



A STUDY ON VALUE CHAIN SECONDARY ACTIVITIES IN PROVIDING CUSTOMER VALUE IN JEWELLERY INDUSTRY – (WITH SPECIAL REFERENCE TO HYDERABAD AND SECUNDERABAD)

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ABSTRACT

The value chain activities are too broad and some are confused to choose right value chain activities to use for their businesses. Even studies are extended to add or remove the activities from primary and secondary now a days. The study investigates the impact of secondary activities of value chain said to be Procurement, Technology development, Human resource management and firm's infrastructure in providing customer value and achieving a competitive advantage through cost & differentiation. The primary data was collected through questionnaire aims to secure the data which is of high significance for comprehensive analysis of customer perceptions on likert scale and analysis & interpretation of data was through applying chi square. It was found that the value chain support activities doesn't influence the customer conception and concluded that branded jewellery manufacturers must enhance their efforts for lofty accomplishment of Procurement, Technology Development, and Human Resource Development & Firm Infrastructure.

KEYWORDS: *Value Chain Secondary Activities, Procurement, Technology Development, Human Resource Development & Firm Infrastructure*

INTRODUCTION

One of the useful tools that can create the greatest possible value for today's customers is Value Chain Analysis. In business, attention is paid for taking raw inputs, and to "add value" to them by turning them into something of worth to other people. This idea is just as important as in service industries, where people use inputs of knowledge, time, equipment and systems to create real value services to the person being served – the customer.

The goal of these activities is to offer the customer a level of value that exceeds the cost of the activities, thereby resulting in a profit margin.

The primary value chain activities are:

- Inbound Logistics:
- Operations
- Outbound Logistics
- Marketing & Sales
- Service

These primary activities are supported by *Support Activities* which are procurement, technology development, human resource management, and firm infrastructure that were handled in specialized departments. The costs of general management, planning, accounting, finance, government and legal affairs falls into the firm's infrastructure. These activities support the primary functions and play a role in each primary activity. For example, procurement supports operations in the firm, but it also supports marketing and sales with other activities.

- The infrastructure of the firm: structure of an organization, its control systems, company culture, etc., are into the concept of Firm's infrastructure.



- Human resource management: It encompasses the activities such as employee recruitment, hiring, training, development, and compensation.
- Technology development: Various technologies implemented by the firm to support value-creating activities.
- Procurement: Analyzing & selection of suppliers for the function of purchasing, where materials, supplies, and equipment might be bought.

The firm's margin or profit depends on its effectiveness in performing these activities efficiently, so that the amount that the customer is willing to pay for the products exceeds the cost of the activities in the value chain. It is in these activities that a firm has the opportunity to generate superior value. A competitive advantage may be achieved by reconfiguring the value chain to provide lower cost or better differentiation.

Primary and support activities are “building blocks” to create a valuable product or service for the customers. The firm's margin or profit then depends on its effectiveness in performing these activities efficiently, so that the amount that the customer is willing to pay for the products exceeds the cost of the activities in the value chain. It is in these activities that a firm has the opportunity to generate superior value. A competitive advantage may be achieved by reconfiguring the value chain to provide lower cost or better differentiation.

The value chain model is a useful analysis tool for defining a firm's core competencies and the activities in which it can pursue a competitive advantage as follows:

- **Cost advantage:** by better understanding costs and squeezing them out of the value-adding activities.
- **Differentiation:** by focusing on those activities associated with core competencies and capabilities in order to perform them better than do competitors.

LITERATURE REVIEW

Mukherjee, Arpita and Nitisha Patel (2005) stated that the Indian gems and jewellery sector offers huge potential for growth and exports and government provides various incentives for promoting exports. They reported that India is the largest consumer of the gold. Indian gems and jewellery sector is leading foreign exchange earner and employment provider.

GJEPC (2005) in his annual report estimated the growth and market status of Indian gems and jewellery products. The report stated that in the present scenario, the USA remained the single largest importer accounting for 28.45 per cent of the total gems and jewellery followed by the UAE, Hong Kong, Belgium, Singapore and Israel. The report pointed out that exports of cut and polished diamonds remained on top position in total gems and jewellery exports followed by gold jewellery, synthetic stones and colored gems stones.

Bhandari, Vandana (2004) found in his study that costumes, textiles and jewellery of India unravels the beautiful and sophisticated language of traditional Indian costumes. In this detailed study of the complex role played by clothing and ornamentation in Indian society. It focuses on the state of Rajasthan, one of India's most celebrated and historically rich regions. She explored that how Indian costumes and jewellery reflects the wearer's marital status, occupation, seasonal changes and religious commitment, serving as an essential symbol of their identity. Bhandari demonstrated in his study the cultural, social, historic and technical aspects of textiles, costumes and jewellery.

Garga, Pawan Kumar (2002) studied the various aspects of export promotion activities besides highlighting the hidden potential of India's major products and how India can increase its share in the world exports. The concepts of thrust products have been selected for detailed analysis, viz., handicrafts and jewellery, readymade garments and electronic goods etc. He told that India's upcoming jewellery industry has two loosely defined sectors: the Exports Processing Zones (EPZs) comprising 100 per cent export- oriented units and the Domestic Tariff Area (DTA) which caters not only to domestic needs but to international markets as well. The product group of gems and jewellery makes significant contribution to India's overall export earnings. Indian gems and jewellery products are exported to a large number of world markets. The USA, Hong Kong, Belgium and Japan are the major export destinations. Other important destinations for India's gems and jewellery exports are Israel, the UAE, the UK, Singapore and Switzerland.

Ramamrutham, Usha B. K., Meera Sushil Kumar (2001) explained that the jewellery of India is a vital expression of the country's aesthetic and cultural history. They presented factual information with many fascinating tales recorded in historical chronicles. The jewellery of India represents one of the greatest traditions of human craftsmanship in the world. It has been worn by women as adornment and by men as a proclamation of the power and as a symbol of rank and religious loyalty.

OBJECTIVES OF THE STUDY

Main Objective: To ascertain the customer conception intensity of 'Value Chain' Support Activities & Supporting Objectives are



- To ascertain the customer conception intensity of Procurement, the Support activity of value chain.
- To ascertain the customer conception intensity of Technology Development, the Support activity of value chain.
- To ascertain the customer conception intensity of Human Resource Management, the Support activity of value chain.
- To ascertain the customer conception intensity of Firm Infrastructure, the Support activity of value chain.

RESEARCH METHODOLOGY

The sample Jewellery organizations selected for the study is confined to the geographical region to Hyderabad and Secunderabad cities. Further, the customers of the Jewellery industry with a sample size of 328 & 237 for Hyderabad & Secunderabad respectively are drawn as sample respondents.

The following hypothesis was framed based on conceptual knowledge

Hypothesis H₀: ‘Value Chain Support Activities’ in branded jewellery does not influence Customer conception

Elements under Value Chain Support Activities are – Procurement, Technology Development, Human Resource Management and Firm Infrastructure.

- Hypothesis H₀ 1: ‘Value Chain Support Activity Procurement’ in branded jewellery does not influence Customer conception
- Hypothesis H₀ 2: ‘Value Chain Support Activity Technology Development’ in branded jewellery does not influence Customer conception
- Hypothesis H₀ 3: ‘Value Chain Support Activity Human Resource Management’ in branded jewellery does not influence Customer conception
- Hypothesis H₀ 4: ‘Value Chain Support Activity Firm Infrastructure’ in branded jewellery does not influence Customer conception

SOURCES OF DATA

Primary Data is collected through the questionnaire addressing all the elements of the concept i.e., secondary value chain activities of Procurement, Technology development, Human resource Management & firms’ infrastructure.

Secondary Data provides the ignition required for the research and the major source of secondary data is World Wide Web, print media comprising Magazines, Journals, Trade Journals, Tabloids, Publicity, Advertising and Sales Promotion material, survey reports and reference books etc. The other source of secondary data pertaining to Secunderabad and Hyderabad cities were collected from various government publications and records; the major source of secondary data being Census of India 2001, and 2010 (provisional results), District Statistical Centre and Collectorate.

STATISTICAL TOOLS APPLIED FOR ANALYSIS

In the first stage the data collected through questionnaire offers individual weightages awarded by respondents for each element of the model in the questionnaire, the weightages are thus tabulated on the five points of the scale against classification of demographic profile, like age, sex, education, occupation, income. **Chi-Square Test** is used for the purpose of testing the influence of demographics on secondary activities of value chain.

ANALYSIS & RESULTS

The data was collected on demographics of respondents like Age, Gender, Education, Occupation and Income in relation to Value chain secondary activities.

<i>Age Element</i>	<i>Chi Square computed Value</i>	<i>Table Value</i>	<i>Significance Level</i>	<i>Degree of Freedom</i>
Procurement	25.186	21.026	5	12
Technology Development	7.849	21.026	5	12
Human Resource Management	10.362	21.026	5	12
Firm Infrastructure	19.662	21.026	5	12



Chi-square test is applied for research data to emphasize the meaningful interpretation; the same are presented against the demographic factor of age. From the above table χ^2 cal is less than χ^2 table value, at 12 d o f and 5% level of significance for all elements represented except for *Procurement*. Hence H_0 is accepted for all elements except for Procurement. Thus the study reinforces the no influence of Technology development, Human resource management, and Firm infrastructure except procurement of *The Value Chain- Support Activities*.

**TABLE 5.24: CHI-SQUARE FOR THE VALUE CHAIN - SUPPORT ACTIVITIES
GENDER WISE**

<i>Element</i>	<i>Gender</i>	<i>Chi Square computed Value</i>	<i>Table Value</i>	<i>Significance Level</i>	<i>Degree of Freedom</i>
Procurement		52.201	9.488	5	4
Technology Development		22.165	9.488	5	4
Human Resource Management		29.740	9.488	5	4
Firm Infrastructure		42.585	9.488	5	4

Chi-square test is applied for research data and the same are presented against the demographic factor of gender. From the above table χ^2 cal is greater than χ^2 table value, at 4 d o f and 5% level of significance for all elements represented. Hence H_0 is rejected for all elements of *The Value Chain- Support Activities*.

**TABLE 5.26: CHI-SQUARE FOR THE VALUE CHAIN -- SUPPORT ACTIVITIES
EDUCATION WISE**

<i>Element</i>	<i>Education</i>	<i>Chi Square computed Value</i>	<i>Table Value</i>	<i>Significance Level</i>	<i>Degree of Freedom</i>
Procurement		52.998	21.026	5	12
Technology Development		18.738	21.026	5	12
Human Resource Management		25.247	21.026	5	12
Firm Infrastructure		28.031	21.026	5	12

Chi-square test is applied for research data to give the meaningful interpretation; the same are presented against the demographic factor of education. From the above table χ^2 cal is greater than χ^2 table value, at 4 d o f and 5% level of significance for all elements represented except for *Technology Development*. Hence H_0 is rejected for all elements except for one. Thus the study reinforces the influence of all elements except for one of *The Value Chain- Support Activities*.



TABLE 5.28: CHI-SQUARE FOR THE VALUE CHAIN -- SUPPORT ACTIVITIES OCCUPATION WISE

<i>Element</i>	<i>Occupation</i>	<i>Chi Square computed Value</i>	<i>Table Value</i>	<i>Significance Level</i>	<i>Degree of Freedom</i>
Procurement		53.654	21.026	5	12
Technology Development		27.210	21.026	5	12
Human Resource Management		17.308	21.026	5	12
Firm Infrastructure		20.967	21.026	5	12

Chi-square test is applied for research data to further emphasize the meaningful interpretation; the same are presented against the demographic factor of occupation. From the above table χ^2 cal is greater than χ^2 table value, at 4 d o f and 5% level of significance for all elements represented except for *Human Resource Development*. Hence H_0 is rejected for all elements except for one. Thus the study reinforces the influence of all elements except for one of *The Value Chain- Support Activities*.

TABLE 5.30: CHI-SQUARE FOR THE VALUE CHAIN -- SUPPORT ACTIVITIES INCOME WISE

<i>Element</i>	<i>Income</i>	<i>Chi Square computed Value</i>	<i>Table Value</i>	<i>Significance Level</i>	<i>Degree of Freedom</i>
Procurement		52.962	21.026	5	12
Technology Development		52.800	21.026	5	12
Human Resource Management		76.587	21.026	5	12
Firm Infrastructure		27.357	21.026	5	12

Chi-square test is applied for research data to further emphasize the meaningful interpretation; the same are presented against the demographic factor of income. From the above table χ^2 cal is greater than χ^2 table value, at 4 d o f and 5% level of significance for all elements represented. H_0 is rejected for all elements. Thus the study reinforces the influence of all elements of *'The Value Chain- Support Activities'*

CONCLUSIONS

The conception/comprehension of customers about secondary activities of Procurement, Technology Development, Human Resource Management and Firm Infrastructure is not at all visible and doesn't influence customer conception in all demographics of respondents. Under the demographic factor of Age, Procurement chi square calculated value is greater than table value, for Education, Technology development is having greater value, For Occupation again procurement is having greater value where null hypothesis is rejected showing the negligible influence of secondary activities . Research concludes enhanced efforts for lofty accomplishment of Procurement, Technology Development, and Human Resource Development & Firm Infrastructure by the branded jewellery manufacturers as secondary activities doesn't have any influence on customer conception in Jewellery industry.

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