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## EDITORIAL

*Greetings from the Editor's Desk !! I am very glad, to present the 6<sup>th</sup> Volume of our Research Journal, 'Dharohar'. The main aim of this journal is to provide, Academicians a platform, where they can share their research thoughts with the co-researchers/readers. This issue we have given the journal a new look and included totally new Editorial Advisory Board. I am thankful to all the experts for accepting our invitation and being the part of this research compendium. I am sure under the leadership of you all, the journal will grow, and will achieve new milestones, and will be part of renowned databases.*

*This issues consist of articles/papers from various interdecipline. **Dr. Sachita Yadav and Vijay Bhargav** in their paper titled '**Risk and Return Analysis of the Stock Market in India: Special Reference to IT and Banking Sector**' told about the Risk and Return Analysis of the Stock Market in India: with Special Reference to IT and Banking Sector. Authors have taken five IT Stocks (Infosys, Wipro, HCL, TCS, Tech Mahindra), five banking stocks (ICICI, HDFC, Bank of Baroda, Kotak Mahindra, SBI) and NSE Nifty to examine the risk & return trade off of the Indian stock market. The empirical result showed that the banking sector is performing well in comparison to IT sector in the past five years in respect to risk and return. **Paper titled 'BRICS Economies: Implications for the Global Financial Order'** by **Dr Neha Lakhotia, Dr Yamini Karmarkar and Dr Varun Sarda** dealt with the challenges and problems faced by the New Development Bank .The study addressed the potent issue of shaping the global financial order for the BRIC and the emerging economies. **Sandeep Bhattacharjee** through his paper, '**A Comparative Regression Analysis of Onsite ATM & POS Deploy Ability In Indian Banking Sector During the Period of 2014 to 2016**', have explained how deployability of i.e. ATM's and POS's have purposefully led to rapid growth of availability of money for prospective consumers. They presented regression models to correctly predict future requirements of such ATM's and POS's. Article, '**Mall Management and Shopping Behaviour With Reference to Shopping Mall**' authored by **Dr. Suman Yadav, Mr. Ashu & Mr. Manish Jha** tried to established*

relationship among mall management promotional strategies in Indian shopping mall environment with shopping behaviour and customer patronage behaviour. Further, the findings also revealed that, price based management strategies influence spending behaviour, while promotional strategies influence frequency of visit to mall. **Shaikh Umar Ali Zakir Hussain, Anuj Harikant Tiwari, Anmol Ravi Das** in their paper titled, '**An Analytical Study on Marketing Strategy of Patanjali With Special Reference to Biscuits Products- Navi Mumbai Area**', focused on, analytical study on marketing strategy of Patanjali products with special reference to biscuits in Kalamboli area. The study showcased the marketing strategy adopted by Patanjali to improve the sales of Biscuits product and the satisfaction level of consumers. Article titled, '**Impact Of Bank Choice Behavior On Brand Loyalty- An Empirical Study**' authored by **Dr Neha**, identified the various factors that influenced the customer choice of banks in Punjab and the impact of those factors on brand loyalty. '**Impact of Ban on using Plastic Carry Bags on Retail Stores with Special Reference to Navi Mumbai City**', written by **Dr. Geeta Kohade**, listed the problems due to decision taken by government. The study concluded that Customers' buying behaviour and facilities provided by retailer are associated with each other. In total we have included four papers in this Issue.

*Happy Researching!!*

**Dr.Shiney Chib, Editor-In-Chief.**



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## EXPLORING THE COST BEHAVIOUR OF GREEK HOTELS DURING THE FINANCIAL CRISIS CHANGING ENVIRONMENT

*Papadogonas Theodore, Tsitsakis Christos, Makrygiannakis Georgios*

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**Abstract :** *This paper explores the cost behavior of the Greek hospitality industry, using panel data of 4.433 limited companies for the years 2005-2016. During this period the industry operated in a turbulent environment, which includes phases of environmental stability, the financial crisis, and the beginning of recovery. The cost structure of hotels includes a high proportion of fixed costs that, at least in the short term, is mostly uncontrollable by management. The findings suggest that hotels did manage to adjust their cost structure to the changes, but also that they had great difficulties to control their cost during the first phases of both the negative and the positive changes of their environment*

**Key Words:** Cost behaviour, Hospitality Industry, Financial crisis

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### 1. Introduction

Among the normative academic knowledge of hospitality management accounting is the acceptance that hotels' cost structure includes a high proportion of fixed cost, and, consequently, a low proportion of variable cost. This is the result of two characteristics of the industry. The first is that hotels require heavy investments in assets from the very start of the operation. These investments determine the capacity of the hotel, the range of the market segments that is likely to compete, and, in accounting terms, future depreciation, staff levels and relative costs, and maintenance costs among others.

The second is that hotels need a lot of staff to operate, that is, they are labor intensive. In manufacturing this would be a sign that costs could be flexed according to production. However, the hospitality industry is part of the service sector and, thus, there is no clear connection between input and output. As mentioned above, hotels have a given capacity and are designed from the start to serve given market segments. As such, the main factors that determine the levels of staff are the hotels' capacity and the expected range of occupancy for a future period. This is more intense in hotels competing in the upper market segments because they need to maintain their quality performance and, as such, highly qualified

personnel even during periods of lower occupancy, for they cannot easily enroll qualified workers on the basis of the ups and downs of occupancy.

In short, those two characteristics make hospitality an industry that operates with high fixed cost. Because fixed cost is mostly uncontrollable by the managers, at least in the short run, hotels are vulnerable in changes in demand, whether this is expressed in lower occupancies, in reductions of room prices, in-hotel consumption, or a combination of these. The last two are probably the most difficult to cope with, for a full hotel with low prices and customer consumption may still require high levels of staff to operate. However, sales instability is another characteristic of the industry; there are annual cycles with high and low seasons and also weekly frustrations in hotel operations. The problem of the combined high fixed and uncontrollable cost and sales instability has led Kotas (1999) to propose that the industry should adopt a revenue accounting orientation, since managers have more capabilities to control revenue than cost.

That being said, there is enough research that confirms that cost oriented management accounting and cost management techniques and procedures are widely adopted in the hospitality industry (e.g. Faria et al., 2012; Harris and Brander Brown, 1998; Jones, 2008; Steed and Gu, 2009), and this also holds for the Greek hospitality industry (e.g. Diavastis et al., 2016; Makrigiannakis and Soteriades, 2007; Pavlatos and Paggios, 2008; 2009). However, Mattimoe and Seal (2011) do confirm the revenue orientation of the industry, noticing that accounting logics are present, but it is the marketing logics that dominate the management of hotel operations. They move on to notice that marketing enables more space for management action, an observation in line indeed with the principles of revenue orientation.

While the characteristics of the industry discussed above refer to normal circumstances, there is another characteristic that has not attracted much research from an accounting point of view: the fact that tourism is extremely sensitive to unexpected negative events in its operating environment (Middleton and Clarke, 2001). These may be physical disasters like earthquakes, war in the surrounding areas, or indeed a financial crisis like the one that Greece witnessed. The latter crisis initially affected the tourist origin countries, but was quickly spread into the Greek economy triggering financial shortage, social instability and a political crisis between the governments and the EU. All these had an impact on demand, that is, on the revenue axis of hotels. This makes an additional hardship for hotel management for, in these conditions, it is not only much of the cost, but also the revenue that is uncontrollable by them. As such, there is a question on what extent the hotels can adapt their costs to such changes. This paper aims to explore this question in the field of the Greek hospitality industry during the years of the crisis.

Based on data from over 4000 hospitality companies the next section presents the cost performance of hotels from the years 2005 to 2016. These years cover a pre-crisis, a crisis, and a recovery phase. The results suggest that the hotels did manage to control and adjust their cost, but also that it took them a time period for this to be realized. Surprisingly, this difficulty was also evident on the positive change or the recovery phase. The implications of these are discussed in the concluding section.

## **2. Methodology and results**

For the purpose of this study, we examined a large longitudinal dataset of 4433 Greek companies for the period 2005-2016. The data were extracted by the financial database of ICAP

Hellas S.A. The choice of the sample included all firms from the tourism and hospitality sector, which is the largest service sector in Greece, and, therefore, the analysis was made on a relatively homogenous sample.

Based on the revenue of our sample companies we were able to recognise three phases during the time period we examine (Table 2). The first is the pre-crisis phase (years 2005-2008). The second the crisis phase (2009-2011), in which the fall of revenue reaches almost to 41% from what was on 2008. Finally, the third is the post-crisis (or recovery) phase (2012-2016), where there is a considerable increase on revenue that not only returns the industry to pre-crisis levels, but also goes 60% above it.

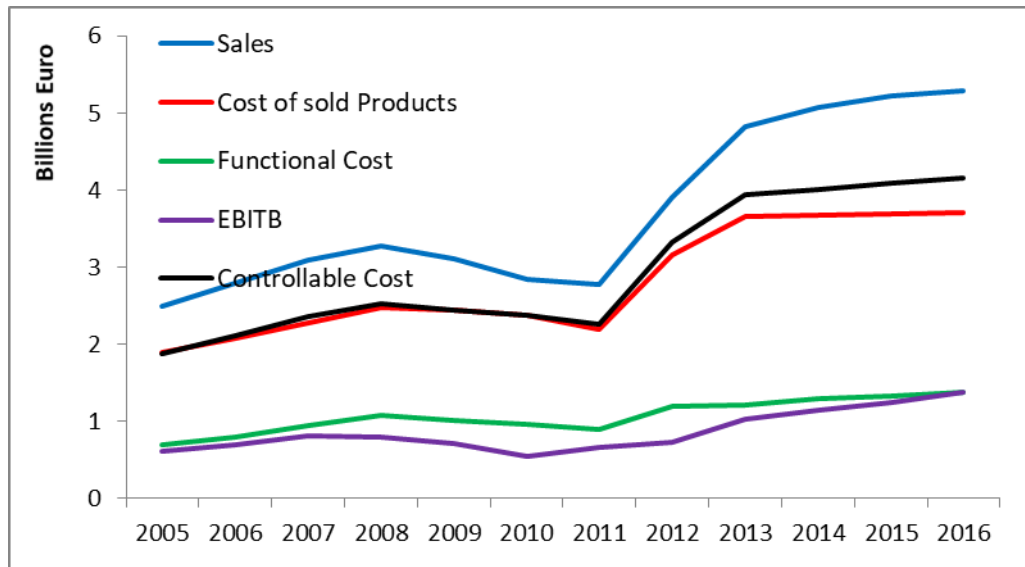
The first step was to perform the estimation of elasticities using the Panel EGLS method with diagonal correction of standard errors. We examined the relations between cost of sales and revenue, functional cost and revenue, cost of sales minus depreciation and revenue, total cost and revenue, Earnings Before Interest Taxes and Depreciation (EBITD) to revenue, and, finally, variable cost and revenue. We used EBITD instead of net profits because, during the period under examination, there were many cases where net results were negative and this created problems to some of our estimations, as we did not want to exclude them from the analyses. We used proxy data for the estimation of the variable cost, since from the sum of cost of sales plus functional cost we only removed depreciation. The results are presented in the following table:

**Table 1: Elasticities**

Year	Cost of Sales / Revenue	Functional Cost / Revenue	(Cost of Sales - Depreciation) / Revenue	Total Cost / Revenue	EBITD/ Revenue	Variable Cost / Revenue
2005	1.02	0.74	1.03	1.02	0.83	0.95
2006	1.01	0.77	1.03	1.02	0.84	0.96
2007	1.03	0.72	1.05	1.04	0.83	0.90
2008	1.03	0.76	1.04	1.03	0.84	0.95
2009	1.02	0.77	1.04	1.03	0.84	0.95
2010	1.03	0.76	1.05	1.04	0.86	0.95
2011	1.01	0.75	1.04	1.03	0.85	0.93
2012	1.01	0.78	1.03	1.03	0.88	0.94
2013	1.03	0.77	1.03	1.03	0.86	0.95
2014	1.00	0.76	1.03	1.02	0.82	0.94
2015	1.02	0.75	1.03	1.02	0.83	0.95
2016	1.01	0.76	1.03	1.02	0.83	0.94

As it becomes obvious from table 1, all elasticities under examination is stable throughout the whole time period we examine. The following figure 1 visualises that cost of sales, functional cost, and EBITD follow more or less the direction of revenue.

**Figure 1: Revenue and cost items, 2005 - 2016**



However, figure 1 also points to two time-points of potential interest. The distance between the sales and cost of sales lines lessens during the crisis period and remains narrow during 2012. Therefore, we moved on to further examine the cost structure of these years by performing vertical analyses on the cost items of the period. Table 2 presents yearly results of the analyses, using as a common size base every year's revenue. The items which are included are cost of sales, functional cost, controllable cost, and EBITB. Controllable cost is a proxy variable, which we calculate as total cost minus depreciation minus interests. In order to make it easier to readers, the more important positive changes are in red font, and the negative changes in blue font.

**Table 2: Horizontal analysis of the cost and EBITB items.**

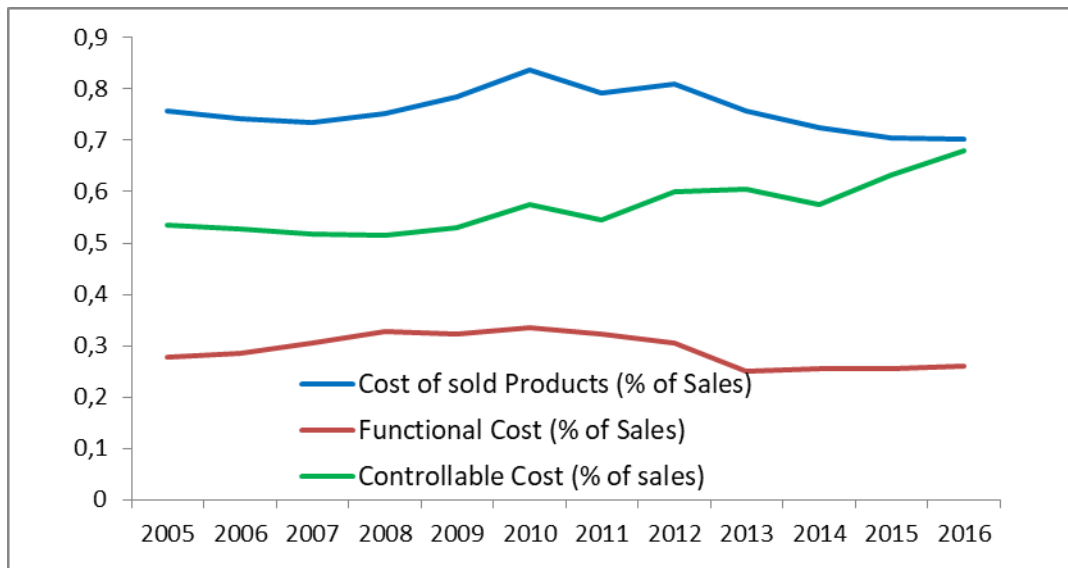
Year	Sales	Cost of Sales	Functional cost	Controllable cost	EBITB
2005	2,494,240,388	75.85%	27.66%	78.04%	24.50%
2006	2,793,049,225	74.13%	28.57%	77.67%	24.61%
2007	3,096,521,289	73.42%	30.56%	76.87%	26.09%
2008	3,281,312,533	75.17%	32.78%	78.97%	24.08%
Average of phase 1		<b>74.64%</b>	<b>29.89%</b>	<b>77.89%</b>	<b>24.82%</b>
2009	3,114,025,111	78.48%	32.23%	80.63%	23.03%
2010	2,847,095,147	<b>83.63%</b>	<b>33.46%</b>	<b>85.03%</b>	<b>18.83%</b>
2011	2,768,639,583	<b>79.22%</b>	<b>32.29%</b>	<b>79.67%</b>	<b>23.56%</b>

Average of phase 2		80.44%	32.66%	81.78%	21.81%
2012	3,899,858,626	80.86%	30.46%	83.85%	18.61%
2013	4,828,319,612	75.64%	24.95%	80.46%	21.38%
2014	5,071,361,515	72.37%	25.42%	79.40%	22.52%
2015	5,228,573,722	70.54%	25.31%	78.16%	23.70%
2016	5,280,859,930	70.18%	26.11%	78.78%	25.09%
Average of phase 3		73.92%	26.45%	80.61%	22.26%

The financial crisis started in 2009, which is the start of phase 2. However, the crisis did not affect the whole year and there were small losses in all the items under examination. But in 2010 the ratio of cost of sales to revenue (83.63%) went 5% higher than the previous year and 8.5% higher than the last pre-crisis year. Similar behaviour is evident to the controllable cost ratio. This is so because we consider the latter as completely uncontrollable by managers). As a result, there is a considerable fall to the EBITD levels (18.83%). However, in the next year (2011), although the crisis persists and there is also a small fall on revenue (-3%), the cost performance of the hotels improves. They manage to decrease by 4% the cost of sales percentage, 1% the functional cost, and 6% the controllable cost. As a result, EBITD comes close to the pre-crisis levels (23.56%).

The recovery phase starts from 2012. However, the cost behaviour of the first year of the phase is rather surprising. There is a considerable increase of revenue, not only when considering the crisis period, but also in regards to the pre-crisis levels. At the same time, though, the cost performance is lower than the previous years and similar to the crisis phase; only the functional cost had improved percentage, the percentage of the cost of sales was 1.5% higher and the controllable cost increased by 4% that was almost as poor performance as the lower value of the crisis period. This is reflected to EBITD that also reaches a negative record value. During the next two years, hotels gradually improve their cost performance behaviour. The cost of sales ratio and the functional cost ratio improve their values significantly to outperform the pre-crisis levels. Also, the controllable cost and the EBITB ratios are improved reaching their pre-crisis levels. Figure 2 that follows presents diagrammatically these two turning points at the beginning of each phase.

**Figure 2: Cost of sold products, functional cost and controllable cost as % of revenue**



**Table 3. Sequential vertical analysis**

	Sales	Cost of Sales	Functional cost	Controllable cost	EBITB
2009	-5.10%	-0.92%	-6.67%	-3.11%	-9.24%
2010	-8.57%	-2.57%	-5.11%	-3.58%	-25.21%
2011	-2.76%	-7.87%	-6.16%	-8.89%	21.64%
<b>Sum of phase 2</b>	<b>-15.62%</b>	<b>-11.07%</b>	<b>-16.89%</b>	<b>-14.88%</b>	<b>-12.81%</b>
2012	40.86%	43.77%	32.90%	48.25%	11.25%
2013	23.81%	15.81%	1.40%	18.80%	42.26%
2014	5.03%	0.49%	7.02%	3.65%	10.63%
2015	3.10%	0.49%	3.04%	13.19%	8.51%
2016	1.00%	0.49%	3.81%	8.68%	11.19%
<b>Sum of phase 3</b>	<b>90.74%</b>	<b>68.96%</b>	<b>54.27%</b>	<b>137.95%</b>	<b>84.13%</b>

In order to verify the above, we also performed a modified vertical analysis that is presented in table 3. The table presents the percentage of change of the items under examination. The base values of each year are the previous year's values. The figures on the table confirm that the hotels faced considerable difficulties to adjust their cost items at the start of each period, namely 2010 and 2012, gradually improving their performance thereafter.

### 3. Discussion and Conclusion

The paper explores the adaptive capacity of Greek hotels during the frustrating operating environment of the financial crisis. Hotels are considered to have difficulties in adapting their cost to environmental changes because their cost structure includes high fixed cost and much lower variable cost.

Despite the above difficulty, the data reveal that Greek hotels managed to adapt their cost on the changes of demand. However, it is also evident that they failed to manage their cost during the first periods of change. With the crisis starting in 2009, it was not until 2011 that the hotels managed an adequate cost performance. While this is a more or less expected finding, this was also the case, unexpectedly, on the positive turn of the post-crisis phase. The hotels realized in 2012 a major increase of 40% on their revenue. However, their cost performance was similar, and in the case of controllable cost close to, to the lower values of the crisis phase. Cost performance was gradually improved during the next two years.

The literature reviewed in the first section suggests that hotels widely adopt management and cost accounting techniques and procedures. However, the cost performance of Greek hotels during the frustrating environment of the examined period implies that they have not mastered the way to respond to a fast changing environment. Developments from the management accounting domain suggest that traditional management accounting and budgeting procedures do not facilitate companies operating in changing environments. Continuously updated future orientated procedures, like rolling forecasts (Hope and Frasser, 2003), or continuous budgeting (Frow et al., 2010) are suggested to fit better in those environments. There is case study research that records the use of rolling forecasts, in parallel to budgeting, in the industry (Brander Brown and Atkinson, 2001; Cruz, 2007). Certain Greek hotels adopted continuous budgeting or rolling forecasts during the crisis to respond to the pressure of their environment (Makrygiannakis, 2017). Greece now starts to balance the effects of the crisis and its hospitality industry has entered a period of growth. However, the vulnerable environment of East Mediterranean does not exclude another crisis, even if this triggered by another reason. Therefore, the authors of this paper suggest that the Greek hospitality industry would benefit if these or similar management accounting techniques become more widely adopted.

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## A COMPARATIVE STUDY OF CONSUMER PAYMENT CHOICES IN ONLINE SHOPPING

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**Abstract :** *E-Commerce has been accepted in various forms because of its infinite benefits. Online shopping has gained momentum since its inception because of various attributes offered by the E-tailers. One of them is the choice of payment method which ranges from offline payment to online payments. Customers can purchase products from various e-portals and make the payment as per their feasibility. This attribute of online shopping is mostly valued and looked into prior placement of orders as such it can act as a central focus before actual product is brought.*

*The main objective of this study is to understand the preferred mode of payment and the perception toward it. In order to fulfill the main and other objectives past literature has been studied and accordingly data has been collected. The study has put forth various payment method of online shopping like COD, Debit and Credit cards, E-Wallets, Internet Banking etc. which were preferred during online shopping. A survey was conducted among university students to validate and fulfill the research objectives. The results have been analyzed using appropriate statistical tools which can be of help in further research.*

**Key Words:** *Cash On Delivery, EPS, Online shopping*

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### Introduction

The prominent growth of online shopping has altered the shopping patterns of the people across the globe. It has gained popularity because of its various attributes and nature of spoiling the customers with its infinite choices. However all this is possible and validated by the availability of internet connection to all potential customers. The e-market place is crowded with uncountable local and national shopping portals from which customers can choose thus making their switching cost minimal. Shoppers act as actual customer or just lookie loo that only browse without having any intention to

shop and both are offered benefits in different ways. The lookie-loos use this online information in offline stores. The customer has to conclude with the payment to make actual purchases. In online shopping different forms of payments are made available which are bifurcated in Online or Digital and Offline forms. E-tailers use this as core attribute to reach customers across nations so that no customer would be devoid of their products and services. Online shopping payment choices commonly available to the customers are Cash On Delivery (offline mode) and Debit and Credit Card, Internet Banking, E-Wallet etc. However, the consistent innovation in ICT (Information Communication Technology) security of the customers is at stake which sometimes restrains them to shop online. Customers surf online for different products once the product is finalized and moved to cart for the checkout purpose the payment process is initiated. Many customers are reluctant to share their personal card details as such they preferably opt for Cash On Delivery. The past literature as such has not focused in depth on the payment method of online shopping though on few modes but not all or in collective way which gives the researcher to choose this topic.

Payment methods are endless ranging from pay now to pay afterwards. In India cash on delivery and Kiosk payment are still preferred. (Lupu, Mual & Stipout, 2016). Li, Ward & Zhang (2003), in their paper emphasized the inconvenience and transaction fees which influence the choice of payment method. Customers will prefer credit card over cash provided the uncertainties of the product to be provided else cash or an equivalent would be preferred. The goodwill of the seller doesn't play any critical role in the payment choice. The trend is changing now; customers are heading towards acceptability of other payment mode like plastic card. Runnemark, Hedman & Xiao, (2015) stated the importance of debit cards for making payment. Customers are now making more use of Debit cards than cash as they are seen as equivalent to cash except the format. Cash in hand is now seen as less important especially with new generations' payment methods which can lead to more use of non-cash payment methods.

The educational background also influences the payment choice like more qualification and keeper of multiple cards prefer credit cards than cash (Carow and Staten, 1999). Customers who are more concerned about the security prefer cash over a card. Studies in the past have shifted their focus from cash on delivery to an online payment method. Online payment methods or digital payment methods or Electronic Payment System (EPS) involves all those modes of making payment which can be made using internet as a core source. Oney, Guven & Rizvi, (2017) in their contribution stated that prepaid, Debit and Credit Card were preferred forms of EPS including Electronic Cash. When it comes to using EPS trust and security were seen as important determinants and for trust and security; past experience, technical protection, transaction procedure and security were seen as influencing factors. Technical protection and past experience in using EPS were seen as strong influencers of perceived security and trust. Prepaid and Debit cards are used synonymously as both requires sufficient balance in the account. On the basis of convenience payments made via prepaid card are better than the direct payment; however when it comes to risk factor or concern related to frauds direct payment method is chosen (Adeyeye, 2008). Numerous studies in the past have also postulated the encouraging and hindering

factors for using EPS just like in the study of Murabu & Mosoti, (2017) in which they have focused on these factors. Referrals from friends was seen as the main influencer and encourager for using EPS while as overspending, impulse buying, lack of education, lack of acceptance by most sellers, credit worthiness of poor customers, irregular income, and overall financial instability of the country were seen as inhibitors. Also fraud and incompatible infrastructure for using EPS were considered as obstacles. Polasik & Fiszeder, (2010) has highlighted various payment methods which are COD, online payment integrators, card payment, bank transfer, pay-by-link and virtual payment provide. These payment method are influenced by many factors like innovation, bank involvement, security transaction, costs incurred by the shops, speed and convenience for customers. Jarollahi, (2013) also focused on EPS and the factors influencing the customers to make it use extensively. As per his research Electronic payment system is an accepted form for making daily payments. The study reveals that if trust and security is increased EPS adoption will increase. Few dimensions of EPS has been highlighted which are as transaction procedure, technical protection, security statement, perceived security, perceived trust and EPS extent of use and all these dimensions have positive and significant relation with the EPS adoption and between themselves. Study of Khan (2011), hasn't made any difference on the basis of acceptability and said both cash and debit cards are acceptable however in debit cards the realization of the amount being transferred or spent is low while as in cash payment the disappearance realization of cash is high. Impulse purchases were high in debit card purchases. The volume of purchase is heavy in debit and credit card usage as compared to cash.

Hence, in conclusion it can be postulated that cash and EPS (Electronic Payment Mode) are the preferred mode of making payment and among which Debit/Credit cards, Internet Banking and other online forms are mostly preferred. Various factors were shortlisted by researchers in the past on this segment which encourage and discourage customers to shop online among which security, trust, educational background, past experience and infrastructure were seen significant. These factors were seen as having high influence in choosing online payment modes. Customers across the world consider the payment modes in the light of these factors.

### **Research Objectives**

- To know the preferred mode of payment for making payment in online shopping.
- To identify factors influencing online shopping's payment choice.
- To know the perception of the respondents towards the outcome factors that reflects the preferred payment mode.

### **Research Methodology**

As of this study it follows a mixed approach of descriptive and empirical research to fulfill the research objectives. The data was collected from the students of Central University of Kashmir. As per Wood (2002), young people are more interested in shopping online as compare to others hence the data was collected from the students of Central University of Kashmir belonging to diversified streams and holding different qualification giving us an edge to achieve responses from different perspectives. Eventually data was collected from 140 students using probability random sampling.

A scale emphasizing online payment method's essential aspect was developed on the basis of past literature as such 15 items were clubbed together to understand the perception of respondents towards their preferred payment method. The scale developed was perceptual based which measure responses on 5 point likert scale (from Strongly Disagree to Strongly Agree). All the items reflect the payment choices from different angles like security, convenience, strict procedures and efficiency.

To check the reliability of scale Cronbach Alpha was done resulting a score of 0.893 which falls in the acceptability region followed by KMO and Bartlette's test to check the adequacy of the sample which was 0.701 which depicts that the sample collected for analysis is good enough to proceed with factor analysis and other required statistical tests.

The SPSS-20 software was used for data analysis. Three factors were extracted from factor analyses which were cost factor, product factor and convenience.

## **Result & Discussion**

This section highlights the interpretation of the overall research objectives which were fulfilled using SPSS-20 to arrive at the conclusion. The study has taken different mode of payment which are Debit Card, Credit card, Internet banking, Cash On Delivery (COD), E-wallets, EMIs which were covered and highlighted in the past literature. Initiating with the core objective to know the preferred mode of payment among the respondents pie chart was formed for the same. Figure 1 shows the graphical representation of the preferred mode in which E-wallets (37.86%) topped the list followed by Debit card (34.29%), cash on delivery (11.43%), net banking (6.43%), credit card (4.29%), EMI (2.86%) others (2.86%). It enables to conclude that E-wallets like Paypal, Paytm, Mobikwik etc. were preferred by shoppers for doing e-shopping. Cash on delivery is not much chosen, the reason could be unavailability of the person at the time of delivery and unavailability of this mode of shopping with many E-tailers.

The second objective was to identify factors that influence the shoppers to choose preferred mode of payment in online shopping. To know this factor analysis was conducted on SPSS software. Three factors were put forth which were cost, product and convenience at eigen value and varimax rotation. The cost factor explains the nature of the payment method mostly preferred in terms of receiving various discounts/coupons etc., using this mode for products respondents like as this method is trustworthy and mostly when this mode of payment is available they prefer going out of the budget. The second factor is convenience i.e. preferred payment mode is

used as it is convenient for the customers be it time or overall. The third and final factor is product factor which covers statements like for buying inexpensive, luxury item where procedural formalities in making product payment is not much and where there is minimal or no threat of hacking and the personal information is not misused; a particular payment method is opted.

The last and final objective of the study was to know perception of respondents towards the cost, product and convenience based factor of payment modes. One-sample T-test was done to know perception towards these payment factors.

**H<sub>0</sub>: The perception of students towards the payment factors was indifferent (sig 0.05)**

Table 1 illustrates the results of the test and as such it was postulated that the perception of the students towards these factors influencing payment method hold significant as the values are less than 0.05 as such we failed to accept the null hypothesis. Respondents do prefer these factors as significant and hold a great value in choosing any particular mode of payment. They believe these factors are crucial in deciding which payment method to choose while purchasing.

### **Conclusion**

The overall study is at its inception and much needed to be done. It's one of its kinds where scale is formed to understand the factors influencing payment method unlike past literatures which have focused on online shopping factors and comparison of different payment modes. Debit Card, E-Wallets, Credit Cards followed by others were preferred modes of payment. There has been a surge in the use of EPS due to continuous innovations in the ITC (Information Technology and Communication) sector as such the results also revealed them as preferred mode of payment leaving behind the cash on delivery. It can be postulated that cash on delivery has become obsolete form as now customers are more acceptable to the technology and innovation. Their trust has been more emphasized by the e-tailers by making use of secured payment gateways, flexible return and exchange policy and user-friendly e-portals. The payment influencing factors; cost, product and convenience were seen as holding a significant role in shaping the perception of the respondents.

### **Limitation**

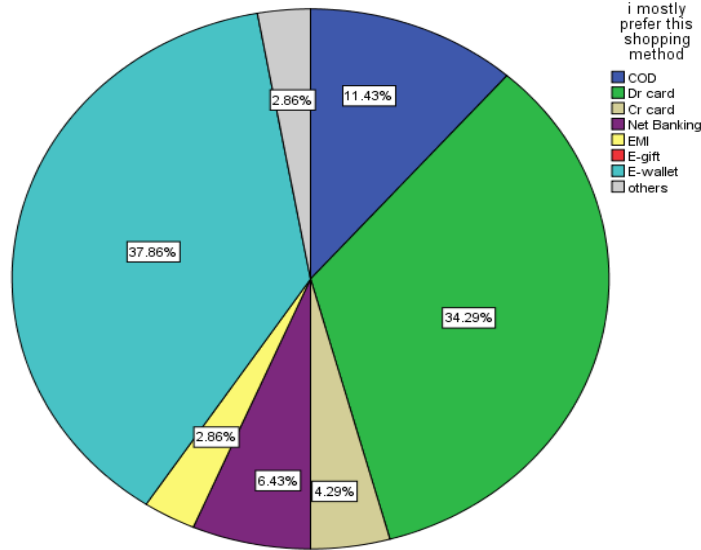
No study is free from loopholes and as such this too has got its gaps creating a scope for further research. The study has focused on one university of the Kashmir valley as such others can be taken into consideration and even beyond. This will lead to other factors apart from the outcome ones.

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Table and Figures

**Figure 1:**  
**Preferred Shopping Mode**



**Table 1**  
**One Sample T-test**

**One-Sample Test**

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Convenience	2.746	139	.007	.250	.07	.43
Product_factor	15.410	139	.000	.901	.79	1.02
Cost_factor	16.078	139	.000	.921	.81	1.03



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**ANALYSIS OF THE PERCEPTION OF BELONGING AND THE  
COMMITMENT TO THE GENERATIONAL TRANSITION  
EMPIRICAL ESSAY OF A MEXICAN CONSORTIUM OF COMPANIES DEDICATED TO  
FOREIGN TRADE**

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**Abstract :** *Generational succession is an issue that is of vital importance in family businesses, since the permanence of the company depends on the success of the process. All the steps to follow, as well as the literature on the subject, are studied in the case presented, which is limited to a Consortium of companies dedicated to foreign trade, whose corporate is located in the city of Veracruz, with 30 years in the market and that is in the process of transition from the Council Presidency of the father to his son. The analysis includes the existing generational differences in the way of thinking and therefore in the way of managing several companies on which more than 600 employees depend and seeks to identify if there are some variables that ensure the success of a generational succession process*

**Key Words:** **Generational succession, Likert scale, millennial generation, baby boomer generation, generation X, JEL: L22 and L25**

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## 1. Introduction

Family businesses are very important in the Mexican country because of the income they earn and the jobs they generate. Derived from the foregoing, it is fundamental to carry out the succession of the leader of said companies in a correct manner, since the continuity of the same depends on that. More importantly, when you are the leader of a group of companies. The process of succession in the leader of the companies must be studied and prepared several years in advance. The preparation includes since the successor has the knowledge and experience required, until the leader who is going to delegate their duties

and position, is prepared to really leave in other hands what for many years came with good results.

Another important part of the succession process that must be studied is the fusion of two generations, since, if not done correctly, it can generate important conflicts between the people involved. The ideal is to include as part of the processes, procedures, policies and values of the company the best, the experience of the first generation and innovation and new theories of the second.

This study focuses on a consortium of Mexican companies engaged in foreign trade with more than 30 years in the middle. The main objective is to describe the perception that shareholders, senior managers and employees in general have about their sense of belonging and commitment at a time of generational change in senior management in a Mexican Consortium of Companies Dedicated to Foreign Trade.

The specific objectives of this study are:

- A. Identify the perception of the staff in relation to the managerial positions and the doubts that may be had when leaving the management of the Group in the hands of younger generations.
- B. Describe the perception of executives and employees in middle management around an improvement in both the productivity of the company and the safety of processes at a time of generational change in senior management.

Based on the result of the objectives, it will be possible to identify if the succession process is successful or not, which will depend on the subsistence of the organization in the generational transfer. To favor the result, the Lewin model is used, which allows identifying the main elements for a programmed change. This model shows how the company is currently and the change that is made, through three stages.

## **2. Background of the problem**

Family businesses are increasingly recognized for their importance both in the generation of wealth and in employment. This is due to the fact that these companies represent 80% and 98% of the business sector for developed and developing countries respectively (Poza, 2010). They are expected to continue to play an important role in the economy of the countries thanks to particular aspects of their condition such as: flexibility in the processes, agility in decision-making, personal treatment granted to clients and their constant review and improvement of their processes to compete. That in contrast to multinational companies, due to their size, lose that sensitivity and direct contact with customers (Friedman and Friedman, 1994).

It is not easy to find an exact definition of what a family business is. Longenecker, Moore and Petty (2001), conceptualize the family business as one characterized by ownership and some other participation of two or more members of the same family, in their life and operation. In the family business, particular elements are considered in their way of deciding and achieving the proposed objectives, different to a non-family company, their administration seeks family goals and the company goes in the same direction; In a harmonic and integral way (Vallejo, 2007).

The search for new opportunities for family businesses involves a succession, which is associated with the replacement of old owners by new owners, as part of a business process (Nordqvist, Wennberg, Bau, Hellerstedt, 2013). Stempler (1998, cited in Cabrera, 1998), defines a successful succession as one in which all the parties involved in the succession process perceive the succession as favorable and there is a general satisfaction of each person who participated in the transition process.

Also, there is no anger or hostility from one party to another. There is also a general perception of all the agents involved in the process of the family, the company and the non-family employees, the one that will succeed and the successor were treated in the best possible way by the succession plan. For the family business, the process of succession is an issue that, due to its relevance, must be decided on the configuration of the new property, since who controls the property exercises the power and, if it wishes, the direction of the company. It can be delegated if it is decided to appoint a general director (Belausteguigoitia, 2010). Chrisman, Chua and Sharma (1998) cited by Quijano, Magaña and Pérez (2011), evaluated the following attributes in the possible successor:

- 1) The level of cooperation of the predecessor and the successor;
- 2) The age of the successor; Y
- 3) The compatibility of objectives between the successor and the founder of the company.

With respect to the level of relationships that the successor must have with other family members, they evaluate four aspects:

- 1) Respect for the members of the family actively involved;
- 2) Respect for family members not involved;
- 3) Family trust; Y
- 4) Ability to carry with family members.

These authors concluded that the most valuable attributes in the successor are integrity, experience within the family business and commitment to the company. On the other hand, Sharma and Irving (2005) analyzed the successor's commitment to the organization and developed an investigation where they established four bases for such commitment, evaluating their antecedents and consequences, which depend on the characteristics and one-person experiences of the successors.

- 1) Affective commitment based on an emotional bond, characterized by mutual trust, shared values and the achievement of common objectives;
- 2) Normative commitment based on a perception of the sense of obligation and of what it should be,
- 3) A calculation commitment that considers the opportunity costs involved and the way to avoid or reduce them, and
- 4) Imperative commitment, which includes the perception of the needs and the dependence of the organization as the only available action resource for the successor.

On the basis of this research, they came to the conclusion that the successor in a family business, being a person very close to both the shareholders and the person transferring power, has a very high commitment to comply with the training, enough that it was required of those beginning to make the transition of efficient energy and take advantage of all the experience that has had in the course of the life of the company. The same perception of commitment is observed in the person who abandons the leadership of the company. In both cases, the commitment factor is very high, as well as participation, both to preserve the company and what this means for the name of the family, as well as for the income on which a large part of their family depends.

### 3. Delimitation of the problem

Within the family businesses, a set of principles and values that form part of the very essence of the company are concentrated. These are transferred by the representative elements of the family and even by political elements of it. Together, and through the use of procedures and strategies, family businesses seek their permanence in the market over time, with a clear purpose that serves as a means of inspiration for the members of the company, which allows them to have a high sense of responsibility and permanence (Gómez-Betancourt, Betancourt, Zapata, 2012).

Family shareholders with a high sense of permanence have the responsibility to grow the company. This feeling, in many cases, becomes a priority for managers, however, the level of participation in the processes to grow is multifactorial. The professionalization of the shareholder is reported as a factor that influences the sense of belonging. It is identified that shareholders with master's degree studies report a greater sense of belonging than those who do not. In addition to the above, the perception of the family shareholders that belong to the board of directors, in relation to the commitment to the organization and the sense of belonging as factors that influence the selection of the successor, is high, due to the search for permanence and growth (Quijano, Magaña and Pérez, 2011).

This research focuses on analyzing the perception that owners have at a time of generational change in the top management of a Mexican consortium of foreign trade companies, with offices and operations in the main customs and airports of the country, as well as other companies of the same branch, with registered office in Veracruz. With a staff of 600 employees, this group of companies has been in the market for 30 years, led by the majority shareholder during the same period. The CEO was replaced by a younger person, although with 15 years of experience in the company

The training process for the future president of the Consortium has included a degree in a prestigious university, work experience and various courses abroad, and will culminate with a postgraduate degree at an internationally renowned university. The future leader and heir, started working in companies 3 years ago. Due to the size of the Group, family and non-family directors are involved within the structure, as well as key people who know, have several years in the company and a great responsibility.

In order to identify the problems that may prevent the generational succession change of this work from having the expected success, the Lewin model (1947) is used, which allows

identifying the main elements for a programmed change. This model shows how the company is currently and the change that is intended, through three stages. In figure 1 the model is exemplified.

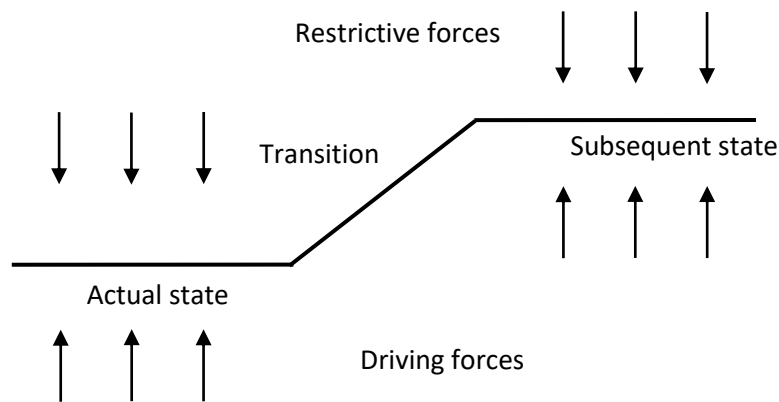


Figure 1. Kurt Lewin's Change Model.

Source: Own elaboration with information from Lewin (1947).

As can be seen in the previous figure, the first stage called the unfreezing of the current state: It allows analyzing the restrictive and driving forces of the current situation that is being modified in search of the desired situation. The second stage modification or transition: It is the process of changing the situation in which the corresponding interventions are made, transformations in the current processes to look for new behaviors at the individual and organizational level. The last and third stage is the recongellation or the subsequent state: They are established when the desired change is reached and the benefits of the change are achieved, which seeks the stability resulting from the modifications made (Lewin, 1947).

In consideration of the first stage of Lewin's change model, in Table 1 shown below, the driving and restrictive forces of the proposed problem are presented.

Table 1. Driving forces and restrictive forces.

Driving forces	Restrictive forces
1. Opening to the change of the shareholders and main managements	1. Resistance to the change of the most senior staff
2. Generation change programming with enough time.	2. Remove employees from their comfort zone
3. Ability to adapt to the change of personnel in general	3. Difference in the way of thinking of two very different generations

Source: Own elaboration.

**4. Theoretical-conceptual and empirical review**

It is a mistake to think that the management of a system that operates under a family business is the sole responsibility of the family members, contrary to this, the administration and direction of the company, is part of the assets of the family, is to say, is the very property of each of its elements. In the world close to 50% and 80% of companies are family. In Mexico this percentage is higher and oscillates in 90% of the total of the companies in the country (La Salle, 2014). And thanks to their centralization in decision-making, they do not require an operational and planning structure (Durán and San Martín, 2013).

The good perception of the commitment and responsibility of the shareholders and of all those involved in the succession process is extremely important, since it is the result of success in the generational change of top management (Sharma and Irving, 2005). Added to this, Oviedo (2004) considers perception as the fundamental process of mental activity, and assumes that other psychological activities, such as learning, memory, thinking, among others, depend on the proper functioning of the process of perceptual organization.

On the other hand, values play a fundamental role in the socialization of successors. These values are implemented by the founders and originate in two stages of socialization: The first stage focuses on family socialization and the second on business. Where, the fulfillment of two different objectives that depend on the socialization approach are identified; and they are based on the Foundational Homosocial Reproduction Model and the New Leaders Development Model (García-Álvarez, López-Sintas, Saldaña, 2002).

Regarding the participation, belonging and commitment of the leaders when making a generational change, the Theory of the Agency (developed by Jensen and Meckling 1976, cited by Vilaseca, 2002) suggests that those with greater participation in the actions, are more involved with the problems and their solution. In addition to the above, Breton-Miller, Miller and Lester (2010) argue that in family businesses the administration is executed with a futuristic vision towards their companies, performing actions that increase the capital of all the members of the company. However, based on the Theory of the Agency, this is limited by the particular interest of the actors with greater participation or those who are in the top management.

From another perspective Vilaseca (2002) examines the levels of identity, belonging and commitment as elements that influence the conflict of interests and objectives between shareholders who do not work in the family business and those who make up the senior management team of the same. In this sense, the result is that the degree of commitment to the company is negatively correlated with the number of family members in management positions and, on the contrary, the commitment to raise the level of growth of non-managerial members. It generates a positive attitude. Attitude towards the company. It also notes that the results of the mechanisms and processes implemented depend on the attention that the company provides to the three subsystems of the organization: property, family and company.

In a study conducted on five successful family businesses in their first succession, it is observed that there are differences between the phases of the succession process and that only until the moment when the new leader is in office, is it true that the predecessors they face an important transition, where, in addition, the role they will have within the company is uncertain (Cadieux, 2007). However, top management drives the transition

process, by supporting the renewal through actions that allow to create a commitment to the new leadership and its strategy (Sievinen, Ikäheimonen, Pihkala, 2019).

The process of succession in a family business is extremely important, since it can depend on the company's results until its possible disappearance if a plan with well-established commitments is not prepared on time. This succession plan must be decided on the configuration of a new property, since who controls the property exercises the power (Belausteguigoitia, 2010). For many family shareholders, the surname is a source of pride and its preservation becomes a motivator that generates not only a sense of belonging but a high level of commitment to the effort to preserve it. This feeling can be the trigger for greater dedication and commitment in the company, which, in some cases, extends to other members of the family (Vallejo, 2007).

Succession is not a simple matter and, therefore, its planning is not either. The high mortality rates that characterize family businesses in generational leaps are perhaps the best proof (Araya, 2011). Likewise, the expectations that precede a succession process with respect to the stability and welfare of the outgoing owners are indirectly linked to the performance of the company itself (Collins, Worthington, Schoen, 2016). Derived from the above, generational succession in senior management must generate confidence in managerial positions, since they are the ones that lead the operation of the company and ensure that the service provided is of quality to always satisfy customers.

Due to the importance of family businesses in different areas (economic, business, professional, political and university), their disappearance is a concern (Friedman and Friedman, 1994). It is estimated that only one in three family businesses is successful in the next generation (Belausteguigoitia, 2004). On the other hand, a study carried out in a period from the year 2000 to the year 2014 on articles referring to family businesses, shows that the predominant approach of the studies of 75 articles is positivist and it is foreseen that this trend will continue (Leppäaho, Plakoyiannaki, Dimitrates, 2015).

Derived from the above, the process of succession acquires great importance, since, if it is badly planned or not planned, the capacities that differentiate them from other types of organizations and that grant them an important competitive potential, can be threatened (Vancil, 1987, Handler, 1994). In addition, consider that family successors are obliged to comply with fundamental aspects to ensure their success, according to their predecessors. These can mainly focus on three; The first aspect is the physical skills, necessary but insufficient by themselves. Soft skills and hard skills (Schlepporst, Moog, 2014)

The importance of family businesses in Mexico is insufficient and the perception of these is an undervaluation on the part of the organizational sectors. They are considered unprofessional, since some tend to hire family members only because of the relationship, but not for the quality of their work. They do not usually enjoy a good reputation, because it is more common to hear stories of failure than of success (Nelton, 1993). The study of family businesses has been covered from the beginning with difficulties that do not finish solving. One of them refers to the point of departure of the discipline: its definition of the object of study. Aronoff and Ward (1995) point out that it is possible to consider if this type of organization is simply a relic of the past destined to disappear or if it constitutes a business model that must be imitated to adapt to the future economic environment.

In this order of ideas, it can be taken into account that out of every 100 family businesses only 34 manage to overcome the first generational change; Of those 34, only 30% manage to reach the third generation. However, 63% of family businesses want the continuity of their company, although two thirds of family businesses do not feel prepared for the succession and half of their managers believe that they should never retire (PricewaterhouseCoopers and IEF, 2007). Therefore, considering succession as a process seems to better define this fact, which characterizes family businesses anywhere in the world (Handler, 1989, Leach, 1993, Gallo, 1995, Ussman, 2004, Araya, 2011).

It is thus, as it is inferred that for success in the process of succession of family businesses, it is essential to meet the requirements and needs of family members in individual terms. Where, in addition, all the phenomena that are present in this process must be considered. Consider these phenomena related to personality that alter the company's environment (Marler, Botero, De Massis, 2017). On the other hand, the development and needs of non-family members will be strictly assumed in accordance with the requirements of the company. The above is the best way to make this process work (García-Tenorio and Pérez, 2009).

## 5. Hypothesis

The objective of the present investigation is to determine the perception of the sense of belonging and commitment of the employees of the Consortium object of study, in a process of generational succession of the leader of the same. This leads us to the following hypotheses:

Ho: There is no change in the perception of the commitment and the sense of belonging of the employees during a process of generational change in the leader of the Consortium.

Ha: There is a change in the perception of the commitment and the sense of belonging of the employees during a process of generational change in the leader of the Consortium.

And specifically:

Hi: Does the success of a generational succession process in the leader of a group of family businesses depend on the commitment and sense of belonging of the employees of the same?

## 6. Method of organizational development

The design of this research seeks to describe the perception of the shareholders, the main executives, the general staff and the middle managers of a family consortium of companies engaged in foreign trade, during a generational change in relation to the commitment to the organization and the sense of belonging. Since it focuses on perception (the way in which subjects perceive a situation), it is qualitative research. The quantitative method is

used for the statistical analysis of the responses of the applied surveys, to identify if there is any change in the perception of the sense of belonging and the level of commitment of shareholders, senior executives and middle management personnel to have a generational change.

In top management, the information obtained serves to generate enough information to be able to conclude whether the perception changes positively or negatively in said members. The method that will be used for the collection of information will be descriptive through surveys, as well as observation during the transition period. Due to its origin, it is mixed, since, to study the impact of generational change on top management, field and documentary research is required, based on documents such as consulting books, articles or essays in magazines, newspapers and documents with academic validity, which will be complemented by field research that will be conducted based on surveys and observations.

For its usefulness, it is applied since it seeks the use of the knowledge that is acquired in order that the result of the research can serve to improve the process of generational change or, in its case, demonstrate that the process that has been applied is cash. For its objective, it is descriptive because it is a definition of the current situation of the consortium under study and the moment that is currently happening during the generational change; deepen the reaction of shareholders and senior managers during this change (both in the sense of belonging and in the level of commitment). For the management of information is an analytical research, since it seeks to analyze what is happening at a particular time during a situation of generational change and changes that may affect the company.

#### **A. Diagnostic instrument**

The questionnaire used developed by Herrera (2012) and adapted by Jurado (2014), consists of three parts: the first measures the commitment that the respondents have with the company, the second measures to what extent they identify with the company and the third part the motivation they receive in their daily activities. The instrument was an own elaboration using the modality of the Likert scale, also known as summative evaluation, where some help items were taken. In this type of scale, the level of agreement or disagreement is specified with a statement with the total scores to analyze the results according to an established range. The questions used in the interviews of the current president and the successor were of own evaluation, designed exclusively for the purposes of this work.

#### **B. alternative solution**

If, as a result of the investigation, it is concluded that there is a change in the perception of employees at all levels in a high percentage during the process of succession, they would have to take different actions from the current ones, such as:

- 1) Activities to motivate staff explaining the benefits of the succession process.

- 2) Integration to the process of succession of all the personnel.
- 3) Work meetings

### C. Development of the theme

The research technique used is field research, developed with the implementation of collection techniques and results analysis based on surveys applied to the main managers in charge of the main areas of the company and employees of the middle managers, through different interviews, the president and the successor and with the observation that were made at different times of the company. The foregoing with the objective of describing the perception of the main stakeholders and leaders of the Consortium of the companies under investigation, with respect to the commitment to the organization and the sense of belonging as factors that influence the success of a period of succession in the presidency of the group.

In a first stage, semi-structured surveys were conducted with the majority shareholders who are the president and his successor, with the purpose of presenting the objectives of the investigation and obtaining their authorization to continue with the investigation. In the second stage, the surveys were applied to minority shareholders and management positions, to personnel in management positions and to employees in middle positions in the Consortium studied. Based on the answers provided, he was able to describe whether a generational change in senior management, changes in the perception of senior executives and other shareholders, if a lack of confidence or improvement in processes is perceived with this generational change in the leaders of the group.

In the third stage, the behavior of the participants in the study was analyzed at different times and circumstances, which helps to describe the impact of the generational change mentioned above. This research is based on the study methodology of Vilaseca (2002), who demonstrates, from a positivist perspective, the relationship between participation, the degree of commitment, identity and the sense of belonging perceived by the dashboards in companies family members, adapting it, to include senior managers who are not members of the group, but who have been in charge of the area for more than 10 years. All of the above, during a period of succession of the group's president, which is the highest position, occupied by the majority shareholder.

This study is of a descriptive type, which is elaborated based on the information that is collected from the surveys. The design is not transversal since the data is collected in a single moment in its natural context, through surveys applied to the shareholders and the rest of the executive body. With the purpose of describing the current perception of the principal directors (including the president and his substitute) during the generational change in senior management.

The questionnaires were administered directly to each of the group's main executives, as well as to the staff of the middle management, to the successor as head of the Innovation Department and to the president, and a personal interview was applied. Each individual received an email with the questionnaire. Separately, the behavior of each one of those involved was observed at different times during the development of the investigation. A simple statistical analysis was used to process the information. Initially, it allowed a descriptive and frequency analysis of the main variables. Subsequently, an analysis of variance was performed, where the statistically significant differences present in each of the variables were determined.

To carry out the study, it is necessary to follow a series of steps, which are presented below:

- 1) The contact with the subjects was done electronically to apply the instrument individually.
- 2) After the above, we proceeded to tabulate the data to generate the presentation of the results.
- 3) According to the data obtained in the tabulation, the results were obtained according to what is presented in the graphs through the basic statistical analysis.
- 4) On the basis of what was analyzed in the interpretation of the results, a discussion was reached, in comparison with what was gathered in the theoretical framework.
- 5) Through the discussed and analyzed conclusions of the research were made, and at the same time recommendations were generated as an alternative to resolve the findings.
- 6) Finally, an improvement proposal for employers was generated as an alternative for the solution.

The statistical methodology used was the measures of central tendency (mean, median and fashion) and percentages that supported the analysis of the results, all with the support of Excel. Results tables were used for the presentation of results. In this chapter, the results obtained through the questionnaires that were made to the main governing body of the consortium of this study, surveys applied to the president and future substitute, as well as their interpretation and observation of those involved at various times during the development, are shown. of group management, when a generational change is being implemented in senior management.

#### **D. Population and sample**

Sources of consultation both documentary and field.

- 1) Places: internet portals, libraries and business archives.
- 2) Types of sources: books, research articles and thesis.
- 3) Quality of the sources: primary and secondary.

Delimitation of the universe.

- 1) Indication of inclusion characteristics: Mexican consortium of companies engaged in foreign trade, in the process of succession of senior management.
- 2) Geographical or spatial delimitation: the city of Veracruz.
- 3) Temporal delimitation: 2016, which is the year in which the succession process took place.
- 4) Exact number of members of the universe: 8 companies.

Selection of the sample.

Due to the nature of the study, it is not considered a sample, since it will be applied to the universe corresponding to 8 companies that make up the Consortium.

Documentary techniques

In the present investigation, the bibliographic records and the electronic worksheets will be used as documentary techniques.

Selection of field collection techniques.

- 1) Techniques used: Surveys, interviews and observation.
- 2) Justification of the selection: For the type of descriptive research, the surveys should be conducted with the personnel directly involved in the research and use as support the bibliographic sheets and worksheets of the books, research articles and theses with related topics .

Table 2. Categories and operationalization of variables

Category	Dimension	Indicator	Specific objective with which it relates
Senior Management	President of the Group	Highest position / majority shareholder	1, 2 and 3
	Successor of the President	Successor of the highest position / majority shareholder	1, 2 and 3
	Managing Director already in office	Management of the Group of companies supervising the 5 main areas.	1, 2 and 3

Shareholders	Family Stockholder and Customs Broker 1	Operating Advisor and part of the Board of Directors	1
	Family Stockholder and Customs Agent 2	Financial Advisor and part of the Board of Directors	1
	Non-family shareholder and Customs Advisor	Administrative and Internal Control Advisor and part of the Board of Directors	1
Senior Executives	Director of Operations	Supervisor of local operating managers and therefore of Foreign Trade operations of all offices.	1, 2 y 3
	Legal Director	Supervision of the legal area that includes review of contracts, review of foreign trade documents that involve risk to the patent, advice and training to internal and external clients.	1, 2 and 3
	Director of Information Technologies	Supervision of the IT area of the entire group responsible for supporting users, development of own software and reports requested by customers.	1, 2 and 3
	Director of Administration and Finance.	Supervisor of the local area managers and therefore of the fiscal,	1, 2 and 3

	administrative, financial and accounting part of all the offices.	
Director of Human Resources	Supervisor of the local managers / heads of area and therefore of the hiring, payroll preparation, of the payroll tax payment and in general all the subjects of the area of all the offices.	1, 2 and 3

Source: Own elaboration.

Table 3. Technical sheet of the instrument

First name	Measurement of perception Sense of Belonging and Commitment.
Objective	To measure in the personnel the level of sense of belonging and commitment towards the company for which they work in a moment of generational change in the Top Management
Application form	Self-directed survey
Resolution time	Approximately 15 minutes
Number of items	25 items, 3 reagents
What measures (indicators)	<ul style="list-style-type: none"> <li>- Commitment: obligation that has been contracted or a word already given.</li> <li>- Identification: refers to the pride, leadership, dedication, recognition, courage and perseverance that the worker feels for his company.</li> <li>- Motivation: it is the effort, satisfaction and impulse with which the collaborator carries out his activities.</li> </ul>
Reagents	Commitment: 1, 4, 6, 7, 12, 14, 15, 20, 22 and 23. Identification: 2, 5, 8, 9, 13, 17, 18, 21 and 25. Motivation: 3, 10, 11, 16, 19 and 24.

Assessment scale	<p>Each reagent consists of four response options, with the following assessment and symbology for interpretation, using a Likert scale:</p> <ul style="list-style-type: none"> <li>- Totally agree, 4 points;</li> <li>- All right, 3 points;</li> <li>- Disagree, 2 points;</li> <li>- Totally disagree, 1 point.</li> </ul>
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Source: Own elaboration

According to the interpretation obtained in the applied frequency scale, it was classified in the following levels:

Table 4. Perception criteria

1-Fully Agree	4
2 - Agree	3
3- Disagree	2
4- Strongly disagree	1

Source: Own elaboration

Table 5: Score levels

Level	Tap	Description
1	25-50	Sense of Belonging LOW
2	51-75	Sense of Belonging MEDIUM
3	76-90	Sense of Belonging HIGH
4	91-100	Sense of Belonging VERY HIGH

Source: Own elaboration

Table 6: Deployment of the research model

Category	Dimension	Indicator	Items
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	Group President	Higher position / majority shareholder	What is the perception of sense of belonging and commitment in a generational change in senior management?
Senior Management	Successor of the president	Successor of the highest position / majority shareholder	What is the perception of sense of belonging and commitment in a generational change in senior management?
	Managing Director already in office (replacing the previous retiree)	Management of the Group of companies supervising the 5 main areas.	What is the perception of sense of belonging and commitment in a generational change in senior management?
Shareholders	Family shareholder 1 and Customs Agent	Operative Advisor and part of the Board of Directors	What is the perception of sense of belonging and commitment in a generational change in Senior Management?
	Family Shareholder 2 and Customs Agent	Financial Advisor and part of the Board of Directors	What is the perception of sense of belonging and commitment in a generational change in senior management?
	Non-family shareholder and Customs Agent	Administrative and Internal Control Advisor and part of the Board of Directors	What is the perception of sense of belonging and commitment in a generational change in Senior Management?
	Director of Operations	Supervisor of local operating managers and therefore of Foreign Trade operations of all offices.	What is the Perception of the sense of belonging and commitment, of the lack of confidence when leaving the leadership in young hands and / or of an improvement in the mentioned moment of generational change?
Senior Executives	Legal Director	Supervision of the legal area that includes	What is the perception of the sense of belonging

	review of contracts, review of foreign trade documents that involve risk to the patent, advice and training to internal and external clients.	and commitment, of the lack of confidence when leaving the leadership in young hands and / or of an improvement in the moment of generational change?
Director of Information Technologies	Supervision of the IT area of the entire group responsible for supporting users, development of own software and reports requested by customers.	What is the perception of the sense of belonging and commitment, of the lack of confidence when leaving the leadership in young hands and / or of an improvement in the moment of generational change?
Director of Administration and Finance.	Supervisor of the local area managers and therefore of the fiscal, administrative, financial and accounting part of all the offices.	What is the perception of the sense of belonging and commitment, of the lack of confidence when leaving the leadership in young hands and / or of an improvement in the moment of generational change?
Director of Human Resources	Supervisor of the local managers / heads of area and therefore of the hiring, payroll preparation, of the payroll tax payment and in general all the subjects of the area of all the offices.	What is the perception of the sense of belonging and commitment, of the lack of confidence when leaving the leadership in young hands and / or of an improvement in the moment of generational change?

Source: Own elaboration

## 7. Analysis of Results

### A. Results of the Survey

Department in which the respondents work (including minority partners who perform managerial functions in some area of the Group).

Table 7: Respondents

Management	2
Information technologies	1
Legal	1
Operation	1
General direction	1
Presidency	2
Total	8

Source: Own elaboration

Gender: Man 7 Woman 1

Table 8: Time to work in the company.

From 1 to 5 years	0
From 5 to 10 years	0
from 10 years and up	8

Source: Own elaboration

Table 9: Schooling (mark the last completed cycle)

Primary education	
Secondary education	
High school education	1
University studies	2
Master's or Postgraduate 5	5

Source: Own elaboration

Table 10: Age fulfilled.

Years	No of persons
Under 30	2
31-36	1
37-42	1
43 onwards	4

Source: Own elaboration.

Table 11: Summary of results of the reagents

Encuestado	REACTIVOS																									TOTAL
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
1	1	1	1	1	1	1	1	1	2	1	3	1	1	1	1	1	1	1	2	1	1	1	1	1	1	96
2	1	1	1	1	1	1	1	1	3	1	3	1	1	1	1	1	1	1	1	1	1	1	1	1	1	96
3-Direct Área	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	100
4 - Socio	1	1	2	1	1	1	1	1	1	1	3	1	1	2	1	1	1	1	1	1	1	1	1	1	1	100
5 - AD	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	100
6 - AD	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	99
7 - Socio	1	1	1	1	2	1	1	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	98
8-Socio	1	1	1	1	2	1	1	2	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	97
Promedio	4	4	3.8	4	3.8	4	4	3.9	3.6	3.8	3.3	4	4	3.9	4	4	4	4	3.9	4	4	4	4	4	4	

Calificación de Reactivos	Puntos	Promedio en puntos por persona	Promedio en puntos por reactivo
1- Totalmente de Acuerdo	4	98	3.9
2 - De acuerdo	3		
3- En desacuerdo	2		
4- Totalmente en desacuerdo	1		

Source: Own elaboration

## B. Interviews with the current president and the substitute

In order to identify the perception of the sense of belonging, the success of the succession process and the support received from the main managers and employees during the same, a separate survey was conducted to the current president and the person who is in training for replace it, who is your son. The surveys were conducted in the transition period of the succession of the position of Presidency of the Consortium of companies dedicated to foreign trade, the basis of this study, separately and in a neutral environment.

## C. Descriptive analysis

It was divided the reagents of the survey applied to the main Managers and directors of the Group in three levels, commitment, identification and motivation in the following way:

- Commitment: 1, 4, 6, 7, 12, 14, 15, 20, 22 and 23.
- Identification: 2, 5, 8, 9, 13, 17, 18, 21 and 25.
- Motivation: 3, 10, 11, 16, 19 and 24.

Based on the results obtained from the surveys, we can identify the following:

- Commitment - The people surveyed as part of the sample, are highly committed to the company and the executives of the same and that has not changed during the generational

process, achieving the highest score of the three levels with an average value of 3.99, being the highest 4.00

b) Identification. - People identify with the company inside and outside of it and feel proud to belong to the Group and consider the succession of the Group Presidency as their own change, achieving an average of 3.93 points, the highest value being 4.

c) Motivation. - Employees are motivated to do their work day by day, since the Group offers a good working environment, excellent facilities and benefits above what is offered in the market, a situation that has even improved in the succession process of the Presidency. Although the average was lower than the other two levels, it is still a high value, obtaining an average of 3.80 points out of a total of 4.

Comparing the results of the questionnaires with those of other studies, it was perceived a high sense of commitment and belonging to the company. Staff turnover is low and that has improved during the process of succession of the Group Presidency, as working conditions improved.

From a different survey applied to the president and the future successor, it is shown that although they have different ways of thinking, both are focused on the same succession plan, highlighting the following points:

- a) They are 100% committed to the succession plan.
- b) The succession project has been planned for many years and had external advice.
- c) The Group's main directors have been working for it for many years, so they were informed at all times and have been part of this process.
- d) The differences of opinion derived from the generation gap have achieved an important synergy by combining the best of the experience of the generation that is leaving the leadership, with the innovation of the "Y" generation, achieving better results in the Group.
- e) It is estimated that the succession process will end in three years, time in which the internal and external successor training will end, considering as internal, the experience that should continue to obtain to be the president of such a large and important Group in Foreign Trade Nationally.
- f) f) As a result of the surveys applied both to the President of the Group and to the successor, it is evident that both are fully committed to the process, have the support of the principal directors of the group, and although there are some differences of opinion due to the generation gap, they have known how to merge both experience and innovation, resulting in growth in the Group, at the time of the study.
- g) The success of the succession process that takes so far, is because it has been planned for years, as the president's son was the only viable candidate to succeed him, so many projects were carried out thinking about this succession. They were

advised by an external office, which included the main directors to feel part of the changes.

#### **D. General data of the respondents**

- 1) The current president is over 60 years old and the substitute is less than 30 years old. Both are male.
- 2) Only 10% of the respondents are female.
- 3) 100% of the respondents have more than 10 years of working in the companies of the group, so they feel part of it.
- 4) 25% is under 30 years old, considered "Y" generation, including the substitute.
- 5) 3 of the 8 managers or those in charge of the main areas are minority partners and are relatives of the president and his substitute and there are no more relatives working in the companies.

#### **E. Results of observation**

Although this research was recently started, working within the Consortium base of this study has allowed me to observe the changes that are taking place as the substitute has become involved in the group's questions.

During the boards of directors where all those involved in the current investigation are present, it has been observed that the substitute is having more and more participation and his ideas have been taken into account. These ideas have been accepted by the current president, although they are considered avant-garde (and at other times he had not accepted them). For example, an improvement in the schedule, grant English classes to staff, flexibility in dressing on Fridays, modifications that have generated a decrease in staff turnover and have been very well accepted. The nonverbal language in managerial meetings where everyone agrees, is acceptable and pleasing to show support in most of the proposals and decisions of the substitute.

The increasing incorporation of the substitute throughout the last months, the acceptance of his proposals and the nonverbal language observed in the meetings of the Council and others in which both the substitute and the other directors are present show that the latter, as well as the leader of the consortium, they have a favorable disposition to accept the substitute. This impression derived from the observation was reinforced with the information obtained in the applied surveys.

### **2. Conclusions**

The success of the succession process depends on a series of circumstances that must exist and above all prepare with due time. In the case studied, a preparation was carried out that lasted several years, including establishing the requirements of the successor, the previous preparation of the same and the inclusion in the process of the main leaders of

the Group, so that point, unlike other investigations where the response was not favorable, it was considered made the difference for the success of the development of the succession.

When studying the dimensions of the sense of belonging and commitment that shareholders and senior managers have in a moment of succession of the presidency of the base consortium of this study, it was found that everyone is really committed and part of the company, and that feeling is not changes, although a succession is taking place in the highest position of the company, which is occupied by the majority shareholder. All are focused on the proper functioning of the companies that are part of the Consortium and are part of the successful succession process at the time of the investigation.

According to the results of the empirical observation of the Consortium, the same level of ownership and commitment can be seen in both senior executives and shareholders who feel part of the company and therefore are interested in the succession process being successful.

The three indicators used in the present investigation came out at an above-average level. These high levels of organizational commitment that commonly originate in the successful family business tradition, are related to the preservation of the surname, which is synonymous with pride for family shareholders, and in this case also for non-family managers, as they feel part of the company and therefore it is also pride that the family name, usually included in the name of companies, is preserved through the years.

This sense of pride and belonging can be the trigger for greater dedication and commitment in the company, extended to Altos direct with more than 10 years in the company (Vallejo, 2007). Unlike the results of other research, where the high sense of commitment and dedication in the company, depends only on the share percentage, in the Consortium that is studied in this document, the level of commitment is high when they have already a considerable antiquity in companies, in this example, more than 10 years, already feeling part of the company, even if they are not partners.

Succession is easier if the leader is predisposed to delegate, disengage, be generous, grant autonomy and not interfere, establish trusting relationships with his family and collaborators (Araya 2011). In the study carried out, it is noted that in the part of the process where he is, the leader has met these requirements, preparing for this moment for several years and with the advice of an office dedicated to these issues, which increases the success rate in this process.

Because of the importance of the topic, it is recommended to involve all the staff in the expected change, explaining with clear goals and objectives what is expected of them and what can happen if the succession of the group of companies is not successful. In addition to the above and as a last point, an agent of change will achieve better results by being out of the company and not involved in any process. It will give the necessary courses to reinforce the sense of belonging of the employees and therefore the motivation through incentives, "T" workshops, etc.

For all the aforementioned, and carrying out the recommended reinforcement, it is expected that the process of generational succession in the group leader will be carried out successfully.

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## ANNEX A

### Instrument

		4 points	3 points	2 points	1 point
No.	Statement	Strongly Agree	Agree	Disagree	Strongly disagree
1	I like to dedicate myself to the work I do in this company	8			
2	When I hear strangers speak well about the company I feel proud	8			
3	I rarely consider my work monotonous or boring	6	2		
4	Even if my superior does not ask me, I like to do my job well	8			

5	I feel a greater commitment to the generational change that is taking place in the Presidency	6	2		
6	I dedicate more time to my work than corresponds to me	8			
7	I have a commitment to the company for all that I have received from it, regardless of whether there is a change in senior management with a new generation in charge	8			
8	If possible I would like to work in this company for a long time	7	1		
9	If I could I would bring my family or friends to work for this company	6	1	1	
10	Belonging to this company living a successful generational change in top management motivates me to do my best	6	2		
11	My colleagues realize my encouragement and motivation to do the job	5		3	
12	I show loyalty to the company in the activities I did before, during and after the generational change	8			
13	I am satisfied that other people know that I work in this company	8			
14	I like to fulfill my obligations in the company	7	1		
15	I collaborate with other areas to achieve the objectives of the company and that the generational change in senior management can occur successfully	8			
16	No I need additional incentives to give the best of me	8			
17	I feel comfortable and comfortable working in this company	8			
18	I constantly talk about my company with family and friends	8			

19	Even if I do not receive recognition from my boss, I do my job with enthusiasm	7	1		
20	I constantly strive to do my job better without anyone telling me	8			
21	Working in this company makes me feel proud	8			
22	I try not to miss my job because the company would be affected with my absence	8			
23	I believe that I must give the best of me to the company to achieve a generational change in senior management	8			
24	I enjoy being part of the team that manages to attract new clients or the permanence of those already captured by how satisfied they feel.	8			
25	I am satisfied to know that my work makes the company have little turnover, even having a change in the main leader of the company that also involves a generational change.	8			

## ANNEX B

### Interview with the current President

#### 1.- Do you consider that the change of leader in the Group of companies is taking place at the opportune moment?

Time is the perfect one. In addition to analyzing it, we have external consultants who are helping us during this process. My son has been in the company for some time now, which

has allowed him to see how the companies he will have under his charge work, how to control, supervise and make them grow, together with the diversity they have in an area as complex as it is foreign trade. In addition to the above, is finishing training both within the company and outside of it through a postgraduate abroad, which will bring new ways of seeing things, work and be able to merge with what has so far been success in the company. This merger will allow a modernization and constant improvement of our processes, which will result in a better result in both profits and living conditions for employees and partners.

**2.- Have you felt that the main executives of the company have doubts about the change of the leader of the Group?**

No. The main executives of the company have been working with the Group for more than 10 years and everyone knew that this change would take place, since we are a family business with only one possible successor. Therefore, all have supported the process of succession from the beginning.

**3.- The main leaders of the group, do they have confidence in the future leader of the Group and its preparation?**

Yes. They trust both my son and my criteria and have seen the work that has been done, as well as the maturation process that led to the current president of this Group at the present time.

**4.- Do you consider that the future leader is ready to take responsibility?**

Within the process that is planned, it goes on time. The project is estimated so that in 3 more years, I will retire completely and my son will be in charge of the Group that we have formed, as president.

**5.- Did you speak before doing the projects to replace the presidency with the main executives of your companies?**

As I mentioned earlier, for the years that everyone has been working within the Group, everyone was always aware. Having trained personnel in the main areas has allowed to grow and have the place it has in the country today, as well as being freer from foreign trade companies and dedicating myself to other things.

**6.- Have you found important differences in the way you manage the company between you and your successor?**

Of course. First of all, we are two generations and two completely different ideologies. But

the fusion between experience and youth that we are achieving has merged perfectly. We have modernized the processes, making them more efficient, making sure that employees are convinced that we are the best option to work and that is why they understand the needs of the company and of the clients, who in the end, are the ones we sell our service to.

**7.- How long do you think it is still necessary for the process of replacing the Chair of the Group to be completed?**

Three years according to our project.

**8.- How did the main executives and the Group's workforce react when they learned that a change in the presidency was going to take place?**

Being a subject they already knew about, when they commented they took it as something natural in the process of a family business.

**9.- The generation gap between the current president and the substitute in training, has it meant a bigger problem because of the different ideologies?**

No. On the contrary. A very important merger has been made with the main strengths of the two generations.

**10.- How have you overcome these differences?**

Taking the best of the two generations, making it a fortress.

**11.- What expectations do you have regarding employee commitment after the succession of the Group president?**

100% commitment, as has been the case so far.

**12.- What do you expect to happen with the rotation of personnel when the succession of the president of the Group has occurred and during the process?**

Let it decrease.

**1.- Do you consider that the change of leader in the Group of companies is taking place at the opportune moment?**

The moment was excellent. It has allowed me to spend a few years in the company, know how it works, what can continue to work and how to improve it. Many things have been modernized, and although it is not easy to change the way of thinking of those who have done it in a certain way for many years, in the end that vote of confidence has been given to me and the results are palpable. The union of experience of the previous generation with the innovation of the "Y" generation is resulting in a stronger company, with more involved personnel and with the certainty that they work for the best company.

**2.- Have you felt that the main executives of the company have doubts about the change of the leader of the Group?**

No. Everyone knew them for several years and it was something they already knew was going to happen. All have been supporting the process and although there have been differences in the ways of thinking about some issues, in the end they have complemented my ideas with their experience and helped carry out the changes.

**3.- The main leaders of the group, do they have confidence in the future leader of the Group and its preparation?**

Yes. All have shown confidence and have seen that the changes and ideas that I bring have generated added value to the company.

**4.- Do you consider that the future leader is ready to take responsibility?**

We are within the times that we established from the beginning, but I still will not take full responsibility. That is estimated for a maximum of 3 years, during which time I will study a postgraduate abroad with the possibility of opening a branch in the place where I am living and start to provide logistics and marketing services. This will allow us to have a presence abroad and when I return to take the full reins of the Group, leave the office running 100%.

**5.- Did you speak before doing the projects to replace the presidency with the main executives of your companies?**

Yes, this topic was always discussed with them as the pillars of the Group.

**6.- Have you found important differences in the way you manage the company between you and your future predecessor?**

Yes, but the existing processes have been adapted to my proposals, reaching a mid-point. This has allowed us to improve customer service and therefore the recruitment of new customers, without losing sight of the quality of life of employees.

**7.- How long do you think it is still necessary for the process of replacing the Chair of the Group to be completed?**

Three years.

**8.- How did the main executives and the Group's workforce react when they learned that a change in the presidency was going to take place?**

They reacted in a positive way. The beginning of the process coincided with the retirement of two of the people who had more years in the company, but that was also something that we already knew was going to happen over the years of the people, so they had the support until their departure, and of the people who continue in the company, 100% support has been obtained.

**9.- The generation gap between the current president and the substitute in training, has it meant a bigger problem because of the different ideologies?**

No. Changes have been made to modernize the processes and adapt them to the current world.

**10.- How have you overcome these differences?**

The experience of previous generations is taken as a basis, adapting it to the current management situation and forms.

**11.- What expectations do you have regarding employee commitment after the succession of the Group president?**

That the degree of commitment not only remains the same, but improves. I have won the trust and will continue to do with my actions.

**12.- What do you expect to happen with the rotation of personnel when the succession of the president of the Group has occurred and during the process?**

I hope that the rotation of personnel is minimal and only of the personnel that do not agree with the values and policies of the Group.



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## CONSTRAINTS FACED BY FARMERS AT RYTHU BAZAARS IN TELANGANA STATE - AN EVALUATION

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**Abstract :** *Marketing is one of the weakest links in the chain of activities concerned with production and disposal of agricultural products. The Indian farmers are suffering due to lack of proper marketing facilities and consumers are deprived of fresh farm products. Direct marketing is a long felt need of farmers and consumers of the country as it goes a long way in ensuring higher remuneration to farmers and meeting the satisfaction level of consumers. It is possible through direct sale of agricultural commodity by farmers to consumers at affordable prices. Marketing of farmers produce is problematic and there is a dire need for its improvement. These farmers are facing constraints in selling their products in spite of several measures taken by the Government. The burden of inefficient marketing procedures affects the farmers the most, when in fact, as producers they are entitled to the benefits of a robust marketing system. In this connection, there is a need to study constraints faced by farmers at Rythu Bazaars in Telangana State. Cochran's sample size formula for categorical data is used to find out an appropriate sample size for the study. For the study, a sample of 444 farmers is selected by using the convenience sampling method which is more than the minimum sample required by the study. A structured questionnaire is prepared for eliciting responses related to the study. It is administered to them. Sufficient precautions are taken for accommodating the representation of respondents from every Rythu Bazaars located in Telangana state. The respondents indicated that the lack of infrastructure facilities, lack of marketing information, fluctuation of pricing and lack of storage facilities are the major problems in Rythu Bazaars in Telangana State.*

**Key Words: Rythu Bazaars, Farmers and Constraints**

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## **Introduction:**

Marketing is one of the weakest links in the chain of activities concerned with production and disposal of agricultural products. The Indian farmers are suffering due to lack of proper marketing facilities. Consumers are deprived of the fresh farm products. Direct marketing is a long felt need of the farmers and consumers of the country as it goes a long way in ensuring higher remuneration to the farmers and meeting the satisfaction level of consumers through direct sale of the agricultural commodity by the farmers to the consumer at affordable prices. Direct marketing of agricultural produce helps in complete elimination of middlemen and commission agents who charge a high level of commission/fee from the agriculturists/farmers, coming to the market yards for selling their produce and then artificially inflate the retail prices.

The marketing system for fruits and vegetables is now in the hands of middlemen. Middlemen exist at various levels between the farmers and consumers and exploit through malpractice in weighing, handling and payments. A Large number of small farmers are unable to effectively bargain for better prices in the wholesale market. Inefficiencies in wholesale markets result in a long chain of intermediaries, multiple handling, and loss of quality and increase the gap between the producer and consumer prices. A Large number of small retailers, each handling small quantities, creates high overheads leading to a high margin on produce. It is, therefore, felt necessary to evolve an alternate marketing strategy where both growers and consumers are benefited through Farmers' markets, sometimes called greenmarkets. Hence, the marketing system like farmers' market, if properly organized not only facilitates the proper and smooth disposal of what the farmer produces, but also acts as a catalyst to stimulate increased production and satisfy consumers' needs. These markets are usually held out-of-doors, in public spaces, where farmers can sell their produce to the public.

## **Overview of Literature:**

The introduction of Rythu Bazaars in the agriculture marketing is a newer concept in the 20<sup>th</sup> century and it benefited to the consumers at a great extent. Consumers are getting vegetables at reasonable prices. By the introduction of Rythu Bazaars not only consumers but also producers are benefited because there is no middle man between buyer and seller<sup>1</sup>. The Rythu bazaar model of Andhra Pradesh can be adopted by the various states of India to raise the quality of life as well as to benefits the consumers by providing reasonable prices and quality fresh farm products<sup>2</sup>.

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<sup>1</sup> P.Srinivasa Rao, Dr.G.Surya Prakash Rao and K.S. Bose (2016). Performance of Rythu Bazaars – A Qualitative Analysis – with reference to Greater Visakhapatnam City. Asian Research Consortium, Asian Journal of Research in Business Economics and Management. Vol-6.Iss-11.pp-45-52.

<sup>2</sup> Deep Narayan Mukherjee and Dr. N. Vasudev (2014). Study of Performance of the Rythu Bazaars in Hyderabad City: An Economic Perspective. International Multidisciplinary Research Foundation. Life Sciences International Research Journal. Vol-1, Iss- 1. Pp. 301-306.

The maximum share of consumer rupee is distributed among wholesalers and commission agents in fruits and vegetables marketing<sup>3</sup>. Farmers have got benefitted on account of an increase in their earnings, an assurance of fixed income, immediate cash realization, higher rates for their vegetables, and location of the market yards. However, the farmers did not get benefitted on account of the storage facility, which the authorities should take note and address it at the earliest<sup>4</sup>. The average number of visits per month to a direct marketing facility was between one and two and the average dollar amount spent per visit at direct marketing facilities ranged from \$11 to \$19. The direct marketing facilities provided better quality of produce as compared to the supermarkets<sup>5</sup>.

The regular supply of information using the new technologies, at the same time making farmer aware and train on the social networking and on the mobile phone which is a perfect and easy way of disseminating market information in the present scenario. Apart from this concerned organization should take care in increasing the number of Rythu Bazaars, providing lodging and boarding facilities in market place, display of prices at each market place, fixing a Minimum price for the produce based on production cost<sup>6</sup>.

### **Research Gap:**

After going through the studies conducted earlier, it is found that very few researchers have conducted studies in the area of constraints faced by farmers at Rythu Bazaars. With special reference to Telangana State, negligible research has been carried out on this topic. Thus, an attempt is made to evaluate constraints faced by farmers at Rythu Bazaars in Telangana State.

### **Need for the Study:**

Rythu Bazaars were introduced with a view to eliminate middlemen and arrange facilities for farmers to sell their produce directly to consumers at reasonable rates fixed every day. The scheme benefits both the farmers and consumers. Middlemen exist at various levels between farmers and consumers and exploit through malpractices in weighing, handling and payments. A Large number of small farmers are unable to effectively bargain for a better price in the wholesale market. Inefficiencies in the wholesale markets result in a long chain of intermediaries, multiple handling, and loss of quality and increase the gap between the producer and consumer prices. Large number of small retailers, each handling small quantities, create high overheads leading to a high margin on produce. Also in absence of the adequate facilities for storage and preservation, farmers are forced to make distress sales. At present, market yards are mostly set up by the State

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<sup>3</sup> Dr.R.N. Hegde and Dr.N.V.Madhuri (2013). A Study on Marketing Infrastructure for Fruits and Vegetables in India. Research Reports Series – 91. The National Institute of Rural Development, The Ministry of Rural Development, The Government of India.

<sup>4</sup> Subhendu Dey (2012). Rythu Bazaars - A Study of the Benefits Received by Farmers. ASIAN Journal of Management Research. Vol-3. Iss-1.pp:220-231.

<sup>5</sup> Govindasamy, R., J. Italia, and A. Adelaja, (1998). Farmers' Markets: Consumer Trends, Preferences, and Characteristics, The State University of New Jersey, Rutgers

<sup>6</sup> B. Gopi Chand, P.K. Banerjee and Srikanth bandi (2017). Constraints in marketing vegetables and suggestions as perceived by growers for improving vegetable marketing. Agriculture Update - Hind Agricultural Research and Training Institute, Vol – 12, Iss-5. Pp. 1427-1429.

Governments. For setting up of agricultural markets, the National Bank for Agriculture and Rural Development (NABARD) allocates funds through the Rural Infrastructure Development Fund (RIDF) and National Cooperative Development Corporation (NCDC). However, infrastructure, marketing, pricing and storage to farmers for selling their produce still remain inadequate in most of the Rythu Bazaars. Hence, there is need to evaluate the constraints faced by farmers at Rythu Bazaars.

### Objective of the Study:

To evaluate the constraints faced by farmers at Rythu Bazaars in Telangana State.

### Scope of the Study:

The study is concerned with an evaluation of constraints faced by farmers at Rythu Bazaars in Telangana State. It covered the farmers who have selling their products in Rythu Bazaars. The study analyses four main constraints viz. marketing, infrastructure, pricing and storage constraints which are faced by farmers at Rythu Bazaars in Telangana State.

### Research Methodology:

A descriptive research design is undertaken to meet the objective of the study. Telangana is one of the 29 states in India, located in southern India. Rice is the major food crop and staple food of the state. Other important crops are maize, tobacco, mango, cotton and sugar cane. Agriculture has been the chief source of income for the state's economy. The then Government had announced Rythu Bazaars were formed in 1999 to provide a platform for farmers to sell their produce directly to customers and in the process benefit both the parties. Table 1 presents the District-wise number of Rythu Bazaars in Telangana State and the selected numbers of sample farmers are selected for the study.

**Table 1:**

### Number of Rythu Bazaars in Telangana State and Sample Size

S. No.	Districts	No of Rythu Bazaars	Sample Size
1	Adilabad	02	29
2	Hyderabad	03	32
3	Karimnagar	02	15
4	Khammam	05	78
5	Mahabubnagar	04	37
6	Medak	02	19
7	Nalgonda	06	84
8	Nizamabad	02	21
9	Rangareddy	11	112
10	Warangal	02	17

<b>Total</b>	<b>39</b>	<b>444</b>
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*Source: Agricultural Marketing Department, Government of India.*

Data in the above table indicates that the 39 Rythu Bazaars are running successfully in the Telangana State. The Rangareddy District occupied first place with running of 11 Rythu Bazaars and it followed by Nalgonda and Khammam with 6 and 5 Rythu Bazaars running. It is also found that in every district at least two Rythu Bazaars are running successfully in Telangana State. At every Rythu Bazaar, registered and un-registered farmers are selling their produce. This made our task of getting the exact size of the population (Number of Farmers Selling their produces at Rythu Bazaars) very difficult. Due to this limitation, the researcher has made an attempt to cover all the districts in order to make the study more comprehensive.

For the study, a sample of 444 farmers selling their produce at Rythu Bazaars is selected by using the convenience sampling method. This sample is more than the minimum sample required for the study according to Cochran's (1977) sample size formula for categorical data i.e. 380. Sufficient precautions have been taken for accommodating the representation of respondents from every Rythu Bazaar and also from all the districts of Telangana state. A structured questionnaire prepared for eliciting responses related to the study was administered to them. A well-structured schedule is designed by using Likert scale with a five point scale. The Cronbach Alpha and confidence interval test is used to check the reliability of the questionnaire. Table 2 presents the reliability level of the questionnaire.

**Table 2: Reliability Statistics**

Cronbach's Alpha Items	Cronbach's Alpha Based on Standardised	No of Items
<b>.950</b>	<b>.955</b>	<b>34</b>

*Source: Primary Data*

Table 2 indicates that the score of Cronbach Alpha coefficient is .950 which is more than 0.7 ( $\alpha = .950$ ), which implies that the questionnaire is reliable. Further no statements are to be deleted as all have the Cronbach Alpha Score more than 0.7. The data collected is analysed and interpreted by using various statistical techniques such as averages and mean, standard deviation. The Secondary data is gathered from published materials in the form of books, journals, websites and reports relevant to the study.

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

As a part of research, demographic profiles of the respondents are studied. It includes gender, age, types of agriculture crops, income per month and cultivation land of farmers. The demographic profile of the respondents is presented in Table 3.

Table 3 presents the demographic profile of farmers who are selling their produce in Rythu Bazaars in Telangana State. It reveals that the out of 444 respondents, 253 were male (57%) and 191 were female. The majority of respondents belong to between 36 to 45 years age group, and it is followed by between 46 to 55 years age group. Around 47% and 36% of the respondents depend on food and horticulture crops in the study area. Around 43% of the respondents are having cultivating land of bellow 2 acres and it followed by between 3 to 6 acres. It is observed that the male and female are almost equally involving in cultivating of their crops and selling their produce in Rythu Bazaar and the middle age group farmers are mainly selling their produce in Rythu Bazaars. It is also found that the majority of the farmers depend on food and horticulture crops.

The majority of the respondents belong to the middle age group. They are selling their produce and are earning up to 15,000 rupees per month. The study also indicates that the majority of the farmers have cultivation land below 2 acres.

**Table 3: Demographic Profile of the Respondents**

Demographic Profile	Items	No. of Respondents	%
Gender- Wise Distribution	Male	253	57
	Female	191	43
Age-Wise Distribution	Bellow 35 years	92	21
	Between 36 to 45 years	141	32
	Between 46 to 55 years	135	30
	Above 56 years	76	17
Crop-Wise Distribution	Food Crops (Wheat, Maize, Rice, Millets and Pulses etc.)	208	47
	Cash Crops ( <i>Sugarcane, Tobacco, Cotton, Jute and Oilseeds etc.</i> )	55	12
	Plantation Crops ( <i>Coffee, Coconut, Tea, and Rubber etc.</i> )	20	05
	Horticulture Crops( <i>Fruits and Vegetables</i> )	161	36
Income-Wise Distribution (Per Month)	Bellow Rs.10,000	133	30
	Between Rs. 10,001 to 15,000	275	62
	Above Rs. 15,001	36	08
Cultivation Land of Farmers	Bellow 2 acres	189	43
	Between 3 to 6 acres	161	36
	Above 6 acres	94	21

*Source: Primary Data.*

Therefore, it can be found that small farmers are mainly depending on horticulture crops and selling their produce in Rythu Bazaars. Their earnings are too low because still middlemen are still influencing the price of produce of the farmers and other things in the Rythu Bazaars in the study area.

### **Constraints faced by Farmers at Rythu Bazaars**

The concept of Rythu Bazaar was developed to facilitate direct marketing between consumer and farmers. There are 39 Rythu Bazaars are working in the Telangana State with temporary/semi-permanent structure being funded by Agricultural Marketing Committees. No market fee or services charges are levied in Rythu Bazaars. Farmers committee only decide the selling price in them. The small farmers are mainly involving in Rythu Bazaars and they are unable to effectively bargain prices and still middlemen exist at various levels between the farmer and the consumer and exploit through malpractices in weighing, handling and payments. Table 4 presents the constraints faced by the farmers at Rythu Bazaars under four heads that are Marketing, Infrastructure, pricing and storage.

The study reveals that the respondents have strongly agreed with all the statements with regard to marketing constraints faced by farmers at Rythu Bazaars with an overall mean of 4.00. With regard to statements 'Illegal practices while selling', 'Lack of proper promotion of Rythu Bazaar among the general Public', 'Lack of proper transportation facilities for produce' and 'Lack of reasonable support prices' are more agree with a mean of 4.24, 4.14, 4.15 and 4.00. The respondents are agreeing with 'Lack of market information', 'Faulty system of weights' and 'Inadequate training to the farmers on selling' a mean of 3.94, 3.93 and 3.84. The study indicates that the majority of the farmers are marketing constraints faced at Rythu Bazaars are Illegal practices while selling, lack of proper promotion, proper transportation facilities and reasonable support prices. It indicates that the middlemen are still playing an important role in the Rythu Bazaars.

The study indicates that the respondents have strongly agreed with all the statements with regard to infrastructure constraints faced by farmers at Rythu Bazaars with an overall mean of 4.01. With regard to statements 'Lack of adequate number of sheds', 'Lack of sanitation maintenance', 'Lack of parking space', and 'Lack of proper security in the night-time' are strongly agree with a mean of 4.19, 4.10, 4.09, 4.08 and 4.07. The farmers are also agreeing with statements of 'Lack of drinking water' and 'Poor lighting facilities' with a mean of 3.93 and 3.71. It shows that the majority of the farmers are facing infrastructure constraints such as lack of adequate sheds, sanitation maintenance, parking space, security, drinking water, and security at Rythu Bazaars due the negligence of Government officials administration.

It is also observed that the respondents have strongly agreed with all the statements with regard to pricing constraints faced by farmers at Rythu Bazaars with an overall mean of 4.11. With regard to statements 'Inadequate consideration of costs of production',

'Wholesale market prices are less', 'Lack of proper display of prices at strategic location' and 'Fluctuation in market price' are more agree with a mean of 4.47, 4.17, 4.15 and 4.08. The respondents are also agree with the statements 'Expensive Hamali charges' and 'Lack of uniform pricing for similar produce' with a mean of 3.93 and 3.86. Therefore, it can observe that the farmers are facing pricing constraints like lack of proper display of prices at strategic location, inadequate consideration of costs of production, wholesale market prices are less and expensive Hamali charges. This is due to the negligence of government officials in controlling the middlemen and lack of information regarding prices of different markets among wholesalers in the study area.

It is observed that the respondents have strongly agreed with all the statements with regard to storage constraints faced by farmers at Rythu Bazaars with an overall mean of 4.17 in the study area. With regard to storage constraints 'Lack of cold storage facilities', 'Lack of adequate storage facilities' and 'Lack of financial support for storage' with a mean of 4.22, 4.18 and 4.11. It clearly indicates that the farmers are facing storage constraints like cold storage, lack of adequate storage facility in Rythu Bazaars and lack of financial support from governments. It reveals that the Government is not taking care of storage facility for small farmers to protect their produce at Rythu Bazaars.

**Table - 4: Constraints Faced by Farmers at Rythu Bazaars**

S. No.	Constraints Faced by Farmers at Rythu Bazaars	N	Mean	Std. Deviation
<b>Marketing Constraints</b>				
1	Lack of proper transportation facilities for produce	444	4.14	1.01
2	Illegal practices while selling	444	4.24	1.04
3	Lack of market information	444	3.94	1.07
4	Faulty system of weights	444	3.93	1.29
5	Inadequate training to the farmers on selling	444	3.84	1.09
6	Costly packing material	444	3.69	1.12
7	Less focus on selling value added products	444	3.59	1.11
8	Lack of proper support from authorities	444	3.78	1.00
9	Lack of proper grading of produce	444	3.77	0.99
10	Lack of reasonable support prices	444	4.00	1.03
11	Lack of proper promotion of Rythu Bazaar among general Public	444	4.15	1.05
<b>Overall Opinion on Marketing Constraints</b>		<b>444</b>	<b>4.00</b>	<b>1.00</b>
<b>Infrastructure Constraints</b>				
12	Lack of adequate number of sheds	444	4.19	1.07
13	Lack of drinking water	444	3.93	1.36

14	Lack of sanitation maintenance	444	4.10	1.12
15	Lack of parking pace	444	4.09	1.25
16	Lack of proper weighing scales	444	3.48	1.27
17	Lack of removal of garbage	444	4.07	1.38
18	Lack of proper security in the night time	444	4.08	1.10
19	Poor lighting facilities	444	3.71	1.24
<b>Overall Opinion on Infrastructure Constraints</b>		<b>444</b>	<b>4.01</b>	<b>1.22</b>
<b>Pricing Constraints</b>				
20	Fluctuation in market price	444	4.08	1.31
21	Wholesale market prices are less	444	4.17	1.11
22	Lack of uniform pricing for similar produce	444	3.86	1.13
23	Expensive Hamali charges	444	3.93	1.26
24	Lack of proper display of prices at strategic location	444	4.15	2.76
25	Inadequate consideration of costs of production	444	4.47	3.59
<b>Overall Opinion on Pricing Constraints</b>		<b>444</b>	<b>4.11</b>	<b>1.86</b>
<b>Storage Constraints</b>				
26	Lack of adequate storage facilities	444	4.18	1.13
27	Lack of cold storage facilities	444	4.22	1.05
28	Lack of financial support for storage	444	4.11	2.65
<b>Overall Opinion on Pricing Constraints</b>		<b>444</b>	<b>4.17</b>	<b>1.61</b>

*Source: Primary Data.*

### Conclusion:

After going through the responses of the farmers selected for the present study, it can be understood that still they are facing many challenges in spite of selling their produce through designated Rythu Bazaars. The major problems faced by them as observed in the study are excessive role of middlemen, some infrastructural problems; issues related to fixation of support price and storage requirements. Further, they are also lacking financial support from the government.

In keeping view of the above, the authorities concerned can focus on the issues prevailing and take proper measures to reduce farmers' problems. More numbers of farmers will participate in these Rythu bazaars if they are encouraged and provided with the required facilities and support. All these will ultimately benefit both the producers (farmers) and consumers and finally the society.

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