towards the mission of the company by the workers.

Chelladurai (2009) stated that organizational commitment is one of those crucial and determining factors that influence the worker's investment sentiments in the company's exercises and execution.

### **Relationship Between Talent Management and Organisational Commitment**

Talent management assures that each capable and talented worker in an organization was situated in the correct activity, at the ideal time with high development in their career growth and expanding invigorating elements for enhanced business openings inside and outside the association. It is ground planning for growing the commitment of employees towards their organizations.



In current situation of rivalry, it is troublesome for organizations to identify workers who have served them for more than four or five years. Organizations these days are required to keep up and grow with valuable workers for quite a while. HR considered the most significant resource for an organization and are the fundamental factor for an organization's survival and skill. Organizations do not just need the number of services given by HR, however, quality of services is the thing that an organization required really to keep up its upper hand.

It is discovered that talent management ensures that the perfect individuals with the best aptitudes are set properly at work, it focuses on creating and enhancing ability by giving monetary and non-budgetary advantages to them to increase their execution and commitment towards the organization, which consequently diminishes the issue of turnover and expands the nature of work to accomplish the upper hand.

In the competitive climate of today, every company requires highly committed and enthusiastic workers and wish engagement, involvement, teamwork and collaboration of workers so as to offer their rivals a hard competition. In such a circumstance, talent management is seen as a vital aspect to assist to manage and keep talented workers, and motivating them to contribute towards the objectives of the company.

There are numerous articles on different aspects of Talent Management and how it can be used for maintaining employee's commitment.

Redman and Wilkinson (2008) in their study concluded the important relationship between training and affective organizational commitment. According to them training and development is the main element in human resources management. The development of staff is considered as the key reason for the performance of employees.

Klein, H. (2001) observed that there's an essential connection between workers training and his/her



commitment towards the company. Companies which provide their workers with efficient training can better engage their workers and get better commitment from the workers.

Mosadeghard, Ferlie & Rosenberg (2008) in their study pointed out that talent management techniques are very important in reducing the turnover problem of skilled worker turnover, which in this competitive climate poses an important risk to a company's growth. Additionally, companies have to incur additional costs because of enhanced selection and recruitment processes. Companies can use cutting edge talent management technology to motivate their workers and avoid negative & damaging impacts of turnover. Workers with a high degree of motivation, job stability, productivity, creativity together with decreased stress levels and turnover are dedicated to their companies.

Nehrir et al. (2010) pointed out that employees who are very well committed to their organization are giving a superior level of performance in the organization and Talent Management plays a major role in maintaining their commitment towards their organization.

Yap et al. (2010) in his study pointed out that representative who found assorted variety of training was more dedicated and accomplished towards the company as opposed to the workers who believed that it was not effective and not genuine.

The study carried by Mahal (2012) investigated and assumed that human resource practices in any company are determinant of retention of the worker in the company and his commitment towards the organization. In his study, he collected data from around 100 workers working in an association and through his research he was able to conclude that if the workers are provided with a good working environment and workplace, then the workers too come forward and put in their best efforts for the company and are more committed towards the company. Their research shows that human resource activities play a major role in



improving, strengthening and maintaining the commitment towards the company.

Mosadeghard & Ferdosi (2013) observed that employees commitment and services towards their organization depends on the Talent Management practices adopted by managers of the organization.

Lesly Onnis (2014) stated that in organizations, leaders and managers are responsible to influence people towards their success. Organizations need to focus on new human resource practices and the advantages of adopting them.

Tajuddin & Kamaruddin (2015) pointed out that talent management is one of the latest the method adopted by organizations to manage and retain employees. This technique can be used successfully with traditional human resource practices for providing better results in conserving talents.

Similarly there are numerous articles and studies on different aspects of Talent Management and how it can be used for maintaining employee's commitment.

### **Importance of Talent Management in an Organization**

The world today is facing the most critical war "The War of Talent". As stated by several strategists to remain sustained in this highly competitive and dynamic environment, the need to identify the basic talent units i.e. competency to perform each activity of organizational jobs has arisen. Today in the talent hunger scenario, organizations are surviving in the tough business competition and they all need is only the star performers which are known as "Talent". This all can be done by Talent Management, as the organization has realized the need for talent management and are now emphasizing retaining their existing talent. Talent management is not only retaining employees but also letting them build up capabilities for organizational and business success.

A number of organizations are implementing this strategy to identify the talent required for their organization and thus integrating the talent management approach in their



core business strategy. The scope of talent management in the organization is quite wide which creates a maximum effect on the organization as well as employees.

HR managers should identify the talent shortage in advance based on their experience and changes happening in the organization so that they make their plans to fill the talent gap in an organization.

### Conclusion

Talent Management is a strategic process of, recruitment, selection, training and development; succession planning and performance appraisal of competent people to meet the current and future needs of organizations. In the current business scenario of high competition Talent Management practices ensures that an organization has the high skill sets it requires for its business strategy.

After studying various relevant studies and reviewing them in this paper clearly demonstrates Talent Management's effect on the commitment of workers towards the company. A clear and positive relationship among both is clearly established. Although through the review of various literature and studies highlighted in this paper, there is a strong relationship established among talent management and commitment towards the company will pave a way for the researchers to carry forward their studies and try to establish and get some new findings. This topic of Talent Management needs to be extensively worked upon and it can give management some enlightening theories and findings.

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First Published 2021

ISBN: - 978-93-88361-53-8

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# THE CURRENT ECONOMIC SCENARIO AND METHODS FOR PROCUREMENT TO MINIMISE THE IMPACT OF CORONAVIRUS ON HOSPITALITY INDUSTRY

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## ABSTRACT

The overall Covid crisis, "as of now declared a pandemic, has set off a crisis with proposals for the convenience business, possibly more, anyway the warmth business has never experienced an unforeseen slump. By putting the human at the point of convergence of the condition, the contamination makes significant fear and disorder and impacts us in a significantly enthusiastic way that this age has never felt. Moreover, the real control typically irritates the situation."

In general Hospitality industry contains a by and large social affair of relationship, for example, staying industry, bistros, festivals, occasion sorting out, and fundamentally more that offers sorts of help to client. Variables that were driving the Hospitality business before pandemic COVID-19 join expanding extra cash, new travel plans, building up the web business of taking off because of broadened web

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path and web banking, web-presence of lodgings and the development business records and some more. The steadily expanding worldwide the development business was one of the rule examinations driving the improvement of the accommodation business before the Covid eject. The measure of by and large voyager appearances had risen ceaselessly over the past various years. According to the improvement projection made by the World Tourism Organization (UNWTO), the measure of pilgrim appearances over the globe was relied on to cross 1.5 billion by 2020. Key segments influencing the market after the pandemic review the diminishing for visits and goes as the majority of the flights are getting dropped. The public position wherever on the globe are dropping the new visits and ensuring about the greater part of the zone which is one of the other enormous purposes for the dropping down of comfort industry.

On a business level, the impacts of the emergency have hit each industry on the planet, and travel and the development business have been hit hard. "As exhibited by OAG Aviation Worldwide, travel imperatives on generally flights have actuated by and large flying industry incidents of up to \$ 880 billion. Different lodgings are vacant and need to burn-through entryways and rooms that were once full. In any case, the unhinged condition has accomplished by and large fortitude with different inns around the globe giving their work environments to clinical work power, people available as necessities be or focus patients who are not influenced by subject generally, food association get-togethers and cooks are wanting to give free suppers to clinical staff as they face their difficulties to battle the crisis."

**Keywords:** Covid 19, Hospitality, Industry, measures, Scenario

  
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## Introduction

Elements that were driving the agreeableness business before pandemic COVID-19 were expanding extra cash, new travel plans, building up the web business of making a trip considering broadened web path and web banking, web-presence of lodgings and the development business records and some more.

The consistently growing worldwide the development business was one of the key examinations driving the progression of the benevolence business before the Covid scene. The measure of overall explorer appearances had risen perseveringly over the past various years. As shown by the improvement projection made by the World Tourism Organization (UNWTO), the measure of explorer appearances over the globe was relied on to cross 1.5 billion by 2020.

Key fragments influencing the market after the pandemic remember the reduction for visits and goes as by a long shot the greater part of the flights are getting dropped. The public position wherever on the globe are dropping the new visits and ensuring about the vast majority of the zone which is one of the other tremendous explanations for the dropping down of Hospitality industry.

The general kind air industry report is partitioned dependent on food and drinks, travel and the development business, housing, and redirection. Travel and traveler zones near to the entertainment part are out and out declining a consequence of the lockdowns occurring over the world.

The impact of COVID-19 on cordiality industry can be found in all the regions including North America, Europe, Asia-Pacific, and Rest of the World. In the US, different lodgings had unmistakable an unexpected advancement in fixing's for both individual reservations and get-together occasions.

  
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Additionally, since the starting point of the COVID-19 scene, different metropolitan locales in the Asia-Pacific are on finished lockdown, which is in this way limiting the improvement of the warmth business.

With even suppers, the social occasion comparatively continually conceptualizes considerations in giving a section of shock and an individual help, keeping understudies persuaded in this time of extraordinary crisis" "We're hoteliers since we customarily have evaluations of welcome, fortitude, jollity, solid human relations"

"With such significant effects, the Hospitality business should figure out some approach to work in a manner not seen already. As the relationship between each brand and purchaser begins by building trust, recuperating client affirmation will be the fundamental stage in pounding the emergency. Requesting clean and tidiness examinations ought to be applied, with new practices set up to screen and control the environment wherein the business takes place."

As in all emergency circumstances, the correspondence should play the lead part in contacting the clients in a delicate and non-forceful way to console them of the security in their choice to begin voyaging once more. Advancing the business should be done in a positive way, indicating the advantage to the client, and furnishing the explorers with a promising end to current circumstances. The players of the business ought to consider how to get the voyagers once kept genuinely and delicately in their homes after the lockdown is lifted.

Because of the substantial overall effects of COVID-19, the humankind will stroll into another period of a post-emergency world which will require the players of the business to adjust their methodology towards the new voyager. This will take into consideration new ideas to be created expecting to profit the public needing enthusiastic withdraws and zeroing in on mental prosperity.



"The change will likewise apply to the major parts in cordiality industry on the business level. With the new way to deal with far off working, the organizations will need to adjust to the arising patterns in the work rehearses. The proficiency of current work models should be revaluated, and the representative prosperity should be put significantly higher in the need list. With the drawn-out repression beginning to show consequences for individuals, "perm anxiety" the close consistent condition of uneasiness voyagers experience because of international occasions, environmental change and other neighbourhood issues - should be considered when requesting that staff return to venturing out to the nations as of late recuperated and recently considered as high risk." [6]

Be that as it may, as much as the explorers depend on "the cordiality businesses to be agreement, the organizations are similarly deprived for the correct choices made by the general population. The world travel ought not be dropped yet rescheduled for short term. By commonly being touchy, aware and demonstrating solidarity, both the organizations and the buyers ought to receive a similar message: live for now and plan for tomorrow."

Governments will have a significant task to carry out in sparing the inn productiveness. France, Switzerland, Spain and other European governments have embraced help worth huge number of euros to protect a wide range of neighbourhood organizations influenced by the Coronavirus, and with comparable practices received by numerous administrations in different pieces of the world.

For those business that do keep themselves lowered in the present moment there are measures that can be taken to reduce the more extended term effect of this emergency. Holding and drawing in with their groups, adding to their neighbourhood networks and investigating elective types of revenue, for example, conveyance or ill-equipped drive tosses, may assist with keeping up the generosity of their



staff and clients for when ordinariness returns." to feature applicable chances and issues as they emerge and imparts.

Gareth Ogden, Partner at hay Macintyre remarks on the UK Government declarations offering extra help to friendliness organizations adapting to the monetary impacts of the Covid.

"Acquirement and "Cordiality Can Work Together to Minimize the Impact of Coronavirus. Some acquirement tips for friendliness foundations during the Covid crisis."

While the feature measures are invited there stay genuine inquiries around the detail behind the different plans and how rapidly the important assets will be given. Administrators, with no pay, are now losing money and confronting the separation of the groups and culture they have put resources into and sustained over numerous years. This makes the work uphold measures guaranteed throughout the next few days basic to most organizations and the public authority needs to organize this before a heap of firings are made.

The accessibility of advances is a twofold edged blade. Getting to support current misfortunes will permit some breathing space whenever actualized as expected, however there will be confusions for those with existing elevated levels of obligation. Amusingly for the individuals who were at that point battling before the Covid emergency, this could speak to a "escape prison free" card albeit much of the time this will just be an instance of kicking the can not far off for the time being. Chiefs are like never taking a chance with the chance of activity for exchanging while bankrupt.

All organizations should be on crisis balance; one Hotel bunch we have addressed is being run as though in receivership to endure the vulnerability of the coming many months, despite the fact that it as of now has an agreeable degree of money for the battle. All money instalments are solidified until the accessibility of crisis financing is clear



and exchanges have advanced with all partners and other key providers in regard of time to pay plans.

### Things Cordiality Representatives Must DO

“Friendliness and food administration organizations are likewise strengthening arrangements effectively set up and establishing new practices to secure clients, representatives and the business. Underline the acts of good close to home cleanliness and guarantee all back of house staff have clean regalia for each move. Cling to severe self-segregation rules for any one with even mellow indications. Guarantee standard stock is changed down to consider any decrease in business levels. Plan and be set up to adjust menus at short notification considering food edges to cover staff deficiencies because of disease and lack of flexibly because of isolate limitations. Increment the room administration decisions to give visitors the alternative to avoid public territories.

Upgrade is doing its part to lessen hazard for their customers and workers. They are constantly checking the circumstance and will tell clients if economic situations change or potentially there are delayed flexibly chain issues. If you don't mind, make security your main need during this difficult time and contact your Enhance group on the off chance that you require buying uphold or have questions they can help with.

Planning providers and ordering those known to be situated in high-hazard attributes.

Keeping correspondence channels open with key providers and quickening the presentation of elective causes of gracefully.

Understanding which stuffs are probably going to be hindered and deciding for most pessimistic scenario circumstances.

Expanding wellbeing stock levels, organizing the sourcing of defensive hardware for workers.

READ



Five things acquirement supervisors must do in the long haul.

CIPS has distinguished long haul activities that acquisition experts should take proactively secure flexibly chains and deal with the effect of Covid on organizations.

Lead exercises learned debriefings to feature basic zones of flexibly that could cause an issue later and create control plans.

Hope to produce coalitions with associations in your area to grow new business sectors of flexibly.

Spread your sourcing over numerous providers in various topographies.

Hope to grow more neighbourhood causes of gracefully that can likewise give extra advantages, for example, diminishing moral sourcing chances, improved supportability sway and boosting nearby economies.

Audit contract terms to relieve future dangers. For example, will constrain majeure provisions be material to authorize/acknowledge liability?"

"Neighbourliness and relaxation organizations might be called upon to help worldwide endeavours to handle the COVID-19 emergency.

A scope of specialists is thinking about repurposing destinations to be utilized as emergency clinics for generally safe patients or to house medical services staff.

If you hold or work such premises, please consider the accompanying advances gave by legitimate business DWF as an agenda prior to going into such courses of action:

**Title limitations:** Check the fundamental title to guarantee that there are no prohibitive pledges forestalling use (or check if title repayment protection is accessible) and that the important easements are accessible to appropriately work the new use.





**Predominant rent limitations:** Check allowed use, rights, and reservations. Check on account of shared territories/normal parts if the proposed client will influence the proceeded with utilization of those regions.

**New rent/permit archives:** Dependant on proposed use, consider if there should be explicit reimbursements around wellbeing and security and garbage removal, penetrate of enactment.

**Accommodate:** making great harm and full reestablishment; evacuation of tainted material; utilization of conductors and over-burdening arrangements the report should be present moment, contracted out of the Landlord and Tenant Act and be unequipped for task/underletting. Consider adding arrangements requiring a profound tidy and investigations on yielding up. If for clinical use as a flood (not for isolate or treating Covid-19 cases) think about confining to quite certain clinical or different employments.

**Arranging:** Check the current approved utilize and consider whether it is proper to apply for a difference in arranging use or whether suitable reimbursements/breaks can be set up to cover any requirement activity.

**Establishment Agreement:** Request suspension or potentially composed agree to leave from brand norms to coordinate the term of any concurrence with the proposed user."

The COVID-19 pandemic has endured an extreme shot on the incomes of the Indian Hospitality area – coordinated, semi-coordinated and chaotic. The all-out income misfortune for the area in 2020 is assessed at Rs 89,813 crore as against absolute assessed income of Rs 1,58,113 crore in 2019, a report said.

Of this, the income misfortune for coordinated players is seen at Rs 40,309 crore, semi-coordinated at Rs 8,379 crore, and sloppy at Rs 41,126 crore.

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"The business sectors were determined to a way to recuperate the grounds lost because of the past problematic occasions and supply overhang as the year 2020 began a positive note with solid exhibitions in the initial two months. The beginning of COVID-19 and the resulting travel limitations and cross-country lockdown, notwithstanding, has unprecedentedly affected the area," a report by HVS India and ANAROCK said. The inhabitancy rate in 2020 is probably going to fall 31.6 percent while Revenue Per Available Room (RevPAR) somewhere near 57.8 percent"

### Home Travel Will Be Key to the Revival

The current circumstance is very troubling, as home-grown flights have been requested to close shop from 25th March 2020 and all other interest portions, for example, MICE, business, social and games have been dropped or conceded inconclusively for a long time to come.

The movement business builds up 10% (\$275 Billion) to India's GDP (Business Line). This is no unassuming amount and will require a joint game plan by the public power and the business to vanquish the ruin achieved by Covid-19. This article focuses on the impact of Covid-19 and the possible recovery turn out of the Indian hotel Industry. The checked, chain and some luxury autonomous lodgings set up 1.4 lakhs rooms which is only 5% of hard and fast rooms open. The rest 95% are Bed and Breakfast, Guest Houses and unbranded spending motels. The housing business faces an inadequacy of Rs. 620 crores (Business Line). A couple of confident individuals acknowledge that if the viral suffers till June 2020 and business gets in the second half of the year then the pandemic would have caused only 18-20% crumbling of public inhabitancy while there will be a 12-14% drop in the ADR (Average Daily Rate) (Hotelivate Report). This will acknowledge that lodgings basically switch on the lights and business will be identical to standard. This is an objective arranged assumption. It will be business



as phenomenal considering everything. As customers will sneak to re-visitation of run of the mill travel, the hotels ought to in like manner continue gently to re-open. Coming up next are proposals that ought to be taken to re-visitation of customary.

With new certified cases being represented step by step, the penetration of the COVID-19 contamination in India has caused broad frenzy, the reverberations of which are depended upon to continue with into the second quarter of the timetable year 2020.

### Effect on the Indian Hotels Sector

"The Impact on the Indian Hotel Sector will be Significant the Indian lodgings area cruised easily into January 2020, following a record year in 2019, with 2020 set to be "much greater". The nation initially began feeling the gradually expanding influences of the worldwide COVID-19 strife towards the finish of February 2020, which compounded in the start of March. Inhabitancy across lodgings in key urban communities declined quickly and according to our assessments has declined by an amazing 45 rate focuses contrasted with earlier year. Quite a lofty decrease in quite a brief timeframe has never been seen by the area.

We anticipate the second quarter of the year to be the most exceedingly terrible hit. Inns will be not able to drive rates and may even try to draw in business at profound limits.

While the veracity of the effect on the area may just be completely known a lot after the suspension of the pandemic, at HVS we have attempted to decide the absolute misfortune in incomes looked by industry utilizing two situations - both expecting that request development will continue before the year's end.

The general inhabitancy in the marked lodgings fragment in 2020 is assessed to decay by 16.7 - 20.5 rate focuses more



than 2019, while ADRs are assessed to decrease by 8% for the year. Therefore, RevPAR will observe a critical decrease of 31% to 36.2%."

"In this way, the general income of the Indian inn area is set to decay by anyplace between US\$ 8.85 billion to US\$ 10 billion, mirroring a disintegration of 39% to 45% thought about over a year ago. Other than the genuine business misfortune, the inn proprietors will likewise bring about misfortunes because of fixed working costs, obligation reimbursements, interest instalments and a few different compliances needed to be attempted as a component of the sector.

Note that the size of the effect can change radically if the flare-up isn't contained right away. In such an occasion, our situations will turn invalid."

### The Way Forward

While the pandemic has gotten the inn area India to its knees, our expectation is that the business will be in recuperation mode sooner than later.

"We are in remarkable occasions with the COVID-19 pandemic attacking the movement and friendliness area. General wellbeing associations and governments may encourage us on the most proficient method to manage the illness at this very moment, yet there are numerous unanswered inquiries regarding how to manage the fallout."

"The Covid is a progressing misfortune for those most exceedingly terrible influenced, and everybody's attention should be on containing it. Nonetheless, it is likewise unleashing devastation on the worldwide travel industry, and it's reasonable to search for approaches to explore the emergency and alleviate a portion of the negative business sway in the year ahead."

"Coronavirus is stopping 11 years of phenomenal development in the inn business. There is no glossing over

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it: the Covid has instigated alarm over the globe, tossing markets into turmoil, deferring gatherings, getting rid of movement, and discharging drugstore shelves."

"Imprint Carney, the Bank of England's active lead representative declared on Tuesday: "We need to work out how to connect this period. We don't need practical firms to leave business due to the vital advances that must be taken to secure the British public."

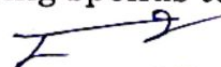
As an inn deals coach, "it appears to be exceptionally odd to compose a train-the-mentor article about how to oversee abrogation's, yet this is totally vital as the housing business has been flipped around temporarily."

Probably the best bit of business guidance I ever gotten in my expert profession came from my Dad. He let me know "child, the way to long haul achievement isn't realizing how to endure the tempest however figuring out how to play in the rain"

"This week, the movement business is reeling after the crossing out of ITB Berlin and different occasions because of COVID-19. Regardless of whether this is only a blip on the radar or the beginning of a drawn-out slump, we do not have the advantage of holding back to discover. We have to refocus and re-plan now."

"Your lodging is your home away from home, with a couple of special cases: the hundreds or even large number of outsiders from each edge of the world who have dozed there. What is more, the inn staff might not have the very norms of tidiness that you do at home."

"The developing worldwide Covid wellbeing emergency is significantly influencing purchaser travel far and wide, and worldwide travel brands are feeling the effect most legitimately. As movement abrogation's mount and travel to specific locales turns out to be even more seriously influenced, travel brands should screen the circumstance and shrewdly change their advertising spends to boost their



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adequacy during this exceptional event.”

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