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## **A Study of Consumer preference towards Oral health care with special reference to Toothpaste at Meerut (U.P)**

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### **ABSTRACT**

*Gone are the days when the people were using toothpowder to clean their teeth. At a time most of the people were using 'Dahun' to clean their teeth. Over post liberalization a number of companies entered in Indian market and offer a variety of toothpaste under the various names like Colgate, Pepsodent, Close-up, Dant-Kanti etc .Earlier the war was fought on the basis of new ingredients in the toothpaste before few years the turf of the battle changed to product marketing to emotional marketing.*

*Colgate has enjoyed a kind of monopoly over a period of time but after entry of Dant-kanti the market changes. It was introduced with focus on herbs and ayurvedic ingredients. This paper is an attempt to understand the consumer preference towards toothpaste.*

**Key words-** *Tooth paste, Consumer, Preference, OTC*



## **A Study of Consumer preference towards Oral health care with special reference to Toothpaste at Meerut (U.P)**

### **INTRODUCTION**

In today's world human has changed their eating habits. Earlier the people were living in joint family and they have certain obligations/restriction about their life style. Now people have shifted to nuclear family and focusing on their carrier so they are working to late hours and getting up late in the morning. They are dependent on bed tea/ coffee, ordering fast foods and other frozen foods which lead to number of many problems and one of them is oral health care problems. Research shows that the tooth pain, cavities, bad breaths and other oral problems are increasing day by day.

In the beginning cleanliness of teeth started by using charcoal /twigs of neem Tree. At that time people use twigs of trees some even rub the sea salt in their teeth to make them white. While some people used malushif toothpicks likely from wood or bone fragments b/w their teeth for clean the particles.

As we know toothpaste was invented in the late 1800s, but goods that refreshes was used early 5000B.C. in China, Egypt & India.

Early recipes included ingredients like grond bone, honey, flowers, pepper, ashes & pumices just like to say, the mixture was now swallowed.

The word oldest known formula for toothpaste was created by Egyptian. They crushed rock salt, mint, dried iris cleaning powder. Research suggests it is the most effective compared to most toothpaste used as recently as a century ago. After that some people were know to scrub their teeth with a powder v& then a dentist named Peabody added soap to toothpaste for added cleanliness soap was later replaced by sodium lauryn sulphate to create a smooth paste . Dr. Washington Sheffield was the first person to put toothpaste in collapsible tube. In 1987 the first edible toothpaste is invented by NASA, so astronauts could brush their teeth without spitting into a zero gravity abyss.

Colgate –Palmolive, now facing stiff competition from rivals such as a Patanjali in India , Because of natural portfolio . In the past two years Colgate has built its natural portfolio quickly with the launch of its first indigenously developed toothpaste Cibaca Vedshakti .Inspite of Colgate has lost 350 basis points in toothpaste market share ever as Patanjali & Dabur have gained at its cost . Patanjali is leading over its competitors due to some reasons like they introduce innovative herbal Ayurvedic product.

They are able to sell its best quality product at a price which is 10% to 30% less than its competitors. And one of the reason is brand portfolio through impressive brand marketing by Baba Ramdev. According to IIFL, PATanjali could attain a net turnover of 20,000 crore by



FY20. Patanjali Ayurvedia LTD has totally changed the game rules. It is believed that this Swadeshi pride in product will stay for long & will definitely make an impact in competitors sale.

Patanjali is leading over its competitors due to following reasons :-

**Innovation:** – Patanjali being a major competitor FMCG companies are expected to introduce innovative Herbal and Ayurvedic product over the forecast period.

**Pricing:**– Patanjali sells its product at low price to meet consumer demands. Patanjali is able to sell its best quality product at a price which is 10% to 30% less than its competitors who spend 12% to 18% on advertising and promotion.

**Brand Marketing:**– Patanjali has given a hough competition to some of the FMCG majors in the area of hair care, oral care and OTC product across its brand port folio through impressive brand marketing by Baba Ramdev.

**Revenue Market Share :-** According to IIFL, Patanjali, could attain a net turnover of 20,000 crore by FY20.

In the fiseal year 2016, when competitors such as Hindustan Unilever, Dabur, ITC, **Colgate** – Palmolive and Procter and gamble were struggling to hold the double – digit growth rate, Patanjali Ayurvede showed the annual growth of more than 100% in product port folio's such as personal care, food and beverages and Ayurvedic. In current market scenario, Patanjali Ayurvedic Limited has totally changed the game rules. It is believed that this swadeshi pride in product will stay for long and will definitely make an impact in competitor's sale.

Colgate has been steadily losing its market share in recent years with consumer task increasingly shifting towards naira or herbal brands.

The country's largest toothpaste maker Colgate – Palmolive NSE - 0.73% saw its market share fall below 50% the first time in decades in May even as Baba Ramdev's Patanjali and other herbal brands continued to eat into the big multinational's shows Patanjali's brand Dant Kanti is now India's forth largest toothpaste brand.

One percentage point is equal to 100 basis points.

Colgate Palmolive India's Volume share fell to the lowest since 2012, while rivals Dabur and Patanjali witnessed an increase.

### Market Share (%)

Particular	2013	2014	2015	2016	2018	2019
Colgate	56.1	57	57.4	55.6	52.5	49.9
HUL	22.8	21.3	19.6	19.1	17.7	16.8
Dabur	13.4	13.4	13.9	15.3	11.9	12.6
Patanjali	0.4	0.6	1.3	2.8	6.3	8.4

<http://economictimes.indiatimes.com>

One percentage point is equal to 100 basis points.



### **Purpose of the Study**

- To examine the consumer awareness of oral health toothpaste.
- To find the brand awareness of consumers.
- To know the reason why and when consumer switch to other brand.
- To know the satisfaction level of consumer with their existing paste.

### **Research Methodology**

The study was conducted to ascertain the perception of customers of Meerut City, towards the different brands of toothpaste.

The determination of sample was 180. It was decided arbitrarily contain from different over of Meerut City.

Research data was collected from both primary and secondary sources. The primary data was collected by administering question naira to the respondents. Secondary data sources were also used to collect the data for this research study which include journals, industry reports and other publications.

### **Literature Review**

- According to *schiffmann (1993)* consumer behaviour is the sum of learned values, customers and beliefs that serve to direct the members of a specific society. According to *Brian Nullen (2001)* from the book '*The Psychology of consumer Behaviour*'. Consumer behaviour is the decision maker or behaviour of the consumer in the market place of the services and goods. From the application of psychology, sociology and demographics the markets can begin to understand why the consumers form attitudes and make decisions to purchase the product. Consumer behaviour is based on the consumer playing three different roles of buyer, payer and user. *Holey (1968)* is the view that customer satisfaction reflects their perception of benefit and hence regimentation based on benefit is ideal. Therefore, we can segment customers by their degree of satisfaction. According to *Rossiter and Prey (1987)*, brand awareness precedes all other steps in the laying process. A brand attitude cannot be performed, unless a consumer is aware of the brand. In memory theory, brand awareness is positioned as a vital first step in building the bundle of associations which are attached to the brand in memory (*stokes 1985*). A family exerts a compels influence on the behaviours of its members. Prior family influence research has focused on intra-generational rather than intra-generational influence in consumer generationalization. As has been compellingly demonstrated , parents, influence children. (*Moore, Wikic and Lutz 2002; Moschis 1987*). Yet consumption domains clearly exist where sibling efforts many also be exerted.

### **Data Analysis and Interpretation.**

The data has been collected with the help of questionnaire. It has been analyzed and interpreted with the help of tables along with relevant descriptions. Appropriate treatment has been done to the raw data and logical conclusions based on the findings.



**Table 1 (Demographic Table)**

<b>Demographic Profile of Sample</b>		
Particulars	Frequency	Percentage
<b>Gender</b>		
Male	90	60
Female	60	40
Total	150	100
<b>Age</b>		
15 – 25	30	20
26 – 35	75	50
36 – 45	30	20
46 & above	15	10
Total	150	100
<b>Family size (No. of people in your family) :-</b>		
1 – 3	30	20
4 – 6	90	60
6 – 8	15	10
9&above	15	10
Total	150	100
<b>Qualification</b>		
Matriculation	30	20
Intermediate	15	10
Graduations	75	50
Masters& others	30	20
Total	150	100
<b>Occupation</b>		
Private Service	105	70
Govt. Service	23	15
Business	7	5
Other	15	10
Total	150	100
<b>Family Income</b>		
< 10,000	15	10
10,001–30,000	105	70
30,001–50,000	23	15
>50,001	7	5
Total	150	100

Based on this survey 100% of respondents are using toothpaste in Meerut City.



**Table 1**  
**Toothpaste uses Preference**

Particulars	Frequency	Percentage
Dant Kanti	50	34
close-up	5	3
colgate	60	40
Dabur Red	30	20
Pepsodent	3	2
Sensodyne	2	1
Total	150	100

With a view to find that awareness of toothpaste brand , the data pertaining to this is presented in Table 1. An examination of the table reveals that most of the people aware of the leading brands Colgate, Close-up, Pepsodent, Dabur. Before some time Colgate was the generic name for toothpaste ,this is the main reason ,Most of the respondent (40%) aware of Colgate .34% respondents aware of Dant Kanti &20% of respondents aware of Close – up,Pepsodnt ,Dabur Red & Sensodyne is a India based Company have awareness level of & 6% respondents aware of by other brands.

**Table 2**  
**Frequency of tooth cleaning**

Particulars	Frequency	Percentage
two Times	110	73
One Time	40	27
Total	150	100

With a view to find the brushing frequency of consumer, the data pertaining to this is presented in the table 2. An examination of the data reveals that 73% of the respondents brushing twice and 27% of the consumer brushing Once. So the Frequency of brushing was less in Meerut City , as per the dentist advice 2 times brushing is compulsory for avoiding dental problem.

**Table 3**  
**Factor Consideration of buying toothpaste**

Particulars	Frequency	Percentage
Quality	11	7
Taste	15	10
Brand Image	30	20
Price	94	63
Total	150	100

With a view to find the reasons to buy toothpaste, the data pertaining to this is presented in Table 3. An examination of the table reveals that, 63%Consumers are influenced by the price,20% influenced by the brand image ,10% influenced by the Taste & 7 % influenced by the quality &other factors . When the respondents were asked to mention the factors which



motivate them to buy a particular brand of toothpaste their replies are mostly quality & brand image.

**Table 4**  
**Features like to add in Existing Paste**

Particulars	Frequency	Percentage
Cleanliness of Teeth	60	40
Healthy Gums	33	22
Long lasting Freshness	55	37
Whiteness	2	1
Total	150	100

With a view to find the reasons to buy a toothpaste based on attribute , the data pertaining to this is presented in table 4. An examination of the table reveals that , most of the consumers preferred cleanliness of teeth , Long lasting freshness , Healthy gums and whiteness. The above table clearly shows that 40% of the respondents preferred cleanliness of teeth, 37% respondents preferred long lasting freshness, 22% respondents Preferred Healthy gums 1% of respondents preferred whiteness.

**Table 5**  
**Satisfaction Level**

Particulars	Frequency	Percentage
Very Satisfied	108	72
Not sure	34	23
Dissatisfied	4	3
Very Dissatisfied	4	2
Total	150	100

With a view to find the satisfaction level of consumer with their existing toothpaste, the data pertaining to this is presented in table 5. An examination of table reveals that, from the total respondents. 72% of them are every satisfied, 23% are not sure, 3% respondents dissatisfied & Very Dissatisfied.

**Table 6**  
**Ingredients Preference**

Particulars	Frequency	Percentage
Anti-Cavity Toothpaste	75	50
Whitening toothpaste	20	13
Herbal Toothpaste	50	33
Healthy for Gums	5	4
Total	150	100





With a view to find the ingredients preference in toothpaste, the data pertaining to this is presented in table 6. An examination of the table reveals that, consumer are preferred Anti-cavity toothpaste, Herbal Toothpaste, whitening toothpaste and Healthy for gums. The above table clearly shows that 50% of respondent's preferred Anti Cavity toothpaste, 33% respondents preferred herbal toothpaste 13% respondents preferred whitening toothpaste & 4% of the respondents preferred Healthy for gums toothpaste.

**Table 7**  
**Decision Maker**

Particulars	Frequency	Percentage
Friends & Relatives	50	33
Kids	40	27
spouse	60	40
Total	150	100

With a view to find the person who influenced the consumer to purchase toothpaste, the data pertaining to this is presented in table 7. An examination of the table reveals that, the people who influenced more are friends & relatives, Kids self and spouse. Based on the above data, In 40% Families decision maker are spouse 33% friends & Relatives influencing the Respondents for buying particulars brands, 27% respondents are influenced by kids.

**Table 8**  
**Reason for Switching to other Brands**

Particulars	Frequency	Percentage
To try new option	90	60
Advertisement	30	20
Price rise of current brand	20	13
other	10	7
Total	150	100

With a view to find the reasons for switching to other brand, the data pertaining to this is presented in table 8 . An examination of the table reveals that , most of the consumers switches to other brand due to try new option next factor was Advertisement .Due to sudden increase in price also makes the respondents to switch . Some consumers may switch due to price rise of current brand and other Reasons like influence by kids , friends etc.



**Table 10**  
**Promotional**

Particulars	Frequency	Percentage
Family and Friends	45	30
Television	101	68
Doctor	2	1
Newspaper	2	1
Total	150	100

With a view to find out which mode of promotion consumer gets attracted the data pertaining to this is presented in table 10. An examination of the table reveals that , most of the consumers preferred reveals that, most of the consumers preferred Television , family & friends , Doctor& Newspaper .

Majority of the respondents 68% preferred Television 30% respondents preferred family and friends advices,1% respondents preferred Doctor advice & 1% preferred Newspaper . Television Advertisement creates attention & stimulates the consumers to buy a particular brand.

## CONCLUSION

Consumer preference is not exactly predicted one; somewhat it is predicted with the help of research activity. Starting and ending of the survey ends and companies concentrate in analyzing the requirement of people thoroughly to satisfy & retaining the consumer . This study revealed that consumer awareness of toothpaste is good in Meerut City .For promoting the product consumption and creating awareness government has taken initiative like dental health camps, Manufactures have used advertising campaign to promote higher consumption of toothpaste creating the awareness is a part of Social responsibility of the company.

There are some important factor considered by the consumer for decision making . Brand image, advertising on Television & price play an important role in purchasing toothpaste, sometimes the consumer compare with competitors product and select the best one .Product attribute also analyzed by the consumer for deciding a brand. Switching of one product to other company product is mainly based on to try new option, advertisement, price & other etc. So companies analyze all these factors and find out the best suitable tools for promoting their toothpaste in India.

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## **Study of investor behaviour towards Mutual Funds: A study of Ahmedabad**

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### ***Abstract***

*The first part gives an insight about Mutual Fund and its various aspects, the Company Profile, Objectives of the study, Research Methodology. One can have a brief knowledge about Mutual Fund and its basics through the Project. The second part of the Project consists of data and its analysis collected through survey done on 100 people. For the collection of Primary data I made a questionnaire and surveyed of 100 people. I also taken interview of many People those stay in Ahmedabad where I done my Project. I visited other AMC to get some knowledge related to my topic. I studied about the products and strategies of other AMCs in to know why people prefer to invest in those AMCs. This Project covers the topic “THE MUTUAL FUND SAHI HAI .”The data collected has been well organized and presented. I hope the research finding sand conclusion will be of use.*



## Study of investor behaviour towards Mutual Funds: A study of Ahmedabad

### Introduction:

The Mutual Fund Industry in India was started with a humble beginning by establishing the Unit Trust of India in the year 1963, by the Government of India. “The main aim of the UTI was to enable the common investors to participate in the prosperity of capital market through portfolio management aimed at reasonable return, liquidity and safety and to contribute to India’s industrial development by channelizing & household savings into corporate investment”. By the year 1993, UTI occupied nearly 80 per cent of the market share and developed manifold in terms of number of investors, investable funds, reserves with wide marketing network and efficient leadership. The Chartered Financial Analyst had commented that, “Mutual Funds today form 1/10th of the banking industry’s size. If we compare this an indication in the current interest rate scenario, Mutual Fund has ample shelf-space to grow into an industry like the banking industry in India.

A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. These investors may be retail or institutional in nature. Mutual fund is a vehicle to mobilize money from investors, to invest in different markets and securities, in line with the investment objectives agreed upon, between the mutual fund and the investors. In other words, through investment in a mutual fund, an investor can get access to markets that may otherwise be unavailable to them and avail of the professional fund management services offered by an asset management company. There are so many types of mutual fund like Sector fund, Thematic, Equity, Index, Gold ETF, Balanced, MIP, Gilt, Income, FMP, Arbitrage, Ultra short term, Liquid etc.

Mutual fund operate like announce their investment objective and seek investments from the investor. Depending on how the scheme is structured, it may be open to accept money from investors, either during a limited period only, or at any time. The investment that an investor makes in a scheme is translated into a certain number of ‘Units’ in the scheme. Thus, an investor in a scheme is issued units of the scheme. Typically, every unit has a face value of Rs.10. (However, older schemes in the market may have a different face value). The face value is relevant from an accounting perspective. The number of units issued by a scheme multiplied by its face value (Rs.10) is the capital of the scheme – its Unit Capital. The scheme earns interest income or dividend income on the investments it holds. Further, when it purchases and sells investments, it earns capital gains or incurs capital losses. These are called realized capital gains or realized capital losses as the case may be. Investments owned by the scheme may be quoted in the market at higher than the cost paid. Such gains in values on securities held are called valuation gains. Similarly, there can be valuation losses when securities are quoted in the market at a price below the cost at which the scheme acquired them. For running the scheme of mutual funds, operating expenses are incurred. Investments can be said to have been handled profitably, with the following metric:

- +Interest income (B) + Dividend income (C) + Realized capital gains (D) + Valuation gains (E) – Realized capital losses (F) – Valuation losses (G) – Scheme expenses.



**Net Asset Value (NAV)**

**How NAV is computed**

Market value of Equities	- Rs.100 crore - Asset
Market value of Debentures	- Rs.50 crore - Asset
Dividends Accrued	- Rs.1 crore - Income
Interest Accrued	- Rs.2 crore - Income
Ongoing Fee payable	- Rs.0.5 crore - Liability
Amt. payable on shares purchased	-Rs.4.5 crore - Liability
No. of units held in the Fund :	-10 crore units

**NAV per unit= [(100+50+1+2)-(0.5+4.5)]/10= [153-5]/= Rs. 14.80**

When a scheme is first made available for investment, it is called a ‘New Fund Offer’ (NFO). During the NFO, investors get the chance of buying the units at their face value. Post-NFO, when they buy into a scheme, they need to pay a price that is linked to its NAV.

There are so many advantage of mutual fund like Professional Management , Affordable Portfolio Diversification , Economies of Scale , Liquidity , Tax Deferral , Tax benefits , Convenient Options , Investment Comfort , Regulatory Comfort , Systematic Approach to Investments Etc. As like coin has 2 sides , everything has positive & negative effect mutual fund also has some negative points like Lack of portfolio customization , Choice overload , No control over costs Etc.

**Review of literature:**

Dr Singh ,B.K -2010 research about A study on investors’ attitude towards mutual funds as an investment option, the impacts of various demographic factors on investors’ attitude towards mutual fund have been studied. For measuring various phenomena and analysing the collected data effectively and efficiently for drawing sound conclusions, Chi-square test has been used and for analysing the various factors responsible for investment in mutual funds, ranking was done on the basis of weighted scores and scoring was also done on the basis of scale.<sup>1</sup>(1) Dr Sharma, N -2011 research about Indian Investor’s Perception towards Mutual Funds, It examines the investor’s perception with reference to distinct features provided by mutual fund companies to attract them for investing in specific funds/schemes. The study uses principal component analysis as a tool for factor reduction. The paper explored three factors named as fund/scheme related attributes, monetary benefits and sponsor’s related attributes which may be offered to investors for securing their patronage. The results are expected to provide fruitful insight to mutual fund companies for tailoring their offers suitable to cater the needs and expectations of Indian investors.<sup>2</sup>(2) Knif ,J ., Koutmos ,D., Koutmos,G. This article investigates the risk dynamics of hedge fund index returns and the market timing abilities of hedge fund managers. The empirical evidence shows that the systematic risk of all hedge fund index returns are highly variable over time, implying that reported alpha returns as well as standard risk management metrics are unreliable. In almost all cases volatility is asymmetric and the range of estimated betas is rather large. The degree

<sup>1</sup> : Dr Singh ,B.K -2010

- [https://www.researchgate.net/publication/261708553\\_A\\_Study\\_on\\_Investors\\_Attitude\\_towards\\_Mutual\\_Funds\\_as\\_an\\_Investment\\_Option](https://www.researchgate.net/publication/261708553_A_Study_on_Investors_Attitude_towards_Mutual_Funds_as_an_Investment_Option)

<sup>2</sup> : Dr Sharma, N -2011

- <http://indianresearchjournals.com/pdf/IJMFSMR/2014/August/11.pdf>



of persistence is also very high. The results show that both systematic and unsystematic risk of all hedge fund styles is time varying. Furthermore, there is no evidence of successful market timing. <sup>3</sup>(3) Avramov, D., Cheng, S. -2019 research about Mutual Funds and Mispriced Stocks, a new measure of fund investment skill, Active Fund Overpricing (AFO), encapsulating the fund's active share of investments, the direction of fund active bets with regard to mispriced stocks, and the dispersion of mispriced stocks in the fund's investment opportunity set. They find that fund activeness is not sufficient for outperformance: high (low) AFO funds take active bets on the wrong (right) side of stock mispricing achieve inferior (superior) fund performance <sup>4</sup>(4) Rohleder, M-2015 research about it is an established fact that investors "chase past performance". However, the opposite impact of flows on performance is widely discussed. Mainly, liquidity costs are held responsible for short-term erosion of performance, while high inflows enhance performance over longer horizons. I investigate this relation for various groups of equity, bond, and money market funds and find significant outperformance in high inflow funds over several months, especially for specific bond fund groups<sup>5</sup> (5) Swami, R., Jain, T.K. -2019 Research about Managing Investment Risks: Modern V/s Traditional Knowledge and Practices comparative study between modern investment tools and old investment tools. The study has been conducted in Rajasthan and therefore the old tools of investment available in Rajasthan have been identified and compared with the modern tools. The primary purpose of the study was to compare the risk management tools available a common investor. The researchers found that the traditional tools or the old tools were also very good, but the modern tools offer more systematic and secure options. The researchers conclude that the modern tools are better in comparison to the traditional tools<sup>6</sup>(6) Zeng, Y.-2017 research about A Dynamic Theory Of Mutual Fund Runs and Liquidity Management, I model an open-end mutual fund investing in illiquid assets and show that the fund's endogenous cash management can generate shareholder runs even with a flexible NAV. The fund optimally re-builds its cash buffers at time  $t+1$  after outflows at  $t$  to prevent future forced sales of illiquid assets. However, cash rebuilding at  $t + 1$  implies predictable voluntary sales of illiquid assets, generating a predictable decline in NAV. This generates a first-mover advantage, leading to runs. A time-inconsistency problem aggravates runs the fund may want to pre-commit not to re-build cash buffers but cannot credibly do so absent a commitment device<sup>7</sup>(7) R, Ahmad, A, Nomani – 2015 research about Comparative Analysis of Risk, Return and Diversification of Mutual Fund, the Indian markets, an investors needs to evaluate and consider various factors before making an investment decision. The present investigation is aimed to examine the performance of safest investment instrument in the security market in the eyes of investors. Five mutual fund large cap scheme have been selected for this purpose. The examination is achieved by assessing various financial tests like Sharpe Ratio, Standard Deviation, Alpha, and Beta. Furthermore, in-depth analysis also has been done by considering return over the period of last five years on various basis, expenses ratio, corpus-size etc.<sup>8</sup>(8) Pandow, B.A.-

<sup>3</sup>: Knif, J., Koutmos, D., Koutmos, G

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<sup>8</sup> R, Ahmad, A, Nomani -2015



2016 research about Selectivity skills of mutual fund managers in India ,Stock selection is the nucleus in the investment management process. It involves identifying and selecting undervalued securities which among other things requires the successful forecasting of the company specific events or an ability to predict the general behaviour of security prices in the future. If the fund manager is able to identify and select the undervalued securities for the portfolio, then it will be possible for the fund manager to increase the returns of the schemes and vice versa. In practice fund managers are expected to earn superior returns for unit holders consistently as being professionals therefore possess superior skills to collect and analyse the data with the purpose to select the right type of securities for the portfolio. The present work is based on the review of tens of studies both foreign and Indian studies relating to mutual funds<sup>9</sup>(9)Gupta,S,K., Dr. Sinha,A,K.-2016 research about Impacts of economic events on performance of mutual funds: evidence from India, Researcher has selected two mutual fund schemes. This methodology addresses the problems of multiple event days and calendar clustering. The economic event considered for the research are recent global or cross border event. For the event study the event window of 11 days will consider for abnormal return and estimation window of 11 days consider for normal return. The time gap for Normal and Abnormal return is 180 days. The event date of BREXIT has taken 24th June 2016 and for GST has taken 03rd August 2016. In the proposed research Endeavour, researcher's shall made an attempt to identify that holder of equity mutual funds may earn abnormal return in response to above mentioned events and in the given period of time<sup>10</sup> (10) Jain,A.-2017 research about Performance evaluation of tax savings mutual fund , compare the ELSS scheme of public sector and private sector and analyse the market timing abilities of fund managers of ELSS. A mutual fund is a financial intermediary that pools saving of small investors for collective investment in a diversified portfolio of securities. Indian mutual fund industry is playing a significant role in the development of capital market and in the growth of Indian economy. Mutual fund investment is quite popular among small investors for seeking tax incentives. Tax of small investors for diversified portfolio of securities mutual fund industry is playing a significant role in the development of capital market and in the growth of Indian economy. Mutual fund investment is quite popular among small investors for seeking tax incentives. Tax-saving mutual fund schemes or the equity linked savings scheme

**Objective :**It want to measure/determine the brand image perception, attitude and behaviour of target audience with regard to the mutual fund & which group are investing most in Mutual Fund ( Student , senior citizen Etc.) and which factor most important for respondent to provide title “Mutual Fund Sahi Hai ” .approve the title of “ Less Risk More Return”.

**Research methodology :** To conduct the respective survey 100 sample where chose randomly and in this sample size the mutual fund user mainly targeted & visit different places like info city Adani Santigram , Reliance Chokri to collect primary data in this research process is collected by filling up questionnaire from mutual fund users. Target audience for the study wore mutual fund user between the age of 18 to 65 years. In this research process,

- 
- <http://ijcf.ticaret.edu.tr/index.php/ijcf/article/view/35>

<sup>9</sup>: Pandow,B,A.-2016

- <http://journals.univdanubius.ro/index.php/oeconomica/article/view/3199/3224>

<sup>10</sup> Gupta,S,K., Dr. Sinha,A,K.-2016

- <https://www.hindawi.com/journals/tswj/2014/521074/>



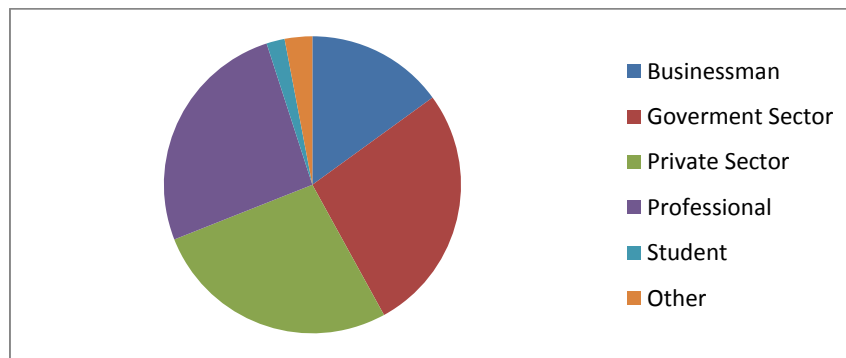


all article journals and different reports is used as secondary data . SPSS is used to store data , where all variables are recorded and it was very easy to analyse and compare all variable .Microsoft office excel is also used to make table and and related graph & have collected the data through interview schedule .

**Data analysis :**

**Objective: 1 : To measure/determine the brand image perception, attitude and behaviour of target audience with regard to the mutual fund:**

Consumer behaviour as per occupation (Table no .1 )				
Occupation	Frequency	Percent	Valid Percent	Cumulative Percent
Businessman	15	15.0	15.0	15.0
Government Sector	27	27.0	27.0	42.0
Private Sector	27	27.0	27.0	69.0
Professional	26	26.0	26.0	95.0
Student	2	2.0	2.0	97.0
Other	3	3.0	3.0	100.0
Total	100	100.0	100.0	

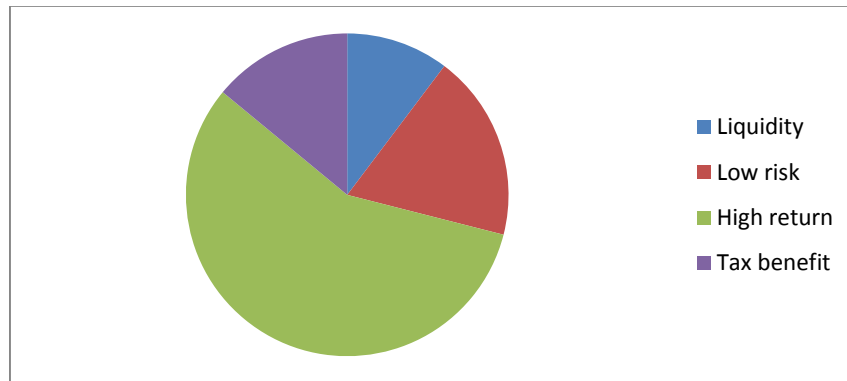


From the survey of mutual fund regarding the interest of people towards mutual fund it was found that people who have different occupation there are highest investing in mutual fund is government sector & private the people are in private sector they are also using higher .but the student & other types of business are using less in business . the business class & professional are using in moderate way as per the survey & also describe in chart also .

**Objective:2 To measure that which factor influence most important for respondent for mutual fund “sahi hai ki nai”.**



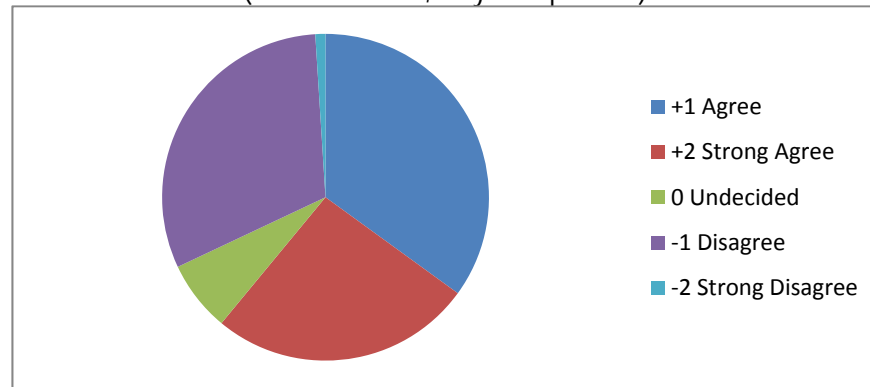
As per consumer references about “Mutual Fund Sahi Hai Ki Nai ” :(Table :2)				
factor affecting in investment	Liquidity	Low risk	High return	Tax benefit
Yes	11.0	20.0	61.0	15.0
No	89.0	80.0	39.0	85.0
Total	100.0	100.0	100.0	100.0



From the survey we get to know that what are the factors affecting in investment and it has given a lots of options like liquidity low risk high return and tax benefit and the result comes in most affecting factor is high return and rest as you can see in the above pie chart.

**Objective 3: Tittle : less risk more return .**

Consumer Point of you for Less Risk More Return ? (Table :3)				
Do you agree mutual fund gives low risk more return ?	Frequency	Percentage	Valid Percentage	Cumulative Percentage
+1 Agree	35	35.0	35.0	35.0
+2Strong Agree	26	26.0	26.0	61.0
0 Undecided	7	7.0	7.0	68.0
-1 Disagree	31	31.0	31.0	99.0
-2Strong Disagree	1	1.0	1.0	100.0
Total	100	100.0	100.0	



Do people agree mutual fund gives low risk more return from the survey it was clear that how many people agree or strong agree undecided disagree or strong disagree and the result comes out that the people slightly disagree as you can see in the above chart.

### Conclusion

We observe that 68% of all the respondents invest in mutual fund. We have got 32% of our total respondents who do not invest in any mutual fund at all. We observe that 56% of all the respondents have complete information of mutual fund. We have got 24% of our total respondents who do not have complete information of mutual fund at all and 20% of our total respondents have some information of mutual fund. We observe that 89% of all the respondents are interested in getting good deduction from tax. We have got 11% of our total respondents who are not interested in getting good deduction from tax at all. We observe that 76% of all the respondents knows mutual fund is a good instrument of tax saving. We have got 24% of our total respondents who are mutual fund is a good instrument of tax saving. We observe that our respondents invest in more than one instrument of saving. We observe that 20% of all the respondents Invest for the purpose of high return, 18% Invest for the purpose of tax benefit, 45% Invest for the purpose of saving, 10% Invest for the purpose of wealth creation, 7% Invest for the purpose of risk diversification. We observe that 3% of all the respondents get less than 5%, 65% of all the respondents get between 5% 10%, 20% of all the respondents get between 10% 15%, 7% of all the respondents get between 15%-20% and 5% of all the respondents get more than 20%. We observe that 65% of all the respondents prefer investment in equity fund, 11% of all the respondents prefer investment in Debt fund, And remaining 24% of all the respondents prefer investment in Balanced fund.

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## **THE POP-UP STORE: A NEW MARKETING TOOL FOR FASHION BRANDS IN INDIA**

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### **Abstract:-**

*The purpose of this paper is to understand the marketing tools that use for choice of the “POP-UP STORE” for the fashion brands, with particular reference to the fashion sector in India. In other country like Italy, UK and USA it is known as the, the more usual terminology is “pop-up store”. The study provides interesting and relevant information for marketing planners considering the use of temporary stores, in the fashion sector in India but also more widely. The Paper contain detailed information about Aditya Birla Fashion and Retail Ltd., Madura Fashion division and ABNL's subsidiaries Pantaloons Fashion and Retail (PFRL) and Madura Fashion & Lifestyle (MFL), Aditya Birla Fashion and Retail Ltd., Louis Philippe, Van Heusen, Allen Solly, Peter England. The study makes a significant contribution to the body of knowledge in the field.*

**Keywords:** - Pop-up Store, Brand, Marketing Plan, India, Temporary Store, Fashion etc...



## THE POP-UP STORE: A NEW MARKETING TOOL FOR FASHION BRANDS IN INDIA

### Introduction:-

#### Aditya Birla Group

Fashion is perhaps the very first expression of success of a free nation. Fashion is a celebration and a joy. It is an expression that can manifest itself in different ways for different people and these ways are forever evolving.

The Aditya Birla Group endeavours to become the leading Indian conglomerate for sustainable business practices across its global operations, balancing its economic growth with environmental and social interests."

- *Kumar Mangalam Birla, Chairman, Aditya Birla Group.*

"We are committed to give back more than what we take from our ecosystem"  
- *Re-Earth Vision Statement*

Aditya Birla Fashion and Retail Ltd. (ABFRL) emerged after the consolidation of the branded apparel businesses of Aditya Birla Group comprising ABNL's Madura Fashion division and ABNL's subsidiaries Pantaloons Fashion and Retail (PFRL) and Madura Fashion & Lifestyle (MFL) in May 2015. Post the consolidation, PFRL was renamed Aditya Birla Fashion and Retail Ltd

"This consolidation will create India's largest pure play Fashion and Lifestyle Company with a strong bouquet of leading fashion brands and retail formats. This move brings India's #1 branded menswear and women's wear players together."

- *Kumar Mangalam Birla, Chairman, Aditya Birla Group.*

ABFRL has been founded on the belief that the first sign of success of a modern nation lies in the ability of its citizens to celebrate. India's young working population and robust economic performance has led to rising incomes which, combined with increasing global exposure, are empowering many latent wants to morph into demands. With retail expanding independently through brick and mortar as well as e-commerce, the Indian fashion consumer now deserves futuristic and comprehensive omni-channel options. The time for ABFRL to arrive was ripe.

It aims to catalyse the business of fashion through superior infrastructure and experiences, towards a new future. It brings together the learnings and businesses of two renowned Indian fashion icons, Madura Fashion & Lifestyle and Pantaloons Fashion and Retail. This will create a synergistic core that will act as the nucleus of the future fashion businesses of the Aditya Birla Group. It is India's No 1. Fashion Lifestyle entity with a combined revenue of INR 7,181 crore for FY 2018 and EBITDA of INR 501 crore for FY 2018.



It hosts India's largest fashion network with over 11,000 points of sale, which include close to 2,500 exclusive ABFRL brand outlets across 700+ cities and towns, 4,900+ multi-brand outlets and 4000+ Department stores across the country. It has ~22 million Loyalty Members as of 31st March 2018.

The ABFRL umbrella includes: Madura Fashion & Lifestyle

The custodian of several icons, including the top four fashion brands of India - Louis Philippe, Van Heusen, Allen Solly and Peter England each of which clocked MRP sales in the vicinity of INR 1,000 crore. It also includes India's first fast-fashion youth brand, People; India's largest fully integrated fashion multi-brand outlet chain, Planet Fashion; India's largest premium international brand retailer, The Collective and the British fashion icon, Hackett London's mono-brand retail in India.

It marked a new milestone in the branded apparel sector as its Van Heusen Innerwear and Athleisure business announced its foray into the Women's Innerwear & Athleisure market. Style Up, the family store by Aditya Birla Fashion and Retail Ltd. is launched across tier III cities to offer smart fashion at affordable prices! It has acquired exclusive online and offline rights to market the global brand 'Forever 21' and its existing store network, in the fast-fashion segment in India.

To expand its international portfolio, It entered into exclusive partnerships with two of UK's most successful fashion brands, 'Simon Carter' and 'Ted Baker'. In August 2017, ABFRL entered into a multi-store retail and e-commerce license agreement with American Eagle Outfitters Inc. In 2018, ABFRL entered into a Store License and Distribution Agreement with Ralph Lauren Asia Pacific Limited ("RLAPL"), which offers apparel and accessories for both men and women under the brand name "Polo Ralph Lauren" and "Ralph Lauren"

#### **Pantaloon:-**

India's Favourite Family Fashion Destination, Pantaloon has emerged as a strong brand in the fashion industry over the past two decades and is making fashion accessible across the length and breadth of the country. Constantly innovating designs, concepts and products by infusing the latest trends in fashion and clothing styles, Pantaloon has a repertoire of lifestyle brands to cater to every consumer's needs across multiple occasions.

#### **Louis Philippe:-**

Louis Philippe is a premier brand of men's apparel that is inspired by King Louis Philippe, who was King of the French from 1830. The brand is totally Indian however, launched in the country in 1989 and owned by Madura Fashion and Lifestyle.

This premier Indian brand of men's apparel that started in 1989 is owned by Madura Fashion and Lifestyle, a division of the Aditya Birla Group. The group also owns many other clothing and lifestyle brands namely, Van Heusen, Allen Solly and Peter England. Today, the group has an extensive network comprising 700 exclusive franchise stores, many department chains and over 2000 premium multi-brand trade outlets, both within and outside India.



### **Van Heusen:-**

Known for revolutionary style since 1921, Van Heusen meets the needs of the modern professional with stylish and innovative classics. From dress shirts with collars that stretch 1/2 an inch. and suits featuring natural stretch, to pants with flexing waistbands, one thing is certain: uncomfortable clothing is now history. Discover the full collection- including Big & Tall sizes-and the women's assortment, right here, right now. You're welcome.

### **Peter England:-**

One of the largest menswear brands in India, Peter England has a name so English it's almost as if you automatically grow a stiff upper lip. In reality, It is part of Madura Fashion & Lifestyle, a division of Aditya Birla Nuvo Ltd.

Peter England was founded in 1889, Londonderry, Ireland to provide British soldiers with fine Khaki trousers during the Boer War. More than a century later, Peter England made its foray into the Indian market in 1997. The brand was acquired by Aditya Birla Group in 2000 and quickly went on to become India's Leading Menswear Brand. The brand was listed in top 5 most trusted brands in apparel category for 7 consecutive years. And keeping in sync with the youth, Peter England offers apparel that cater to every fashion occasion of a young professional's life. With a staunch belief in authenticity, Peter England has become one of the most trusted and responsible international brands, providing unmatched value to young Indian men. With a strong foothold in formal and causal menswear segments, Peter England also offers innovative collections in denims, linen, festive wear, Indies kurtas, accessories, and more.

### **Allen Solly:-**

Allen Solly describes their clothes as 'Friday dressing', or chic office wear. It is a subsidiary of the Aditya Birla Group and licensed under Madura Garments, so yeah, all those trousers, shirts and wallets are all made right here. [www.allensolly.com](http://www.allensolly.com) an initiative of Madura Fashion & Lifestyle, a division of Aditya Birla Fashion and Lifestyle is India's largest and fastest growing branded apparel companies and a premium lifestyle player in the retail sector. After consolidating its market leadership with its own brands, it introduced premier international labels, enabling Indian consumers to buy the most prestigious global fashion wear and accessories within the country.

### **Definition:-**

#### **Pop-Up Store:-**

Pop-up retail is a retail store that is opened temporarily to take advantage of a trend or a seasonal product. Demand for products sold in pop-up retail is typically short-lived. Pop-up retail stores are found most often in the apparel and toy industries.





### **Temporary Store:-**

A store that opens suddenly and usually exists for a short amount of time: A temporary pop-up store often appears when retailers take advantage of empty retail space.

### **Fashion:-**

“Fashion is a popular style, especially in clothing, footwear, lifestyle, accessories, makeup, hairstyle and body”.

### **Brand:-**

“A brand is a name, term, sign symbol (or a combination of these) that identifies the maker or seller of the product”.

### **Objectives:-**

1. To study the Pop-Up Store: A New Marketing Tool for Fashion Brands in India
2. To study the Pop-Up store concern with Aditya Birla Groups Madhura Fashion Store.
3. To Study Temporary Store in Concern with Indian Fashion Brands.

### **About Pop-Up /Temporary Store:-**

The occurrence of “temporary stores” has developed into one of the most significant innovations in marketing since it first came to the attention of predictors in 2003. Characteristic of the fashion marketing sector, it defines the establishment and operation by established manufacturers of short-term retail premises. In India, the country in which the case studies reported here were conducted, the English description “temporary store” has been adopted to describe the phenomenon; an association for practitioners of this very new tool of retail marketing, “Assotemporary”, was established there in 2008. Such stores are today more usually called “pop-up” stores or shops in English-speaking countries, especially in the trade press. With new examples of such transient “temporary” or “pop-up” stores appearing almost daily, this radically new initiative deserves our attention.

The trend towards the addition of temporary stores to the strategic toolkit is a product of recent changes in the fashion sector. In particular, time-based competition has reduced the lead time from planning through production to distribution and accelerated the pace at which structural competitive advantages are renewed within rapidly integrating organizations. From the industry’s point of view, a limited timeframe implies the increased need for flexibility in production, permitting continuous introduction of new lines and collections to the market, to satisfy the continuously evolving interests and expectations of consumers.

Many launches have very short lives, and are soon removed from the marketplace. When a new product enters the market with time-limited availability, however, it communicates something about its uniqueness. India occupies a dominant position in the textile and clothing sector and plays a leading role in the international fashion sector. Its total fashion-goods business was worth 75 billion in 2006, and its textiles industry enjoys an overall turnover of more than 9 billion.

In his seminar The Competitive Advantage of Nations, Porter attributes the success of the Indian clothing industry to product innovation and differentiation, superior quality and high levels of service. Structurally, it is characterised by a large number of small firms, concentrated and localised in industrial districts, specialising in textile or apparel



manufacturing, or both. By setting up such networks, Indian fashion companies have retained the advantages of small size, flexibility, creativity, adaptability and speed of reaction to market changes.

Industry statistics demonstrate a slow general shift during the last decade away from production towards sales and service. Online target is in no doubt that this has been one of the most important aspects of the fashion sector's evolution. According to figures from new research study, the trade association that conducts research for the textile and fashion businesses, annual turnover increased from the mid-1990s until 2002, slumped in 2003 and then continued to grow until the international crisis of 2008.

The management consultancy reports that, despite that crisis, the Indian fashion sector has maintained a slow but steady increase. The overall trend in the Indian textile and apparel sector appears to have been different from that in the rest of the world. In particular, distinctions can be seen in the organization of the industry and in the distribution chain. The main channels of distribution are through independent and traditional retailers, whereas large and specialized distribution chains are characteristic of other countries, where independent retailers lost ground during the 1990s to specialized chains, department stores. The typical nature of Indian industrial development and the success of its fashion branding, make it difficult to transfer the Indian model to other countries. Firms in India have rationalized production by increasing overseas outsourcing, mostly to SAARC and Asian Continental Countries, and by improving their distribution channels.

The traditionally important role of independent retailers in the distribution of fashion clothing in India had been expressed by both their bargaining power and, above all, their market power: they can shape consumer preferences. In fact, the retail buyer no longer simply buys goods, but rather manages the integration of design, textile sourcing and branding, operations that were previously in the domain of the manufacturer. Because the retailer is often the only point of contact with the end consumer, many fashion companies, both mass market and luxury, strive to establish direct contact with customers. They do so mainly through downstream integration, guided by research into the harmonising of communication with consumers and distributors.

The independent and fragmented nature of distribution in the Indian fashion business is due essentially to the typical structure of the firms involved in the system, and their entrepreneurial culture, together with the brand owners' strategies of product differentiation and vertical integration. In the recent past, the opening of managed stores has been a noticeably widespread strategic initiative, especially for companies that already have a network on which to build. Consequently, interaction between retailers and manufacturers has become an increasingly relevant field of study, in which context a number of innovative formulae have been developed.

The progressive erosion of the reliability and effectiveness of traditional mass communication vehicles has revitalized the role of retail premises in the communication of a brand. As Keller observe, to the extent that "you are what you sell," manufacturers' branding helps to create an image and establish the positioning of the store.

During the 1990s, the view began to be prevalent that multi-brand stores were no longer able to sustain a strong brand image, especially in the luxury sector. At the same time, new stores have succeeded in projecting the brand's value systems, and exposing customers to a multi-sensory experience in direct contact with the brand. The proliferation of products brought about by advances in technology and production processes has reduced their communicative efficacy, consumers experiencing ever greater difficulty in the comparative evaluation of branded goods. As Carpenter assert, the retail store has become the "new vector" for conveying the abstract attributes of brands, which it does through the medium of its location, the ancillary services it provides, its staff, store design, and visual merchandising.



Since branding is seen as central to the process of building relationships between a company and its myriad stakeholders (Keller, 2003) and therefore as the main link with the market (Guercini, 2001), the aim must be to transmit brand values in the most effective way possible. The existence of stores multiplies the opportunities for establishing contact with consumers, which is a particularly important strategic consideration for brands that aim to build awareness rapidly, and attain an immediate premium position especially in countries where they were not previously represented. Kozinets et al. have suggested that a shop or store can achieve the twin aims of awareness and positioning by creating evocative displays, showing off the fashion collections in a way that takes visitors by surprise, encouraging them to enjoy interacting with the brand, browsing the premises and finding out what else is on offer.

The propositions discussed in this section help us to understand the context in which new marketing tools are developed in the fashion sector. Our study focuses on one in particular, the temporary store, which is becoming widespread but is, for the moment, at the experimental stage of its development in India.

The remainder of this paper is structured as follows. The next section describes the phenomenon in more detail, and distinguishes a number of variations on the general theme of deliberately temporary stores. A thorough search of the literature yielded only one very recent academic study, which takes a different perspective on the phenomenon from the one in this paper. The current study, therefore draws instead upon the sources of information and discussion that are available: the national and international specialised press, online and offline, newspapers and periodicals, and web sites and forums.

### **The development of the temporary store:-**

#### **Genesis:-**

Bauman (2007) asserts that we live today in a “liquid” society, in which identity and appearance have lost their meaning and social structures are becoming fluid. Inevitably, as the pace of life increases, they dissolve and reform from one day to the next; new phenomena constantly break habitual patterns. We would argue that this tendency towards fluidity holds true even for the methods of distribution and communication. The temporary store is one such phenomenon.

Traditionally, familiar and dependable stores had allowed customers to do their shopping at a relaxed pace. Customer satisfaction rested on the knowledge that they could be counted on. In the contemporary hectic society, cutting-edge commercial practices are making what was familiar become surprising, which is the milieu that gave birth to the temporary store. It is an expression of a new social and economic dynamic represented in modern marketing trends inclined to rapidity and to the principle that “nothing is created, nothing is destroyed, and everything is transformed”, as the eighteenth-century chemist Lavoisier observed in a different context.

First noticed in Mumbai and soon replicated in Delhi, temporary stores are now rapidly spreading through India. They have limited life spans that are subject to pre-determined timeframes. Finn noted that they were furthermore often “improvised”. To make their temporariness explicit, such stores often feature displays counting down the days and hours that are left until they close. The duration of opening can be between a week and 40 days, but is generally a month at most. Temporary stores are distinguished by their exclusivity and style and by word-of-mouth promotion, which in itself helps to attract the curiosity of passers-by. They are invariably strategically located in high-traffic urban shopping areas, because the location is part of the packaging and the store itself becomes the product. In its short life, a temporary store is intended to take consumers by surprise, arouse an emotional



response, stimulate reactions, and enrich the complex of brand values that it enshrines. As Allen Solly puts it:

The generation of feeling passes through the multisensory involvement of the individual: music, textures, aromas, colours, tastes, visual merchandizing and various symbols of various types that are widespread tools for immersing the purchaser in the experience of purchasing.

It is generally accepted that the curiosity which pushes consumers towards addictive shopping leaves residual positive feelings about the brand, even if an individual has simply walked into look around and has bought nothing. The emotional context facilitates the purchase of products, even if not necessarily immediately Edelson. As Di Sabato puts it, the temporary store represents a sort of a synthesis of communication and selling, perfectly reflecting the logic of “entertainment, knowledge, experience”. Its potential is realised in the emotional involvement of consumers who have crossed its threshold, and taken part in a unique and unpublicised event.

Temporary stores can also be used exclusively as showrooms. Until 2000, at least, certain of the fashion showroom owners in Mumbai travelled in search of buyers, opening temporary showrooms which would serve as rendezvous during periods of the highest commercial activity. Those were often in art gallery spaces, rented for ten days or two weeks, in districts with a cultural profile to match their temporary purpose, such as the Chennai, Pune and Delhi. They can be thought of as an early example of the “process of democratizing the fashion industry” that is now permeating the sector, in the form of temporary stores: a virtuous circle that makes fashion more accessible not only to consumers but also to all other actors in the system, and does so without consuming significant resources. It is no longer necessary to be a big enough enterprise to be able to make the investment needed to set up a conventional business.

The strong association of this marketing tool with the fashion sector in India is reflected in the establishment by such prestigious associations as AIAID (All India Association of Industries Delhi), of a new association dedicated solely to temporary stores and the associated phenomena of which they are the most widespread manifestation: “Assotemporary”. Many of its members represent fashion clothing brands, especially in Mumbai, on account of its prestige and location, but increasingly in other Indian cities Bengaluru notes that the association reported the closing of 500 conventional stores in Mumbai alone in 2008, and that some 50 temporary stores had opened during the same period. It asserted that there will increasingly be a place for these new businesses, which have been waiting to occupy the space in the market created by the closure of traditional stores. Thus, an apparently short-term approach is not a retreat but an innovative marketing tool. The cost of operating a temporary store depends on the space available and the time of year. There are of course, premium periods for which the price is higher than normal. Rents tend to be charged on the basis of a one-week minimum and four-week maximum contract, with discounts of 10 or 15 percent for signing the contract 120 days in advance or committing to a two- or three-week period. The rule is that rental periods of more than four weeks are not available. The price for a prestige location in a large, highly visible site with an adequate footprint and variety of internal spaces, in an area of high commercial, tourist or residential value can be all inclusive, for added servicing. Such locations will ideally be near to appropriate commercial centres of gravity, such as the fashion district in Mumbai. The setup of a fully serviced temporary store will encompass: commercial organization and store management; a customized layout of window displays; ambient music and a bar; and facilities management at the beginning and end of the period.



### **Typology:-**

The general concept of a temporary store can be realized in several forms, specific to the particular needs of the brand, the marketplace and the management. Four in particular have been labelled “guerrilla” stores, “nomad” stores, “temporary online stores”, and “temporary outdoor sites”.

Though typical temporary stores are in central, fashionable shopping districts, the search for a strategically effective location can result in the selection of less obvious places, perhaps linked to the cultural life of a city. That choice can, in itself, increase curiosity and enhance word-of-mouth communication. Such guerrilla stores are typically found in the suburbs of the great world capitals, in places that have no connection with the fashion world. Their openings are unaccompanied by costly advertising campaigns, but they bring their own history with them. Curious passers-by experience them as they are and where they are, with their own aesthetic and architectural character. They display the latest collections and exclusive lines, along with those from previous years, old and new receiving the same treatment. The Indian periodical comments that this amounts not simply to a retail strategy but also a new way of communicating with an audience. The fashion brand launched its first “guerrilla store” in Bengaluru, in collaboration with a notable Van Heusen Director.

The nomad store is unique in that it not a bricks-and-mortar shop but a van that transports a single brand display from location to location, to reach the target market. It thereby allows the brand owner to broaden its customer reach, or to make contact with similar customers living in different districts of a city, or in different towns and cities across a region or country. The Aditya Birla Groups, Madhura Fashion Stores, Pantaloons Retail Stores, Louis Philippe and Peter England brand, for example, has 24 sea-freight containers touring the world, inside each of which is a three-story structure comprising a shop, a cafe, and two terraces and the staff offices. The strategic aim is to deliver a maximum experience of the brand to visitors. Reacting to the evolution of physical distribution, the temporary online store combines the strategic advantages of the temporary store with the communicative and interactive benefits of the internet. It can reach the whole of a potential market at a single internet site, and is very easy to implement. The Indian specialist in designer luggage and fashion accessories, Aditya Birla Groups Chairman Kumar Mangalam Birla, launched a Pop-Up /temporary store Online. The web site was centred on a virtual display window showing the “Y” luggage collection, created in collaboration with a designer. For a year, it provided potential customers with images, colour choices, prices and ordering code numbers, and an automatic 50 per cent discount.

The temporary outdoor site shares the main characteristics of a temporary store single brand, time-limited opening, and location chosen to reach a target market with common interests but exists at an outdoor site, not in indoor premises. It is for fashion brand like Allen Solly.

### **Unconventional approaches:-**

The temporary store phenomenon can be seen as one aspect of a broader trend towards unconventional forms of brand promotion. Over time, the perceptibility of mainstream media communication has been eroded, marketers have had difficult establishing contact with target audiences, and the “addictive” nature of consumers’ media usage has tended to nullify the messages. The consumers of today are more aware and better informed, yet have less time at their disposal. Meanwhile, the development of social media and virtual communities has opened up many new modes of shopping behaviour. This scenario demands the devising of new communication strategies, compatible with the large-scale social changes that are underway, and capable of achieving their aims with more reasonable levels of investment.



Unconventional promotion thus aims to communicate brand characteristics in a way that moves beyond traditional marketing communications methods to which consumers have become accustomed and indifferent: the classic TV commercial, radio ads, billboards, glossy magazines and so on. It seeks to entertain while informing, the better to capture the attention of consumers. A fundamental tool of unconventional marketing communication is the generation and exploitation of word-of-mouth promotion. Consumers are no longer simply the user of goods and services, but have come to play an integral role in the production and distribution processes. They have also become actors in the branding process, passing on advertising that they find particularly interesting or amusing.

The temporary store exemplifies the distinctive character of unconventional promotion in one way in particular: it employs practically no overt methods of communication. Its emphasis on word-of-mouth is as innovative as the very store itself is. The short lifespan of temporary stores makes them by definition non-repeating events, characterized by multisensory involvement. They are thus intimately related to the other types of unconventional marketing labelled “viral”, “buzz”, “guerrilla”, “experiential”, “tribal”, “environmental”, and so on.

### **Methodology:-**

The research objective is to fill a large gap in the marketing literature by examining the special characteristics of the temporary store, and the managerial implications of its arrival on the scene as a strategic addition to the marketing toolbox. As a first step towards this objective, we carried out a thorough review of the discussions of the phenomenon available in the national and international specialized press, online and offline, newspapers and periodicals, and web sites and forums, including case examples of the use of temporary stores by a number of national and international fashion brands. Beyond such basic description, our study aims to show why the brand owners chose to use this new marketing tool, and thereby provide marketing managers who propose to add it to their own toolkits with a clear understanding of the roles it fulfils, and of its positive and negative features.

The second step in the research programme was a qualitative, exploratory study in the form of case studies of two fashion brands that set up temporary stores in India. This methodological choice rested on the general agreement that qualitative research seeks to answer the “how” and “why” questions, and that the case study method is a useful way of doing so. As put it, “inductive studies are especially useful for developing theoretical insights when research focuses on areas that extant theory does not address well”. A study is an example of that inductive approach, investigating a contemporary phenomenon in its real-life context, especially when, as Yin points out, boundaries between phenomenon and context are not clearly evident. Selection of the study subjects was made difficult by the shortage of information about brands that had operated temporary stores in India. We found that the digital and printed press commentary, and the web sites consulted, all restricted their reporting to the most famous fashion brands doing so, or those that had made a particular event of it. Our aim was to study fashion firms which might be very similar in terms of their customer base, production methods, and prices and so on, but would differ in their brand’s longevity. We specifically sought both emerging and established fashion brands, regardless of their nationality, so as to have a more comprehensive overview that could reveal significant differences. In the event, only companies could be selected for study: the emerging Indian fashion brand Madura Fashion & Lifestyle is defined by its brands Louis Philippe, Van Heusen, Allen Solly, and Peter England. The latter was the first to open a temporary store, in Mumbai and Chennai, the former opening the first in Pantaloons. Both were promoting retro-styled urban fashion,



Madura Fashion & Lifestyle is defined by its brands Louis Philippe, Van Heusen, Allen Solly, and Peter England. We employed three of the range of data collection procedures specified by Yin as applicable to study research: interviews, documentation and observation. Woodside and Wilson concur that study research should entail a multiple approach to data gathering. In-depth interviewing is considered the most fundamental of all qualitative methods by Easter by-Smith et al. and Yin, specifically means of open-ended or focused interviews. We opted for the unstructured and flexible open-ended approach, interviewers asking respondents for their opinions about events, and probing for the key constructs implied by their answers. The resulting triangulated data allowed us to validate the veracity of data by comparing each source with the others.

The main sources of the data for analysis were interviews with the Madura Fashion & Lifestyle is defined by its brands Louis Philippe, Van Heusen, Allen Solly, and Peter England. Before conducting the interviews, we sought to gather as much information as possible about the temporary store initiatives of the two brands, via the trade press and relevant web sites, in order to develop an overall picture of the situation that could feed into the organisation of the interviewing. The one-to-one interviews lasted between 30 minutes, and an hour, and were tape recorded. Transcripts were made within 24 hours.

The first part of the interview focused on the company, with particular emphasis on its retail strategies and the ways in which the brand was currently being communicated. The second part, at the heart of the process, focused on the kind of information that could shed light on our research questions. Respondents tended to respond widely to the interviewer's open-ended prompts about the rationale for the use of the temporary store, and about the pros and cons, adding useful information well beyond the limits of the prompt.

The third step of our research exercise was to augment the findings of the previous stage by examining such case-specific documentary evidence as company reports and records, plus any available descriptions of the planning and operation of the temporary store. This kind of input is known to be a particularly rich source of insights into firms. Patton has argued that such sources can prove valuable not only because of what can be learned directly from them, but also because they can act as a stimulus for paths of enquiry to be pursued through the other data collection methods, such as direct observation.

As a final step, observation of each temporary store's physical features was undertaken. We were unable to make "field visits to the study sites", as per recommendation, because our investigation was conducted after the temporary stores had closed. Nevertheless, interviewees were able to show us the physical features of their temporary stores, by means of visual records and materials of various kinds. Having completed the investigation procedures, we carefully compared the two sets of accumulated material, searching for similarities and differences.

### **Findings:-**

The sales turnover of Madura Fashion & Lifestyle reaches its discerning customers through an exclusive network comprising 1,980 stores (as on September 2015), covering 2.5 million sq ft of retail space, and is present in more than 3,800 premium multi-brand stores and 490+ departmental stores. Indian is among the highest among overseas branches of the parent company, which has stores in 5500 in India. The company opened its first temporary fashion store in India in Chennai and Mumbai, a celebrated upmarket shopping street in the city at the centre of the Indian textiles and fashion business. With a large window display, it occupied 250 square metres in a highly visible location in the very heart of the city, amid a continuous flow of cosmopolitan and metropolitan traffic. The concept that animated this temporary store anticipated the format that revolutionized the brand's high-street presence, inspiring the



layouts all Madura Fashion & Lifestyle stores in the India and Asia. The very modern design pays homage to such icons of the brand's tradition.

The Louis Philippe, Van Heusen, Allen Solly, Peter England brand was created, at first as a small "total look" collection for both men and women, the shirts having a notable success with young consumers. Over the years, the range has expanded, for example including shorts designed for work, and has concentrated on innovativeness and quality. The distinctive appeal of Louis Philippe, Van Heusen, Allen Solly and Peter England collection is the strong retro influence of the 2000, above all in its accessories, styles and the subjects of the prints, executed with a strong sense of irony. The fabrics, on the other hand, are contemporary and in harness with current trends. The first temporary store, "27 days", opened for that period, displaying its entire latest collection, during the most important Indian fashion fair, after the Medici palace of the same name in the heart of Pantaloon. The company had previously exhibited at the fair every year, in a section labelled Urban Panorama.

The findings of the case studies underline the reasons for fashion brands using the temporary store as a marketing tool in India. The main functions of the store were the same in both cases. There was also convergence with respect to the principal roles that a temporary store fulfils, promotional and investigative, with a difference only in their order of priority. The promotional aspect can consist of different elements that come together in consolidating brand identity, brand image and brand awareness. By opening a temporary store, a firm can highlight its brands' core attributes, and seek to consolidate a positive message disseminated by word of mouth. Generally, there are no ambitious sales objectives to be reached, simply the break-even point, since the real objective is to communicate the brand. The promotional function of the temporary store will thus be to promote new collections and new lines, to direct attention towards specific products, to create "events", and to have a special retail presence in parallel with fashion fairs and exhibitions.

The temporary store functions as a brand communication tool because it directs consumers' attention toward the brand. Since it is widely believed that contemporary consumers are less sensitive to brand advertising campaigns, brand owners do not try as directly as before to exert a strong influence on consumer behaviour. The progressive reduction in the communicative potential of conventional media increases the strategic importance of communication at the point of sale. Traditional advertising campaigns are insufficient to support the distinctive needs of high-fashion brands. It has become more difficult to kick-start virtuous circles of communication, micro-segment the market, and follow the more rapid pace of changes in demand, by means of previously conventional communication methods. Those have consequently lost their reliability as a tool for building the world which turns around the brand, whereas the new temporary stores provide the ideal environment in which to exploit the value system that the brand brings with it. The increasingly popular view of retailing as branding is one of the most important trends in retailing. Temporary stores can thus be seen as an unconventional vehicle for the communication of the brand. It allows a manufacturer to manage in-store brand communication directly in the store, and accelerates a process in which brand loyalty becomes more to the brand than to the point of sale. The investigative function of temporary fashion stores concerns its usefulness for test marketing in a specific location, before committing to the high capital costs of investment in a permanent flagship store. This aspect is particularly important in the Indian fashion context. The country occupies a distinct international position in fashion, not only for the high quality of its production and the creativity of its designs, but also as a prestigious location for the opening of new stores: the majority of world fashion brands have a retail presence in India. The main Indian fashion centres are in smaller cities than their counterparts in the rest of Asia, Europe or the USA, meaning that the scope for opening more than a single store in those city centres is limited by the availability of premises. Fernie has asserted that the





importance that “the image associated with a particular location has on the brand” makes that not only a trading issue but a positioning issue. In the case of fashion retailers, the strategic importance of location is exemplified by their reliance on a presence in the “right” streets of the major cities. Given the high demand for premises in these locations, their owners impose very high rentals, which are contractually binding for at least six years. In this situation, the temporary store becomes a retailing device that allows fashion brands more flexibility, and offers significant opportunities for more careful pre-evaluation of the decision to open an own-brand store. From the site owner’s perspective, a temporary store fills the downtime during a search for new tenants.

These investigative functions were found to have a different priority in the two cases analysed. For an established fashion brand, such as Louis Philippe, Van Heusen, Allen Solly, Peter England, the temporary store’s principal purpose is to communicate the brand; the testing of a potential new market is a relatively unimportant function. The reason is that consolidated brands can normally draw on long past experience of new store openings. For an emerging fashion brand, the investigative function has priority. Its purpose is to “test the water” in a new market by assessing the amount of interest in the products on offer, evaluating consumers’ behavioural responses to them, in a specific national and city context, and provide the basis for subsequent strategic marketing decisions. Yet, the promotional store will also assume a promotional role to some extent. Louis Philippe, Van Heusen, Allen Solly and Peter England sells its fashion wear collection alongside other lines in multi-brand clothing stores. By opening a temporary store of their own, they were able to judge the level of interest in the whole collection among their target market segment.

Communication may focus on establishing a personality for the brand, which is valued by consumers and resistant to competitor replication by Bridson and Evans. The customer’s experience of a temporary store should be entertaining, engaging and productive. The critical skill in using this marketing tool is knowing how to communicate with actual and potential customers. Moreover, it must be clearly communicated to them that the store has a limited lifespan, or they might be led to the conclusion that the store is an investment that brand cannot afford, and consequently form a negative image of the brand. For this reason, count-down clocks in the store windows typically show the days and hours to go before the definitive closure. Communication needs to be very effectively managed, therefore, if the correct meaning is to be transmitted from the beginning of the undertaking.

### **Conclusion:-**

In conclusion, it is clear that the temporary/ Pop-Up store is an element of the marketing toolkit between communication and selling. On the one hand, it is a mode of communication that can project brand identity, and increase brand awareness and brand image; on the other, it is a vehicle for testing sales potential in a new market. It seems particularly well adapted to the fashion world, since it is able to respond easily and quickly to the rapid pace of change in the sector with appropriate temporary offers. In fact, fashion is one of the most visible expressions of change. It reflects change in aesthetic, economic, political, cultural and social life.

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## **An experimental investigation of the effect of audit quality on financial reporting fraud in Indian firms**

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### ***Abstract***

*Many extremely exposed financial reporting fraud cases (e.g., Rotomac bank, Punjab National Bank, Noida Ponzi scheme, Jatin Mehta, Delhi Jal Board tanker scam) have put the role of external auditors and quality of their audit in India to ensure corporate financial reporting quality under considerable scrutiny. There are quite few studies on exploring and understanding the determinants of earnings management. Since earnings management is inherently unobservable, most studies use various measures of accruals as proxies for earnings management. This study aims at examining the relationship between audit quality and a more direct measure of earnings management, a financial reporting fraud. Contrary to the concerns that non-audit services are the principal motive for auditor unconventional deficiency that consequences in inferior audit and earnings quality. For the purpose of the study, the respondents are chosen from private firms and auditors from different regions of India (n=400). Descriptive statistics with the help of ANOVA is computed along with logistic regressions. The findings of this study reveals that, there is no significant relationship between reporting fraud and fees paid to auditors for various services.*

**Keywords:** *Audit Quality, Financial Reporting, Financial fraud, ANOVA.*



## **An experimental investigation of the effect of audit quality on financial reporting fraud in Indian firms**

### **Introduction**

Disclosure of many companies' fraudulent practices has brought permanent damage for 'financial markets' and triggered public suspicion in many countries as India. Many have been affected by these scandals and fraudulent practices, such as managers, investors, stakeholders and even normal people. Therefore, the role of external audit in ensuring the quality of corporate earnings has come under considerable scrutiny due to several highly publicized financial reporting fraud cases. Rotomac bank, Punjab National Bank, Noida Ponzi scheme, Jatin Mehta, Delhi Jal Board tanker scam are some of the very recent examples to recollect in this context. Since values of the firms as well as many contractual provisions are linked to reported earnings figures, it creates economic incentives for management to engage in earnings management. Former Securities and Exchange Commission (SEC) Chairman Arthur Levitt (1998) expressed his serious concerns over earnings management in his famous "the Numbers Game" speech. He called for a fundamental cultural change for corporate management and the accounting profession. The question here is to understand how these frauds can happen and how can these be prevented?. The study aims at understanding the types of frauds and how these frauds are committed.

### **Meaning of Fraud**

Any unauthorised benefit which takes away the legal right or property is generally understood as fraud. There are number of examples, such as, corruption (conflict of interest, bribery, illegal gratitude, extortion), misappropriation of cash asset (larceny, false asset requisitions, destruction, removal or inappropriate use of records), fraudulent statements (financial reporting, employment credentials and external reporting), fraudulent practices by customers, vendors or other practices.

According to business dictionary, "fraud is an intentional deletion, change or concealment of a truth in order to;

- Prompt others to part with a valuable item or give up a legal right, (or)
- Gain an illegal advantage, (or)
- Cause injury in any manner".

### **Financial frauds in India**

Indian financial frauds are at alarming state. Most threatening are, accounting financial frauds. These frauds are generally occurred while auditors, executives, owners or management try to manipulate the financial statements. For the study purpose, in table 1 some of the recent reviewed cases are recorded (2015-19).



**Table1:** List of unproven political, financial, corporate and other types of scams and scandals in India (2015-19).

Sl No	Year	Particulars	Fraud
1	2019		
2	2018	<p>Rotomac bank fraud</p> <p>Punjab National Bank Scam</p>	<p>Central Bureau of Investigation first information report, Rotomac allegedly defaulted on loans worth ₹3,695 crore (₹30.695 billion). The FIR said that Rotomac diverted the loans to a fictitious company, which routed the money back to Rotomac.</p> <p>A fraudulent letter of undertaking worth ₹11,600 crore (US\$1.77 billion) was issued at the Punjab National Bank branch in Brady House, Mumbai, making the bank liable for the amount. The fraudulent transactions, linked to Nirav Modi, were first noticed by a new employee of the bank. Two branch employees were involved in the scam, in which the bank's core banking system was bypassed to raise payment notes to overseas branches of other Indian banks (including Allahabad Bank, Axis Bank and Union Bank of India) with the Society for Worldwide Interbank Financial Telecommunication. Three jewellers (Gitanjali Group and its subsidiaries, Gili and Nakshatra) are also under investigation.</p>
3	2017	Noida Ponzi scheme	A special investigation team



		<p>(SIT) probing an alleged Ponzi scheme run by Anubhav Mittal, managing director of Ablaze Info Solution, concentrated their efforts on suspicious transactions by nearly 200 gold and diamond dealers.</p> <p>Maharashtra scholarship scam</p> <p>Winsome Diamonds and Jewellery</p> <p>public-interest litigation petition</p>	<p>An investigation of alleged misappropriation of government scholarships intended for Other Backward Class students found that hundreds of institutes across the state had pocketed several thousand crore rupees since 2010.</p> <p>On 5 April 2017, the CBI registered six cases against Winsome Diamonds and Jewellery and Forever Precious Jewellery and Diamonds and their chief promoter, Jatin Mehta, for allegedly cheating three government banks of ₹1,530 crore.</p> <p>A public-interest litigation petition was filed against Adani Group, Reliance Group, Essar Group and other mining and energy companies for an investigation of alleged ₹290 billion overcharges for Indonesian coal and imported power equipment from 2011 to 2015.</p>
4	2016	The domestic banking sector	The domestic banking sector reported a total of 12,553 fraud cases worth Rs 18,170 crore in fiscal 2016-17, with state-run Bank of MaharashtraNSE 1.07 %



			registering the highest number of fraud. Bank of Maharashtra reported 3,893 cases of fraud, private sector lender ICICI BankNSE 0.39 % came a close second with 3,359 cases and HDFC BankNSE -0.65 % the third with 2,319 fraud cases.
5	2015	Ministry of Housing and Urban Poverty Alleviation.  Delhi Jal Board tanker scam  Amethi Rajiv Gandhi Charitable Trust  Delhi CNG scam	<p>The Supreme Court found that the Ministry of Housing and Urban Poverty Alleviation's National Urban Livelihood Mission had built only 208 houses for nine lakh (900,000) homeless people, although the central government had allocated ₹1,078 crore to the mission.</p> <p>Delhi Jal Board tanker scam (₹400 crore) Former Delhi chief minister Sheila Dikshit was accused of floating costly tenders. The government of Delhi's Anti-Corruption Branch filed an FIR against Dikshit and Delhi CM Arvind Kejriwal.</p> <p>Amethi Rajiv Gandhi Charitable Trust land-grab case - A revenue court ordered the return of land sold to the Rajiv Gandhi Charitable Trust by an industrial house to the Uttar Pradesh State Industrial Development Corporation.</p> <p>Delhi CNG scam (₹100 crore) Former Delhi Chief Minister Sheila Dikshit and Lieutenant Governor Najeeb Jung were accused in the scam.</p>



		<p>Delhi power scam</p> <p>Gujarat fisheries scam</p> <p>GIDC plot-allotment bribery case</p> <p>Mizoram office of profit scam</p> <p>Maharashtra Annabhau Sathe Development Corporation scam.</p>	<p>The CAG reported that Reliance Anil Dhirubhai Ambani Group subsidiary BRPL is accused of inflating their rates by almost ₹8,000 crore, and rates in the city should be reduced.</p> <p>Gujarat fisheries scam (₹400 crore) Gujarat ministers Purshottam Solanki and Dileepbhai Sanghani were accused of illegally granting fishing contracts for 58 reservoirs.</p> <p>Goa chief minister Laxmikant Parsekar's brother-in-law Dilip Malvankar, a field manager attached to the Goa Industrial Development Corporation (GIDC), was arrested while allegedly accepting a ₹10,000 bribe to allot a plot in the Tuem Industrial Estate.</p> <p>Health minister Lal Thanzara (brother of chief minister Lal Thanhawla) resigned from the cabinet for allegedly holding a 21.6 percent share in Sunshine Overseas, a road construction company which had received government contracts.</p> <p>Maharashtra Annabhau Sathe Development Corporation scam (₹141 crore) MLA Ramesh Kadam was arrested by the CID for siphoning funds from the state-run ASDC.</p>
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## Methodology

The present study on “an experimental investigation of the effect of audit quality on financial reporting fraud in Indian firms”, therefore the target population was taken from the auditors and the Indian firms.

The primary data was collected with the help of well-structured questionnaire from auditors, accounting professionals working in firms. Drop-off survey was conducted and the targeted sample size is 400 across India. The following hypothesis is set to test empirically.

- H1: There is no significant association between audit fees and audit quality.
- H2: There is no significant association between non-audit fees and earnings quality.
- H3: There is no significant association between total fees and financial reporting fraud.

## Model specification and conceptual frame work

**International Financial Reporting Standards (IFRS)** are [accounting standards](#) issued by the [IFRS Foundation](#) and the [International Accounting Standards Board \(IASB\)](#) to provide a common global language for business affairs to understand the company [accounts](#) and compare across international boundaries. They are a consequence of growing international shareholding and trade and are particularly relevant for companies with shares or securities listed on a public stock exchange. They are progressively replacing the many different national accounting standards

Model specification for estimating the logistic regression is as,

$$\text{Fraud} = "1"$$

We estimate the following logistic regression model, where FRAUD equals “1” if the firm is cited in an

**International Financial Reporting Standards (IFRS)** for alleged fraudulent or misleading financial

Reports, and “0” otherwise. MORRESP indicates the alternative measures of the auditor fee variables (including TF, FA, NFA, and NAFTF) and “ $\epsilon$ ” is the error term.

$$\begin{aligned} \text{FRAUD} = & \beta_0 + \beta_1 \text{MORRESP} + \beta_2 \text{B\_N} + \beta_3 \text{AUDYRS} + \beta_4 \text{CFL} + \beta_5 \text{OBCFL} + \beta_6 \text{TOAST} + \\ & \beta_7 \text{TADTAST} + \beta_8 \text{AMRTNS} + \beta_9 \text{VRLOS} + \beta_{10} \text{MTMBR} + \beta_{11} \text{LEVERG} + \\ & \beta_{12} \text{FINV} + \beta_{13} \text{LNMVE} + \epsilon \end{aligned}$$



The first measure is the natural log transformation of total fees paid to auditors (TF).

The second and third measures are natural log transformations of fees for audit (FA) and non-audit services (NFA), respectively.

The fourth measure is the ratio of non-audit fees to total fees (NAFTF).

The conceptual framework for financial reporting outlines the fundamental qualitative characteristics of the information related to financial matters of the firm. The basic fundamentals are, relevance, faithful representation, comparability, verifiability, timeliness and understand ability.

In addition to the four auditor fee measures, this study includes two variables as proxies for audit quality. Prior studies suggest that Big-N auditors are less likely to allow earnings management than non- Big-N auditors (Becker et al. 1998; Francis et al. 1999). The B\_N variable, either then big-five audit firms (including Arthur Andersen in the test period) or now big-four, (B\_N) is coded as “1” if the firm is audited by a Big-N auditor for the sample year, and “0” otherwise. Another variable is auditor tenure (AUDYRS) measured as the number of years the same auditor has audited the client’s financial statements. Some prior studies argue that auditor independence decreases as the length of auditor tenure increases (Beck et al., 1988; Lys and Watts, 1994). On the other hand, others claim that as auditor tenure increases, the auditor is better at assessing risk of material misstatements by gaining insights into the client’s operations and business strategies (Arens et al., 2009).

This study also includes several variables that are frequently used in prior research to control for other factors influencing management’s incentives to manage or manipulate reported earnings. Several measures of firm performance are reported to be correlated with earning management (or earnings quality) in prior studies (Dechow et al., 1995; Frankel et al., 2002; McNichols, 2000): cash flows from operations deflated by average total assets (CFL), the absolute value of cash flows from operations deflated by average total assets (OBCFL), total accruals deflated by average total assets (TOAST), the absolute value of total accruals deflated by average total assets (TADTAST), annual market returns (AMRTNS), and an indicator variable (VRLOS) equal to “1” if the firm reports a loss for fiscal year 2000, and “0” otherwise. In addition, Matsumoto (2002) suggests that firms with higher growth prospects are more likely to manage earnings. Growth prospects are measured by the market-to- book ratio (MTMBER). This study also includes leverage (LEVERG), measured as the ratio of total liabilities to total assets, and a financing indicator variable (FINV) equal to “1” if the firm issued equity or debt securities during the sample year, and “0” otherwise. Prior studies find leverage and need for external financing are related to earning management (Becker et al., 1998; DeAngelo et al., 1994). Finally, this study controls for firm size measured as the natural log transformation of market value of equity (LNMVE). The definitions of these variables are summarized in Table 2.

The conceptual framework for financial reporting serves as a tool for the IASB to develop standards. It doesn’t override the requirements of individual IFRS’s. Some firms may use



framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements.

The following are the elements of financial statements:

**Asset:** A present economic resource controlled by the entity as a result of past events which are expected to generate future economic benefits.

**Liability:** A present obligation of the entity to transfer an economic resource as a result of past events.

**Equity:** The residual interest in the assets of the entity after deducting all its liabilities.

**Income:** increases in economic benefit during an accounting period in the form of inflows or enhancements of assets, or decrease of liabilities that result in increases in equity. However, it does not include the contributions made by the equity participants (for example owners, partners or shareholders).

**Expenses:** decreases in assets, or increases in liabilities, that result in decreases in equity. However, these do not include the distributions made to the equity participants.

**Other changes in economic resources and claims:** Contributions from holders of equity and distributions to them.

## Table 2. Definitions of Variables

Table 2. Definitions of Variables

FRAUD	An indicator variable equal to "1" if the sample firm cited in an IFRS, and "0" otherwise (the Dependent Variable);
MORRESP:	
TF	Natural logarithm of total fees paid to the auditor;
FA	Natural logarithm of audit fees paid to the auditor;
NFA	Natural logarithm of non-audit fees paid to the auditor;
NAFTF	Ratio of non-audit fees relative to total fees paid to the auditor;
BIG5 (B_5)	An indicator variable equal to "1" if the auditor is a Big-5 firm, and "0" otherwise;
AUDYRS	Number of years the auditor has audited the firm=s financial statements;
CFL	Cash flows from operating activities, deflated by average total assets;
OBCFL	Absolute value of cash flows from operating activities, deflated by average total assets;
TOAST	Total accruals (i.e., net income minus cash flows from operating activities), deflated by average total assets;
TADTAST	Absolute value of total accruals (i.e., net income minus cash flows from operating activities), deflated by average total assets;
AMRTNS	Annual market return of the firm=s common stock;
VRLOS	An indicator variable equal to "1" if the firm reported loss for the fiscal year, and "0" otherwise;
MTMBER	Market value to book value for common equity to measure growth prospects;
LEVERG	Leverage ratio defined as ratio of total liabilities relative to total assets;
FINV	An indicator variable equal to "1" if the firm issued equity or debt securities during the fiscal year, and "0" otherwise;
LNMVE	Natural logarithm of market value of equity at year end.



## Empirical results

### Correlations and T-Tests

Table 3 presents the mean values of each variable for the pooled (full) sample. The t-test is conducted to examine the mean value difference for each viable between the two sub groups. The results shows that there is no significant difference between these two groups. Only the length of audit tenure (AUDYRS) is shorter for MORRESP firms (t-statistic = -1.62 and p-value = 0.040) and the ratio of market-to-book value (MTMBR) is greater for MORRESP firms (t-statistic=1.93 and p-value = 0.061).

**Table 3. Descriptive Statistics**

Variables	Full-Sample Mean (N=400)	Sub-Group			Mean Group Difference	T-Statistics#	P-value
		Group	Mean	N			
TF	7.083	MORRESP	4.120	400	0.114	0.23	0.819
		Control	4.016	400			
FA	6.144	MORRESP	5.162	400	0.099	0.26	0.796
		Control	5.065	400			
NFA	6.483	MORRESP	4.462	400	0.198	0.33	0.743
		Control	4.364	400			
NAFTF	0.537	MORRESP	0.444	400	0.015	0.19	0.850
		Control	0.429	400			
Big_N	0.929	MORRESP	0.805	400	-0.047	-0.59	0.558
		Control	0.852	400			
AUDYRS	10.571	MORRESP	6.046	400	-5.047	-1.62	0.041*
		Control	11.075	400			
CFL	-0.009	MORRESP	-0.009	400	-0.000	-0.01	0.992
		Control	-0.009	400			
OBCFL	0.157	MORRESP	0.132	400	-0.051	-0.82	0.416
		Control	0.183	400			
TOAST	-0.262	MORRESP	-0.304	400	-0.085	-0.32	0.750
		Control	-0.219	400			



<b>TADTAST</b>	0.367	MORRESP	0.424	400	0.114	0.45	0.655																																																													
		Control	0.310	400				<b>AMRTNS</b>	-0.026	MORRESP	-0.118	400	-0.185	-1.02	0.313	Control	0.067	400	<b>VRLOS</b>	0.405	MORRESP	0.381	400	-0.048	-0.31	0.758	Control	0.429	400	<b>MTMBR</b>	2.801	MORRESP	3.786	400	2.970	1.93	0.060*	Control	0.816	400	<b>LEVERG</b>	0.563	MORRESP	0.529	400	-0.067	-0.69	0.494	Control	0.596	400	<b>FINV</b>	0.952	MORRESP	1.000	400	0.095	1.45	0.154	Control	0.905	400	<b>LNMVE</b>	6.202	MORRESP	6.607	400	0.810
<b>AMRTNS</b>	-0.026	MORRESP	-0.118	400	-0.185	-1.02	0.313																																																													
		Control	0.067	400				<b>VRLOS</b>	0.405	MORRESP	0.381	400	-0.048	-0.31	0.758	Control	0.429	400	<b>MTMBR</b>	2.801	MORRESP	3.786	400	2.970	1.93	0.060*	Control	0.816	400	<b>LEVERG</b>	0.563	MORRESP	0.529	400	-0.067	-0.69	0.494	Control	0.596	400	<b>FINV</b>	0.952	MORRESP	1.000	400	0.095	1.45	0.154	Control	0.905	400	<b>LNMVE</b>	6.202	MORRESP	6.607	400	0.810	1.01	0.318	Control	5.797	400						
<b>VRLOS</b>	0.405	MORRESP	0.381	400	-0.048	-0.31	0.758																																																													
		Control	0.429	400				<b>MTMBR</b>	2.801	MORRESP	3.786	400	2.970	1.93	0.060*	Control	0.816	400	<b>LEVERG</b>	0.563	MORRESP	0.529	400	-0.067	-0.69	0.494	Control	0.596	400	<b>FINV</b>	0.952	MORRESP	1.000	400	0.095	1.45	0.154	Control	0.905	400	<b>LNMVE</b>	6.202	MORRESP	6.607	400	0.810	1.01	0.318	Control	5.797	400																	
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**Notes:**

1. \*\*\*, \*\*, and \* indicate significance at the 1%, 5%, and 10% levels, respectively, two-tailed.
2. # Test the means for the groups are significantly different from each other.
3. See Table 2 for variable definitions.

Table 4 reports the univariate Spearman's rank correlations and Pearson's correlations between MORRESP financial reporting fraud and the auditor fee variables. The results show no significant evidence to indicate that total fees, audit fees, or non-audit fee is related to the incidence of fraudulent financial statements (FRAUD). Overall, our univariate results suggest that the provision of audit and/or non-audit services does not seem to associate with the occurrence of financial reporting fraud. However, this evidence on the relationships between fraud occurrence and auditor fee variables is obtained without controlling for other factors related to the characteristics of the auditor and the firm that may affect the occurrence of financial reporting fraud. To control for these factors, the multivariate logistic regressions are applied with results discussed next.



**Table 4. Correlations between Fraud and Other Fee Variables**

	<b>FRAUD</b>	<b>TF</b>	<b>FA</b>	<b>NFA</b>	<b>NAFTF</b>
<b>FRAUD</b>	1.000	0.037	0.041	0.053	0.029
<b>TF</b>	0.049	1.000	0.927***	0.956***	0.628***
<b>FA</b>	0.018	0.933***	1.000	0.804***	0.322**
<b>NFA</b>	0.022	0.956***	0.828***	1.000	0.766***
<b>NAFTF</b>	0.004	0.632***	0.364**	0.751***	1.000

Notes:

1. Pearson’s Correlations present in upper right and Spearman’s Rank Correlations in lower left.
2. \*\*\*, \*\*, and \* indicate significance at the 1%, 5%, and 10% levels, respectively, one-tailed.
3. See Table 2 for variable definitions.

**Table 5. Summary Statistics from Logistic Regression**

<b>Variable</b>	<b>Dependent Variable: FRAUD = 1, if an MORRESP firm; FRAUD = 0, otherwise.</b>		
	<b>Coefficient (Chi-square)</b>	<b>Coefficient (Chi-square)</b>	<b>Coefficient (Chi-square)</b>
<b>Intercept</b>	-10.959 (0.001)	-15.139 (0.001)	-10.084 (0.001)
<b>TF</b>	0.017 (0.001)	N/A	N/A
<b>FA</b>	N/A	0.674 (0.581)	N/A
<b>NFA</b>	N/A	-0.400 (0.549)	A
<b>NAFTF</b>	N/A	N/A	N/A
<b>BIG_N</b>	A	2.380 (0.241)	A
<b>AUDYRS</b>	N/A	-0.262(5.362)**	N/A
<b>CFL</b>	A	-2.949 (0.380)	A
<b>OBCFL</b>	-1.478 (0.632)	-5.570 (1.002)	-1.759 (0.528)
<b>TOAST</b>	-0.275 (4.908)**	4.758 (0.493)	-0.956 (0.233)
<b>TADTAS</b>	-4.543 (1.136)	4.601 (0.473)	-0.956 (0.233)
<b>T</b>	-5.884 (1.113)	-0.866 (1.060)	-0.279 (5.635)**
<b>AMRTN</b>	4.362 (0.373)	-0.688 (0.209)	-5.202 (1.435)
<b>S</b>	4.438 (0.385)	0.305 (1.459)	-6.227 (1.206)
<b>VRLOS</b>	-0.565 (0.457)	1.320 (0.227)	4.691 (0.501)
<b>MTMBE</b>	-0.740 (0.281)	11.201 (0.001)	4.699 (0.494)
<b>R</b>	0.371 (1.489)	0.342 (0.477)	-0.720 (0.743)
<b>LEVERG</b>	2.116 (0.614)		-0.941 (0.432)
<b>FINV</b>	11.169 (0.001)		0.319
<b>LMNVE</b>	0.450 (0.871)		



			(1.222)
			1.544
			(0.310)
			10.547
			(0.001)
			0.591
			(1.718)

**Notes:**

1. \*\*\*, \*\*, and \* indicate significance at the 1%, 5%, and 10% levels, respectively, one-tailed.
2. See Table 2 for variable definitions

Previous studies repeatedly fail to deliberate the rapport between audit fees and earnings quality (Raghunandan et al., 2003). Thus, the second logistic regression model includes variables based on separate fees for audit and non-audit services. The results in Table 5 suggest that, neither audit fees nor non-audit fees is expressively linked with occurrence of financial reporting fraud (chi-square values are 0.581 and 0.549, respectively).

The finding of no significant association between audit fees and fraudulent statements contradicts the argument that higher fees of either kind (audit or non-audit) would possibly weaken auditor independence and, thus, lower quality of audit and reported earnings. Also, the insignificant relationship between non-audit fees and fraudulent statements appears to be inconsistent with the study results by Frankel et al. (2002), Duh et al. (2009), and much of the comments on the negative effect of non-audit services on audit quality in the press. Our finding of the lack of a significant association between financial reporting fraud and non-audit fees, however, is consistent with the results reported in many other extant studies (Chung and Kallapur, 2003; Kinney et al., 2004; Raghunandan et al., 2003).

The third logistic regression results are based on the ratio of non-audit fees to total fees. As shown in Table 5, no significant association is found between this fee ratio and financial reporting fraud cited in MORRESP. The finding is similar to our results from the other two regressions as discussed above. This finding is also consistent with research results in Chung and Kallapur (2003), Kinney et al., (2004), and Raghunandan et al. (2003). However, it is noted that auditor tenure, as presented in Table 5, is significantly and negatively (at the 5% level) related to the occurrence of fraudulent financial reporting in all three regressions. This result is consistent with the significantly shorter auditor tenure found for MORRESP fraud firms, as compared to that for non- MORRESP fraud firms, from our t-test results discussed above. This finding supports the argument of auditor’s “learning curve effect,” where as the auditor’s tenure increases, the auditor's ability to assess misstatement risk and detect fraud increases (Carcello and Nagy, 2004; Fairchild, 2008). It may also provide some explanation for the mixed findings on fraud risk factors in prior studies that fail to control for auditor tenure.

**Summary and Conclusions**

This study examines the association between earnings quality (or the lack of), proxy by financial reporting fraud cited in MORRESP and audit quality, proxy by auditor fee measures: total fees, audit fees, and non-audit fees. Some prior studies (Frankel et al.,



2002 and Larcker and Richardson, 2004), suggest that higher total fees paid to the auditor strengthen economic bond of the auditor-client relationship, which compromises auditor independence and make the auditor less willing to resist client's biases in reported earnings. Our study contributes to extant research by considering the relationship between alternative auditor fee measures and earning quality. Contrary to the concerns of many in account practice or research, this study, however, does not find statistically significant relationships between MORRESP financial reporting fraud and (1) fees paid to independent auditors for audit services and non-audit services, respectively, (2) fees for all audit services combined, or (3) fees for non-audit services relative to fees for audit services. These findings are consistent with the evidence in Ashbaugh et al. (2003), Chung and Kallapur (2003), DeFond et al. (2002), Kinney et al. (2004), and Raghunandan et al. (2003) that no significant association exists between non-audit fee ratio and quality of audit or the client's reporting quality (as measured by abnormal accruals, going concern opinions, and restatements). The study also contributes to this stream of research by examining the effect of auditor fees on clear-cut cases of the lack of earnings quality - fraudulent financial reporting. Overall, our findings do not provide evidence for the economic bond between the auditor and the client because of fees paid by the client to their auditor that leads to lower audit and earnings quality. In particular, our findings also do not support the claim that fees for non-audit services are the primary reason for auditor independence impairment that results in lower audit quality and earnings quality, which is used as argument to support restrictions on nonaudit services that auditors may provide to their audit clients.

One limitation of this study is that it uses the first few years of disclosed fees paid to external auditors. Data from later years might provide additional insights. In addition, this study makes no distinction among different components of non-audit fees because of insufficient number of sample firms reporting such data. We suggest that future research may examine the effect of different components of non-audit fees on reported earnings quality to provide some insights into this important issue.

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