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Impact of Acquisition on Customer Satisfaction and Employability in E-Tailing Industry: Empirical Study on Flipkart and e-Bay

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Abstract

Indian e-retail industry has emerged as one of the most dynamic and fast growing industry due to the entry of large number of players. Entry of smart phones and cheap internet rate has widely opened the business for e-tailors. Initially most of the people were giving importance to online shopping just because of heavy discount given by online companies. After coming new FDI norms in 2016, investors started taking their money back because of low ROI which created panic situations for existing players to sustain in virtual market. Current market scenario and sustainable growth rate in e-tailing industry has forced e-tailors to restructure their businesses to meet up the customer's expectation and the employability rate. This research study is completely based on understanding the satisfaction level of customers as well as factors affecting employability in Flipkart pre and post restructuring. To know the satisfaction level of e-customer and employability factors a survey has been conducted among 164 respondent and 38 employees in Delhi-NCR. Reliability test has also been conducted to check the effectiveness of questionnaire. Collected data were analyzed with the help of SPSS16 version.

Keywords: Acquisition, Buying Behaviour, Customer Satisfaction, Employability, E-tailing

1. Introduction

China is the largest country for e-commerce at global level followed by USA but it is INDIA that is the fastest growing e-market in world. According to an article published in Business Today dated January 18, 2017 Indian e-tailing industry has accounted a growth of 20% in the year 2016. Another report published by ASSOCHAM mentioned, India's e-commerce industry is expected to raise \$35 billion in 2017 to \$120 billion in 2020 with annual addition of 25 million users, the highest in the world. All over the world apparel is the largest category of e-tailing sales followed by consumer electronics and computer hardware. However beauty products, grocery, home appliances and furniture are the fastest growing categories in Asia Pacific regions. Rapid growth of smart phone and internet connectivity especially in tier II and III cities has also improved the importance of online shopping. At one side report showing positive growth of e-tailing industries and other side retail industries are getting voracious for acquisition. Acquisition of e-bay by Flikpart is such an example of current happenings in e-tailing industries. This is a

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land mark deal for Flipkart and for India as it acquired the technology prowess, people of innovative mindset and the overall potential the e-way has.

1.1. Customer Satisfaction in E-Tailing Industry

E-commerce is expanding steadily in the country. Customers have the ever increasing choice of products at the lowest rates. E-commerce is probably creating the biggest revolution in the retail industry, and this trend would continue in the years to come. E-tailing is the process of facilitating online product services and maintaining customer relationships through online business with products and services quality that satisfy the customer need. Today, businesses around the world recognize by its customer satisfaction. Without Customer Satisfaction, organizations are unlikely to increase their revenue and without revenue organizations won't have resources to invest in customer services. Satisfaction can be raised by the outcome of purchase and use resulting from the buyer's perception about the product. Satisfaction was the fundamental performance variable affecting customer perceptions about the product. The most powerful trust emerges from positive customer experiences, whilst knowledge-based trust has the strongest impact on customer satisfaction.

1.2. Employability in E-Tailing Industry

The Indian E-tailing industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment in the country. The large and growing population is its best assets could be transformed into a productive workforce. Today, employers are looking for people who are capable of performing various tasks and roles in their organisation. An employee should be valuable for the company and the value is measured in terms of his productivity and quality of performance. Employability becomes very important in E-Tailing industry because, it facilitates them to move from one job to another, within and between organizations. After acquisition of e-bay by Flipkart it becomes a challenge for the industry and employees, having educated or qualified people with the right skills and job experience at the right time as per the requirement.

2. Literature Review

Malik R. (2014) concluded that the implementation of Merger & Acquisition needs to be done properly in E-tailing industry and in a well planned manner in order to attain the aim. Merger and Acquisition agreement is taken not necessarily because of lack of corporate strength but an avenue to create synergy. Many corporations find that the best way to get ahead is to expand ownership boundaries through mergers and acquisitions.

Govindarajan V. (2013) is one of the world's leading experts on strategy and innovation identified three important factors- mobile phone penetration, young demographic factors, growth of consumerism in India with higher disposable income.

Karim (2013) conducted a study on online shopping behaviour of customers and documented that online vendors can assure their consumers for transaction security and avoid long delays in completing online orders and the hassle of returning goods for better online shopping experience.

Kaushal P. (2013) studied in their study on online consumer behaviour using factor analysis and found the reasons for using online shopping like trust, information about the product and services, convenience, effortless shopping.

Mitra A. (2013) concluded that the e-tailing industry has broken the geographical limitations and it is a revolution-commerce will improve tremendously in next five years in India.

Bulgarella C. (2010) summarized the criticality of the relationship between employability factors and customer satisfaction. Employees can strongly contribute to an organization's success by having a customer-centric approach in their work and in their work-related interactions. Employability is the result of a holistic approach that involves strategic steps such as Training, skills and knowledge development, Supportive Management and Employee Service Quality.

Hanifah M. (2010) elaborated how an idea of employability is a high concern in E-Tailing Industry now days with the uncertain economic condition that exposes both employers and employees to ambiguities. Employees who are less skilled and competent are susceptible to retrenchment. Employers have to juggle between the need to contain cost and maintain productivity for efficiency. Having only the right people with the right skills at the right time is the priority.

Fang Y. (2004) believed that online customers still demand many services available through traditional channels even if they choose pure Internet-based suppliers with basic customer services. Establishing and achieving customer satisfaction is the main goal of businesses nowadays because there is a strong relationship between the quality of product, customer satisfaction and profitability.

Hane (2000) discussed there are symptoms that may indicate the need for organizational restructuring. Such as organization are significantly over or under staffed, organizational communications are inconsistent, technology and innovation are creating changes in workflow and processes, investment opportunities, significant staffing increases or decreases are contemplated, new skills and capabilities are needed to meet current or expected operational requirements.

Kotler P. (2000) explained satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product perceived performance or outcome in relation to his or her expectations.

Eby and Buch (1998) discussed how personnel retention and turnover stagnant workforce productivity or deteriorating morale becomes significant problem. Organizational restructuring has proven to be beneficial in a number of ways and are not limited to lowering operational costs and assisting in better formulation of strategies which proves customer satisfaction and employability result.

3. Objectives of the Study

1. To study the level of customer satisfaction in E-Tailing industry post Restructuring.
2. To study the employability factors in E-Tailing industry post Restructuring
3. To study the perception of the people towards E-Tailing industry

4. Research Methodology

4.1. Research Design

Research Design is a framework or blueprint for conducting research in the form of conducting, measuring and analyzing data. The research based on the empirical study where we have collected data by both Primary and secondary. In primary sources, well designed structured questionnaire distributed among customers and employees based on the sample size 164 respondents for checking satisfaction level & 38 for employability related to Flipkart in Delhi/ NCR region. The response based on simple and stratified sampling techniques. For the analysis purpose SPSS 16 version was used. Factor analysis was used to determine the correlation between variables. Regression analysis and Anova testing determine the result of Hypothesis.

4.2. Hypothesis of the Study

H0: There is no significant relation between satisfaction level of online customer in pre and post restructuring

H0: There is no significant relation between employability factors in pre and post restructuring

5. Data Analysis and Interpretation

Table 1: Customers Belong to the Male and Female Category in Terms of customer satisfaction Employability

		Customer Satisfaction		Employability	
		Frequency	Percent	Frequency	Percent
Valid	Female	71	43.3	15	39.5
	Male	93	56.7	23	60.5
	Total	164	100.0	38	100.0

Inference: Table 1 show 56.7% of the customers belong to the male category and 43.3% of the customer belongs to the female category in terms of customer satisfaction and 60.5% of the employees belong to the male category and 39.5% of the employees belong to the female category in terms of employability.

Table 2: Customer Belongs to Below 25 Age Group Category

		Customer Satisfaction		Employability	
		Frequency	Percent	Frequency	Percent
Valid	Above 45	19	11.6	7	18.4
	36-45	13	7.9	9	23.7
	25-35	54	32.9	12	31.6
	Below 25	78	47.6	10	26.3
	Total	164	100.0	38	100.0

Inference: Table 2 shows that 78% of the customer belongs to below 25 age group category following 54 % of the customer have attained the age of 25-35 Years, 13 % belong to the age group of 36-45 Years and 19% of the customers belong to the category of 45 and above. In terms of employability it shows that 10 employees belong to the age group category of below 25 followed by 12 employees have attained the age of 25-35 Years, 9 employees belong to the age group of 36-45 Years and 7 employees belong to the category of 45 and above.

Table 3: Customer Having Qualification up to Graduation Level

		Customer Satisfaction		Employability	
		Frequency	Percent	Frequency	Percent
Valid	Above Post Graduation	24	14.6	—	—
	Post Graduation	48	29.3	19	50.0
	Up to Graduation	92	56.1	19	50.0
	Total	164	100.0	38	100.0

Inference: Table 3 shows that 56.1% of the customer having qualification up to graduation level, 29.3% of having post graduation and 14.6% of the customer having qualification of above post graduation level. In terms of employability it shows that 50% of the employees having level of graduation and 50% of the employees having above post graduation qualification. No one was in the category of qualification above post graduation.

Table 4: Income Level of Customers

		Customer Satisfaction		Employability	
		Frequency	Percent	Frequency	Percent
Valid	Above 35,000	54	32.9	9	23.7
	25,000-35,000	74	45.1	13	34.2
	Up to 25,000	36	22.0	16	42.1
	Total	164	100.0	38	100

Inference: Table 4 shows income level of the Customers, i.e. 22% of customers is earning up to 25000/- per month, 45% of customers are in the category of 25000-35000 /-income and 33% of the customer earning 35000 /- per month. In terms of employability it shows 42% of customers are earning up to 25000/- per month, 34.2% of employees are in the category of 25000-35000 /- income and 23.7% of the employees are earning 35000 /- per month.

Table 5: Result Based on Customer Satisfaction

Result based on Customer Satisfaction						
S. No.	Statements	Strongly Agree(%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)
1.	I get the same quality from Flipkart before and after restructuring	40.6	25.6	18.3	11.6	3.7
2.	My shopping experience has improved after restructuring	39.6	47.6	5.5	7.3	0.0
3.	I get varieties of product on Flipkart after acquisition of e-bay	26.8	31.1	14	26.8	1.2
4.	I get more discounts and offers after acquisition of e-bay	14.6	17.6	43.3	25.0	0.0
5.	I easily get the product which i want to purchase after restructuring	13.4	12.8	22.0	22.0	29.9
6.	Service quality of Flipkart has improved post restructuring	32.9	25.0	28.0	11.6	2.4
7.	I get my ordered product fastly post restructuring	17.1	39.6	22.8	9.1	10.4

Table 6: Result based on Employability

Result based on Employability						
S. No.	Statements	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)
1.	I am getting sufficient training post restructuring	26.3	26.3	15.8	23.7	7.9
2.	I am getting better opportunity to develop my skills and abilities	10.5	52.6	18.4	18.4	0.0
3.	I am capable of handling different portfolio at a time	26.3	39.5	15.8	10.5	7.9
4.	My work experience strengthen my employability post restructuring	10.5	52.6	18.4	7.9	10.5
5.	My educational background helps me to retain after restructuring	5.3	39.5	44.7	10.5	0.0
6.	My education background helps me to understand the new work environment	10.5	21.1	7.9	52.6	7.9

Inference: On the basis of analysis the above Table 5 and 6 provide the empirical findings gleaned from the collected data in terms of customer satisfaction and employability result. It provides the insight that customer are strongly agree in both product quality perspective by 40.6% and service quality by 32.9% result. Here 47.6 % of customer agrees and are still doing regular shopping with Flipkart after restructuring. From product order to delivery of the product its company's responsibility to fulfil customer's requirements. The results showed that 39.6% customers getting their delivery of the product fast after restructuring. As far as employability factors, which also important in terms of restructuring is concerned the organisation then 26.3 % of employees getting sufficient training and 52.6% of the result proved that employees getting better opportunity for skill development and make strengthen their employability with work experience.

6. Hypothesis Testing

H0: There is no significant relation between satisfaction level of customer pre and post restructuring in terms of Gender

6.1. Checking Normality of Data

		Tests of Normality					
		Kolmogorov-Smirnov ^a			Shapiro-Wilk		
		Statistic	Df	Sig.	Statistic	df	Sig.
My shopping experience has improved after restructuring	Male	.442	93	.000	.576	93	.000
	Female	.431	71	.000	.609	71	.000

a. Lilliefors Significance Correction

The above table presents the results from two well known tests of normality, namely the Kolmogorov-Smirnov test and the Shapiro-Wilk test. The Shapiro-Wilk test is more appropriate for small sample sizes of 100. If the sig value of both Kolmogorov-Smirnov and the Shapiro-Wilk tests are greater than 0.05 then the data is normally distributed. If the sig value is less than 0.05, the data significantly deviates from normal distribution. Here the data collected in case of customer satisfaction on gender statistics is not normally distributed as the value of sig (.000) in both the cases is less than 0.05. In this context it is required to apply non parametric test to test the significant difference between two different samples. So non parametric test mainly Mann Whitney U test has been conducted to test hypothesis.

Mann-Whitney U Test

The Mann-Whitney U test is used to compare differences between two independent groups when the dependent variable is either ordinal or continuous but not normally distributed.

Test Statistics^a	
	Gender
Mann-Whitney U	910.000
Wilcoxon W	3.055E3
Z	-7.976
Asymp. Sig. (2-tailed)	.000
a. Grouping Variable: My shopping experience has improved after restructuring	

Above table shows the actual significance value of the test. Here the stated hypothesis is a significant (U=910, Z=-7.976) as the sig value (.000) is lesser than 0.05 at 5% level of significance.

6.2. Reliability of Questionnaire

Reliability is the ability of the questionnaire to consistently measure the topic under study at different times and across different population.

Reliability Statistics	
Cronbach's Alpha	N of Items
.952	7

Cronbach's alpha ranges from 0 for a completely unreliable test to 1 for completely reliable test. In this study value of Cronbach's alpha is 0.952 which is very close to the completely reliable value of 1.

6.3. Correlation Analysis

Correlation Analysis (Customer Satisfaction post restructuring and Gender)

Correlations			
		Gender	My shopping experience has improved after restructuring
Gender	Pearson Correlation	1	.686**
	Sig. (2-tailed)		.000
	N	164	164
My shopping experience has improved after restructuring	Pearson Correlation	.686**	1
	Sig. (2-tailed)	.000	
	N	164	164

** . Correlation is significant at the 0.01 level (2-tailed).

The significance value (.000) for this correlation coefficient is less than 0.05 therefore it could be concluded that there is a significant relation between customer satisfaction and post restructuring in Flipkart. Here the relationship is positive (0.686) that is direct relation between customer satisfaction post restructuring and gender.

6.4. Regression Analysis (Customer Satisfaction Pre and Post Restructuring & Gender)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.686 ^a	.471	.468	.363
a. Predictors: (Constant), My shopping experience has improved after restructuring				

Regression table indicates data value of R is .686 and because of single dependent variable this value represents the simple relation between post restructuring and gender of respondents. The value of R Square is .471 which tells post restructuring accounts for 47.1% of the variation in satisfaction level of respondents. This means 52.9% in variation are factors related to pre restructuring which are playing important role in satisfaction level of online buyers.

ANOVA^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	18.965	1	18.965	144.254	.000 ^a
	Residual	21.298	162	.131		
	Total	40.262	163			
a. Predictors: (Constant), My shopping experience has improved after restructuring						
b. Dependent Variable: Gender						

For these data F- ratio is 144.254 for sig value .000 which is significant at $p < 0.05$. Hence there is a significant relation between customer satisfaction level of online buyer pre and post restructuring.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.702	.067		10.469	.000
	My shopping experience has improved after restructuring	.405	.034	.686	12.011	.000

a. Dependent Variable: Gender

Since the sig value (.000) is less than .05 at 5% significance level it can be concluded that there is a significant relation level of training pre and post restructuring in Flipkart.

7. Conclusion

Today E- Tailing industry in India is growing at a remarkable pace due to high penetration of Internet and supported electronic devices. As discussed above that, India's e-commerce industry is expected to raise \$35 billion in 2017 to \$120 billion in 2020 with annual addition of 25 million users, the highest in the world. When two different companies of same area meet both of them give synergistic effect on both customer satisfaction as well as employability. It is not only about acquisition of two companies, it is also about acquisition of culture, technology and expectation. Consideration of the growth of Indian e-tailing industry in terms of restructuring, it has become important for them to satisfy the customer need with high quality of product, service, safety and security in online transactions. Customers of e-bay are satisfied now because of the availability of service given by companies in NCR. Flipkart use to give service to Delhi/ NCR region but e-way service was restricted only to Delhi. People of NCR had to give address of any relative residing in Delhi only then product was being delivered. Now after acquisition service quality of e-way has improved. Employability as another factor also play an important in restructuring the business because when employees receive more chances to upgrade their skills, knowledge and work experience it will be benefited in terms of productivity, employee commitment and efficiency. E-bay is spread all around world but Flipkart is restricted only to Indian terrain. Because of the MNC culture employees of Flipkart are also getting training in more advanced form. The present study findings concluded the significant relation of customer satisfaction factors and employability factors in pre and post restructuring in Flipkat.

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