

CHAPTER-III

CONCEPTUAL FRAMEWORK

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Introduction

In this chapter write about those theoretical aspects, in which researcher doing project. In project explain the concept of financial performance first, what is criteria of assessing the financial performance of the business organization, then to explain about those ratios like profitability ratios, turnover ratios, liquidity ratios, leverage ratios and so on. And also explain the concept of consumer satisfaction, factors affecting on consumer satisfaction. Researcher also writes the concept of employee welfare and various welfare facilities provided by the organization.

A) Ratio Analysis

Ratio analysis is a widely used tool of financial analysis. It is defined as the systematic use of ratio to interpret the financial statements so that the strength and weaknesses of a firm as well as its historical performance and current financial condition can be determined. The term ratio refers to the numerical or quantitative relationship between two variables.

Uses of Ratio Analysis

1. It helps in evaluating the firm's performance

With the help of ratio analysis conclusion can be drawn regarding several aspects such as financial health, profitability and operational efficiency of the undertaking. Ratio points out the operating efficiency of the firm i.e. whether the management has utilized the firm's assets correctly, to increase the investor's wealth. It ensures a fair return to its owners and secures optimum utilization of firm's assets.

2. It helps in inter-firm comparison:

Ratio analysis helps in inter-firm comparison by providing necessary data. An inter firm comparison indicates relative position. It provides the relevant data for the comparison of the performance of different departments. If comparison shows a variance, the possible reasons of variations may be identified and if results are negative, the action may be initiated immediately to bring them in line.

3. It simplifies financial statement:

The information given in the basic financial statements serves no useful Purpose unless it is interrupted and analyzed in some comparable terms. The ratio analysis is one of the

tools in the hands of those who want to know something more from the financial statements in the simplified manner.

4. It helps in determining the financial position of the concern:

Ratio analysis facilitates the management to know whether the firm's financial position is improving or deteriorating or is constant over the years by setting a trend with the help of ratios. The analysis with the help of ratio analysis can know the direction of the trend of strategic ratio may help the management in the task of planning, forecasting and controlling.

5. It is helpful in budgeting and forecasting:

Accounting ratios provide a reliable data, which can be compared, studied and analyzed. These ratios provide sound footing for future prospectus. The ratios can also serve as a basis for preparing budgeting future line of action.

6. Liquidity position:

With help of ratio analysis conclusions can be drawn regarding the Liquidity position of a firm. The liquidity position of a firm would be satisfactory if it is able to meet its current obligation when they become due. The ability to meet short term liabilities is reflected in the liquidity ratio of a firm.

7. Long term solvency:

Ratio analysis is equally for assessing the long term financial ability of the Firm. The long term solvency is measured by the leverage or capital structure and profitability ratio which shows the earning power and operating efficiency, Solvency ratio shows relationship between total liability and total assets.

8. Operating efficiency:

Yet another dimension of usefulness of ratio analysis, relevant from the View point of management is that it throws light on the degree efficiency in the various activity ratios measures this kind of operational efficiency

Limitation of Ratio Analysis

1. The specified standard ratios cannot prove the efficiency of all firms. It may results that the interfirm comparison is so difficult.
2. The ratio cannot disclose the future performance. It is limited to historical or past data.

3. If financial statements are manipulated by the manager of a company, it will not lead to calculate ratios effectively.
4. Ratios cannot release the total financial position because they are only indicators that company has to take precautions in future.
5. The ratio analysis is a technique for making judgment. It is not alternate for judgment.
6. A ratio loses its own practical utility or need if it is based on obsolete figures.

Classification of Ratios

1. Profitability Ratios
2. Activity Ratios
3. Liquidity Ratios
4. Leverage Ratios

1. Profitability Ratio

Profitability of the organization reflects the final results of business operation and it will have no future if it fails to make sufficient profits. Therefore, the financial manager should continuously evaluate the efficiency of the company, besides management of the company, creditor want to get interest and repayment of principal regularly. Owners want to get reasonable rate of return in their investments. This is possible only when the company earns enough profits. Generally two major types of profitability ratios are calculated.

A. Profitability in Relation to Sales

- i) Gross Profit Ratio: $\frac{\text{Gross Profit} \times 100}{\text{Sales / Turnover}}$
- ii) Net Profit Ratio: $\frac{\text{Net Profit} \times 100}{\text{Sales / Turnover}}$

B. Profitability in Relation to Investments

- i) ROI (Return on Investment): $\frac{\text{Earning Before Interest and Taxes} \times 100}{\text{Total Assets}}$
- ii) Return on Equity : $\frac{\text{Profit after Tax} \times 100}{\text{Net Worth}}$
- iii) Earning per Share : $\frac{\text{Profit After tax}}{\text{No. Paid up Equity Shares}}$

2. Activity Ratio

This ratio is also called as turnover ratio, asset management ratio. It measures how efficiency the assets are employed by the firm. These ratios are based on the relationship between the level of activity, represented by sales or cost of goods sold and level of activity, represented by sales or cost of goods sold and levels of various assets. A proper balance between sales and assets generally reflects that assets managed well. Several activity ratios can be calculated to judge the effectiveness of assets utilization. The important turnover ratios are:

- i) Inventory Turnover Ratio = $\frac{\text{Cost of goods sold}}{\text{Average Inventory}}$
- ii) Debtors Turnover Ratio = $\frac{\text{Credit Sales}}{\text{Average Debtors}}$
- iii) Total assets turnover Ratio = $\frac{\text{Net sales}}{\text{Total Assets}}$
- iv) Working capital turn over Ratio = $\frac{\text{Net Sales}}{\text{Working capital}}$

3. Liquidity Ratios

Liquidity Ratios indicate about the financial position of the company. The company is deemed to be financially sound if it is in a position to carry on its business smoothly and meet its entire obligation both long terms as well as short term without strain. Thus, its financial position to be judged from two angles. Short terms as well as a long terms.

- i) Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
- ii) Acid Test Ratio = $\frac{\text{Quick Assets}}{\text{Quick Liabilities}}$

4. Leverage Ratios

Leverage ratios help in assessing the risk arising from the use of debt capital. The important leverage ratios are:

- i) Debt Equity Ratio = $\frac{\text{Long Term Debt}}{\text{Equity Capital}}$
- ii) Proprietary Ratios = $\frac{\text{Shareholders Fund}}{\text{Total Tangible assets}}$

B) EMPLOYEE WELFARE

1. INTRODUCTION

Employee welfare may be viewed as a total concept, social concept and relative concept. The total concept is a desirable state of existence involving the physical, mental, moral and emotional well-being. These four elements together constitute the structure of welfare, on which its totality is based. The social concept of welfare implies the welfare of man, his family and his community. All these three aspects are inter-related and work together in a three-dimensional approach. It is a dynamic and flexible concept and hence its meaning and content differ from time to time, region to region, industry to industry and country to country, depending upon the value system, Level of education, social customs, and degree of industrialization and general standard of the socio-economic development of the people.

Employee welfare has both positive and negative aspects. The positive aspect implies the setting up of minimum desirable standard and the provision of facilities like health, food, clothing, housing, medical assistance, education, insurance, job security, recreation etc. Such facilities enable the worker and his family to lead a good work life, family life and social life on the negative side, Employee welfare operates to neutralize the harmful effects of large- scale industrialization and urbanization.

2. DEFINITIONS OF EMPLOYEE WELFARE:-

The Oxford Dictionary defines Employee Welfare as “efforts to make life worth living for workman”.

According to Proud, Welfare work refers to “the efforts on the part of employers to improve within the existing industrial system, the condition of employment in their own factories”.

According to Prof. Richardson, on the other hand, includes under it “any arrangement of working condition, organization of social and sports club and establishment of funds by a firm, which contribute to the worker’s health and safety, comfort, efficiency, economic security, education and recreation”.

Dr. Panandikar Defines it as “ Work for improving health, safety and general well-being and the industrial efficiency of the workers beyond the minimum standard laid down by Employee legislation”.

International Employee Organization, in its resolution of 1947 defines Employee welfare as, “such services, facilities and amenities as adequate canteens, rest and recreation

facilities, arrangements for travel to and from work and for the accommodation of workers employed at a distance from their houses, and such other services, amenities and facilities as contribute to improve the conditions under which workers are employed”.

The ILO, Recommendation No. 102 concerning welfare facilities for workers, adopted in June 1956, referred to “a) Facilities for food and meals in or near the undertaking; b) rest or recreation facilities provided by the under taking(excluding holiday facilities); and c) transportation facilities to and from the place of work where ordinary public transport is inadequate or impracticable”.

3. AIMS AND OBJECTIVES:-

The aim or object of welfare activities is partly humanitarian- to enable workers to enjoy a fuller and richer life- and partly economic- to improve the efficiency of the workers and also partly civic- to develop among them a sense of responsibility and dignity and thus make them worthy citizens of the nation. Another object of Employee welfare is to fulfill the future needs and aspirations of labour.

4. SIGNIFICANCE OF EMPLOYEEWELFARE:-

1. Employee welfare is nothing, but the maintenance functions of personal in the Sense that it is directed specifically to the preservation of employee health and attitudes. In other words, it contributes to maintenance of employee morale. The primary emphasis is employee service programmes has been on maintaining an employee’s favorable attitude toward his work and work environment. Thus, Employee welfare is one of the major determinants of industrial relation. As prof. Kirkaldy observes, “the whole field of welfare is one in which much can be done to combat the sense of frustration of the industrial worker, to relieve him of personal and family worries, to improve his health, to afford him a means of self-expression, to offer him some sphere in which he can excel all others, to help him to a wider conception of life. If within the field of welfare and particularly that part of it which comprises sport and games, a large measures of self-government can be left to workers, even in management of facilities provided by the employer, a sense of responsibility, initiative and co-operation can be fostered and often among those whose daily tasks afford them the least opportunity of developing characteristics so essential of industrial enterprise and wise citizenship”. As a result of lessening employee’s worry over security and developed sense of responsibility and co-operation, the employer hopes for improved productivity.

2. Apart from improved morale and loyalty, welfare measures are of significance to reduce absenteeism and Employee turnover in industries. Welfare work improves condition of work and life for employee. It leads to increase in adaptation of the worker to his task and makes him well contented will lesson his desires or need to leave it for a time and lighten for him and the industry, the burden of absenteeism. It is, indeed, welfare work that softens the transaction and enables the workers to adjust themselves to industrial environment.
3. Social advantage of Employee welfare is by no means less important than economic ones. The provision of canteen, where balanced diet is available at subsidized rates improves workers' health. Entertainments tend to reduce the incidence of vices; medical aid and maternity benefits improve the health of workers and bring down the rates of general, maternal and infant mortality and likewise educational facilities broaden their outlook and improve mental health.

5. PRINCIPLES OF EMPLOYEE WELFARE PROGRAMMES:-

1. The cardinal principle of Employee welfare programmes is to ensure that it serves the real needs of workers concerned. Special classes of workers require special type of welfare services. A worker in plantations located in isolated place, for instance, requires proper housing as a fundamental need. Since his nature of work differs considerably from that in a factory, he has to be provided with umbrella and other sort of protective clothing. Likewise, crèches and day nurseries near the work are essential in industries, where women are employed in large numbers. Hence proper assessment of needs of the workers and determination of priorities there of must be done.
2. Welfare activities should be undertaken in the right spirit. They should not be considered as substitutes for low wages and monetary incentives. Likewise, the vindictive use of welfare scheme by the employers with a view to undermine the influence of trade unions will necessarily have unfortunate consequences in the long run.
3. The success of welfare schemes depends upon the manner in which they are administered and introduced to the workers as on the nature and quality of the facilities offered. Bearing in mind that no scheme of welfare would succeed without the support of workers. Every effort should be made to enlist their co-operation and active participation which, in turn, would foster among them a sense of responsibility, initiative and co-operation.

4. Fourthly, in spite of the fact that real concern for the welfare for human beings can't find expression in the requirements of something as impersonal as a national law, it has to be creating in mind that there must be some compulsion imposed on the employers to see that provision of Employee welfare is regarded as social obligation.
5. Lastly, the cost of welfare schemes must be well estimated and its Financing be established on a sound basis. Broadly speaking, it is maintained that the employee services must make a contribution at least equal in amount to its cost. While, it is easy, on the one hand, to calculate financial commitment involved in welfare scheme, it is on the other hand, difficult, if not impossible, to measure returns.

6. EMPLOYEE WELFARE ACTIVITIES:-

Workers welfare refers to such services, facilities and amenities which may be established to enable the persons employed to perform their work in healthy, congenial surrounding. Employee welfare activities include those activities anything done for the intellectual, physical, moral and economic betterment of the workers.

From the economic point of view, welfare is very essential for improving the living and working condition of industrial labour. Employee welfare activities performs very significant role in industrial economy and increases the efficiency of workers.

Employee welfare is one of the basis factors which provide a happier life to workers. It embraces all effects which are oriented to the improvement of health, safety, general well being and efficiency of the workers.

EMPLOYEE WELFARE:-

A list prepared in the Tata Institute of social sciences is given below.

I) Condition of work environment-

1. working condition: i) Temperature ii) Ventilation iii) Lighting iv) dust, smoke, fumes and gases v) Noise vi) Humidity vii) Posture-simple and complex (convenience and comfort during work, operatives' posture, sitting arrangement, etc. viii) Hazards and safety devices.
2. Factory sanitation and cleanliness: i) Provision of urinals and lavatories ii) Provision of spittoons iii) provision for water disposal (Drainage) iv) Provision for disposal of waste and rubbish v) Provision of proper bathing and washing facilities vi) cleanliness, white washing and repair of buildings and workshops vii) Care and maintenance of open spaces, gardens, roads etc.

3. Welfare Amenities : i)Provision and care of drinking water ii)Canteen services iii)Lunch rooms iv)Rest rooms v) Crèches v)cloak-rooms vii)Other amenities.

II) Employee Health Services-

1. Factory Health Services: i) Medical examination of employee ii) Factory dispensary and clinic and treatment iii) First aid and ambulance rooms iv) Treatment of accidents v)Health education and research.

2. Recreation: i) Play ground for physical recreation (Athletics, games, gymnasium, etc.)

III) Workers Education –

i) Education to improve skills and earning capacity ii) Literacy iii) Library, pictorial education, lecture programmes, etc. iv) Workers' Education Scheme and its working.

IV) Economic Services –

i) Employee' Co- operative Societies, etc. ii) Grain shops and fair price shops, etc. iii) Housing co-operatives.

V) Housing for Employee and Community Services-

VI) Study of the Working of Welfare Acts-

i) Factories Act ii) Employee State Insurance Act iii) Bombay Employee Welfare Fund Act iv) Minimum Wages Act

VII) Social Work in Industrial Settings-

(Application of Social Work techniques)

Family planning etc. ii) Employee counseling

7 CLASSIFICATIONS OF EMPLOYEEWELFARE ACTIVITIES:-

A) Employee welfare activities may be divided into the following categories.

1) Statutory-

Statutory welfare refers to those provisions which are derived from the coercive power of the Government.

2) Voluntary-

It includes those which are undertaken by employers for their workers.

3) Mutual-

These activities are initiated by workers for their betterment in a suitable manner.

B) Employee welfare activities may also classify under two heads; intramural and extramural.

1) Intramural services: are those which are provided within the factory such as safety, health and counseling services.

2) Extramural services: are those which are provided outside the factory such as education, housing and transport, recreational facilities, etc.

C) Employee welfare activities may be divided into

I) Statutory welfare facilities II) Non-statutory welfare facilities

I) STATUTORY WELFARE PROVISION:-

Employers in India are statutorily required to comply with the provision of various welfare amenities under different Employee legislations. The statutory welfare facilities are provided under the factories Act, 1948, Plantation Employee Act, 1951, Mines Act, 1952, Motor Transport workers Act, 1961 and Contract Employee Act, 1970.

1) Washing facilities-

It was the Royal Commission on Employee which noted that the provision of suitable washing facilities for all Employees though desirable was deficient in many factories. Provision of such facilities would add to his comfort, health and efficiency. Section 42 of the Factories Act lays down that every factory has to provide adequate and suitable washing facilities separately for the use of male and female workers.

2) Facilities for Storing and Drying Clothing –

It is only the Factories Act which has incorporated such a provision.

3) Facilities for sitting –

Every factory has to provide necessary sitting arrangement, particularly for workers who are obliged to work in a standing position. It enables them to take advantages of opportunity for rest which may occur in the course of their work.

4) First - Aid Application-

Every factory must provide and maintain boxes or cupboards equipped with the prescribed contents. In case there are more than 500 workers, an ambulance room of the prescribed size and containing the prescribed equipment is to be provided under the charge of qualified medical and nursing staff.

5) Shelters, rest Rooms and Lunch Rooms-

Every factory employing more than 150 workers must provide adequate and suitable shelters or rest rooms and a lunch room, with provision for drinking water, where workers can eat meals brought by them.

6) Canteen-

According to the factories Act, 1948, a state Government may make rules for provision of canteen by the occupier in any specified factory where in more than 250 workers are ordinary employed.

7) Crèches-

The Royal Commission on Employee recommended that the provision of crèches should be made a statutory obligation in all factories employing not less than 250 women,

8) Welfare Officer-

The factories Act of 1948 provides for the statutory appointment of a welfare officer in a factory. It lays down that : 1) In every factory where in five hundred or more workers are ordinarily employed the occupier shall employ in the factory such number of welfare officers as may be prescribed ; 2) The state Government may prescribe the duties, qualification and condition of services of officers employed under sub-section(1).

II) NON-STATUTORY WELFARE ACTIVITIES:-

1) Transportation-

Transportation services play a vital role in a company's ability to obtain an adequate Employee supply, particularly when the company is situated far away from the community. Some companies operate company buses at nominal rates or at cost of transport Employee back and forth. Some provide assistance to Employee in the purchase of their own transport, usually cycles. The aim in providing the service is to enable the Employee to arrive on time in relative comfort at minimum cost to cut late coming, absenteeism turnover and production loss and inefficiency.

2) Recreational Facilities-

Following are various recreation facilities-

- a) Clubs- Many companies organize a variety of clubs depending upon the interest of the Employee. Some companies have drama clubs, where, the employee plays for the benefit of the company employee and the general community. There are many varieties of clubs, boxing clubs, bridge clubs, tennis clubs, cricket clubs, etc.
- b) Parties- Companies organize with the help of Employee. Various social get-together and parties. Dance parties are common.
- c) Athletics and Sport - Organizing athletic events, cricket matches football

Matches, tennis matches for Employee are very common during off – hours or holidays and weekends.

d) Picnics-Picnics are a very popular practice with many companies. Picnics may be educational, for sightseeing, for Pilgrimage, or just for entertainment and relaxation.

e) Welfare Centers- Some large units provide welfare centers where the Employee can get together for their various club activities. There are film shows screened in those centers.

3) Educational Facilities –

Under this category the most common are:

i) Libraries where there may be hundreds to thousand of books- general or technical or both.

ii) Reading rooms; where magazines, periodicals, journals, newspaper etc. are provided to employee for relaxation and education.

iii) Schools, where some companies may offer vocational school, high-school, night school and adult school. Special lectures on family planning, health, personal hygiene, safety etc. may be given.

iv) Film shows of educational and entertainment values are frequently shown.

4) Medical Facilities-

Many companies provides first-aid centers, ambulance and even hospitals, general medical treatment and health-care, separate arrangement for specialist, treatment for diseases like T.B., cancer, Leprosy, Mental diseases etc. to the workers.

5) Credit unions-

Its members manage the employee credit union. The credit unions are voluntary cooperative savings and loan organizations somewhat like a bank.

Advantages-

1) Employee- promotion of thrift, source of credit at low rates, relief from money worries, handling financial problems, without embarrassment.

2) Employers- better employee morale, improved industrial relation, greater employee efficiency etc.

6) Company stores or co-operative stores –

Many companies operate a company store, where Employee can purchases various provisions needed for them at a relatively low price when compared to market price. Generally, these stores provide the vegetables, edible oils, sugar etc, at a nominal profit. These stores have been found to be very useful by the Employee, who appreciates this service.

7) Loan service-

Apart from the credit unions, some companies offer a loan service through their philanthropic foundation or through a loans fund scheme. The purpose is to provide loans for Employee, who need them for a variety of reason such as illness, accident, death in the family, any financial emergency, education of Employee' children, marriage, home repairs, house purchases or auto purchases. The loans are recovered through payroll deduction on monthly installment.

8) Company Religious Activities-

Some companies sponsor and religious activities for the benefit of the Employee. A company temple, or church or a mosque is also provided.

9) Professional services-

i) Legal Aid - Employee may need legal assistance on various issues such as wills, financial matters, family problems etc. These services may be provided by at outside law firm or a company legal division.

ii) Employee Counseling- Professional counselors are provided to counsel and guide Employee on a variety of personal problems, which may result in employee's absence, grievances, turnover accident etc. Counselors can train line people and supervisors in the art of counseling, because all of them will need to counsel some time or the other professional counseling for executive is also necessary.

iii) Vocational Guidance - Vocational guidance expert are used for proper placement and selective placement, which will result in job satisfaction for the employee and efficiency on the job for the company. Such experts can help in transfers, promotions, selection and training. They provide occupational counseling to the Employee.

C) CUSTOMER SATISFACTION

1. INTRODUCTION

The primary objective of this study is to determine customer satisfaction for the different Dairy Products. Customer-oriented thinking requires the company to define customer needs form the customer's point of view. Every buying decision involves tradeoffs and management cannot know what these are without researching customers thus an dairy products users would like a safe, attractive, quality, hygienic, quantity proteins, vitamins etc.

in the milk products. Since all of these desirable features cannot be combined in one product the product maker must make hard choices based on knowing customer trade-off.

Companies wanting to win, let alone survive need a new philosophy, only customers centered companies will win, those that can deliver superior value to their target customer these companies will be adopted in building products they will be skillful in market engineering, not just product.

Too many companies think that it is the marketing / sales department's job to procure customer. If they can not be conclusion is drawn that the company marketing people are not very good. But one of the fundamental new insights the marketing can not do this job alone. In fact marketing can only be a partner's in the company's task of attraction and keeping customers. The best marketing department in the world can not sell products which are poorly made or which fail to meet any one's need. The marketing department can only be effective in companies whose departments & Employee have successfully teamed to design and implement a competitively superior customer's satisfaction.

2. DEFINITION:-

1. "Customer satisfaction means the customers expectations & performance".
2. "Customer satisfaction is a level of person felt state resulting from comparing products perceived performance (or outcome) in a relation to the person expectation.
3. "the marketing is total system of interacting business activities design to plan, price, promotion and distribute wants, satisfying product and service to present and potential customers".- Prof. William Stanton

3. CUSTOMER SATISFACTION:-

The normally, a customer buys from the company that offers the "the highest customer perceived value". Which is the customer evaluation of the difference between all the benefits and all the costs of a product or service offer compared to those of the competitors.

Customer satisfaction is the extent to which a product's perceived performance matches a buyer's expectations. If the products performance falls short of expectations, the customer is dissatisfied; if it matches expectations; the customer is satisfied. If it exceeds expectations, the customer is highly satisfied or delighted.

Successful marketing companies go out of the way to keep their customers satisfied or delighted. They strive to match customer expectations with company performance. Some of

today's most successful companies are rising expectations & delivery performance to match. These companies are aiming for TCS (Total Customer Satisfaction)

Companies seeking to win in today's market perceived company performance and customer satisfaction. They need to maintain this for their competitors as well consider the following.

A company was pleased to find that 80 % of the customers said they were satisfied then the CEO found out that its leading competitors attained a 90% customer satisfaction score. He was further dismayed when he learned that this competitor was aiming to reach 95% satisfaction score.

A service firm, which is able to satisfy customers, appears to have the ability to insulate itself from competitive pressure, in particular price- competition. It is generally found that satisfied customers are willing to pay more and stay with a firm, which meets their needs rather than taking the risk of moving to a lower priced service offering firms which satisfy customers are generally found to have positive work environment and organizational culture where Employees are encouraged to perform and are duly rewarded.

Although a customer-centered firm seeks to create high customer satisfaction. First, the company can increase customer satisfaction by lowering its price or increasing its services, but this may result in lower profits. Second the company might be able to increase its profitability by manufacturing or investing more in Research and development. Third, the company has many stockholders spending including Employees, dealers, suppliers and stockholders spending more to increase customer satisfaction would divert funds from increasing the customer satisfaction of other 'partners' ultimately, the company must operate on the philosophy that it is trying to deliver a high level of customer satisfaction subject to delivering at least acceptable levels of satisfaction to the other stakeholders within the constraints of its total resources.

4. EIGHT INSTRUCTIONS ON MEASURING CUSTOMER SATISFACTION:-

What you measure is what you get and what you get should be what you want. Which customer do you want to satisfy most the customer with your firm's attributes or with the service or product. If you want greater customer satisfaction with your technology, the following are eight instructions:

1. For an overall customer satisfaction rating, measure responsiveness, technology (capabilities and products), and quality / reliability.

2. For a cost competitiveness satisfaction rating measure market share and responsiveness and continue measuring time one you have stated.
3. Measure three types of customer for satisfaction:
 - a. Consumer / end users
 - b. Distribution chain customer
 - c. Downstream internal operations in your own company
4. Speedy innovation is associated with customer satisfaction with high technology and customer satisfaction with cost competitiveness, program / contract management and product quality and reliability.
5. Cross checking is the basic tool for verifying the results from your satisfaction measurement.
6. Satisfaction measures need to be adapted to fit the circumstances of your company
7. The customer satisfaction metric chosen seems unrelated to the results measured.
8. Customer acceptance of goods and services is a great profile.

However, what you measure is what you get- so make sure that what you get is what you want. The customer component is the operating environment segment that is composed of factors relating to those who buy goods and services provided by the organization. Profiles- detailed descriptions- of those who buy organization products are commonly created by business. Developing such profiles helps customer acceptance.

5. METHODS OF TRACKING AND MEASURING CUSTOMERS SATISFACTION

A company tolls for tracking and measuring customer's satisfaction range from the primitive to the sophisticated. Companies use the following methods to measure how much customer's satisfaction they are creating.

1) Complaint and suggestion system:

A customer- centered organization would make it easy for its customer to deliver suggestion and complaints. Many restaurants and hotels provide forms of guests to report their likes and dislikes. A hospital could place suggestion boxes in the corridors.

2) Customer's satisfaction surveys:-

A company must not conclude that it can a full picture of customer satisfaction and dissatisfaction by simply running a complaint and suggestion system studies show that

customers are dissatisfied one out of every four purchase & less than 5% of their complaints are minor or that they will be made to feel stupid or that no remedy will be offered most customers will busy less or which suppliers rather than complain the needlessly lost customers.

Therefore, companies cannot use complaints levels as a measure of customer satisfaction, responsive companies obtain a direct measure of customers satisfaction by conducting periodic survey. They send questionnaires to make telephone call to a random sample of their recent customers to find out how they feel about various aspects of the companies performance. They will also solicit buyer's views on their competitors performance.

Customer satisfaction can be measured of way it can be measured directly by asking "Indirect how satisfied you are with service x on the following scale high dissatisfied, indifferent satisfied, highly satisfied".

3) Observation on customer satisfaction:-

Here is some Prof. Fornell finding on the industry level. Customer satisfaction will be lower in industries where the industry offers a homogenous product to heterogeneous market on the other hand, industry that supply a high quality homogenous market will register satisfaction:

- ❖ Customer satisfaction is lower in industries where repeat buyers face high switching costs. They have to buy from the supplier even though their satisfaction is low.
- ❖ Industries which depend upon repeat business generally create a higher level of customer satisfaction.
- ❖ As a company increase in a market share customers satisfaction can fall. This is because more customers with heterogeneous demands are drawn into buying a fairly homogenous product.

4) Lost customer analysis:

Company should contact customer who have stopped buying or who have switched to another supplier to learn why through effort to learn where they failed. – is their service deficient to monitor the customer loss rate which, if it is increasing clearly indicates that the company is failing to satisfy its customers.

Conclusion

When a researcher is undergoing research work on any particular subject then describe the theoretical/basic concepts that are applicable to the research work.