



A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE



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The Trump Card
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To be or Not to be?
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STRIDES

A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE

Volume 1 Issue 1 2016-17

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Principal's Message

The mission statement of the College, signifying the existence and its road map to the achievement of its vision, reads as:

"To achieve and sustain excellence in teaching and research, and enriching local, national and international communities through our research, the skills of alumni, and the publishing of academic and educational materials"

To achieve and promote excellence in publications and applied research, the College has taken the initiative to launch a new journal exclusively to publish students' research papers and articles. It will be an add-on to the enriched catalogue of College publications and academic literature.

The journal has provided an opportunity to the students of our college to focus on research at the undergraduate level. Since the students were not opened to the research methodologies at the undergraduate level, they were mentored by *experienced senior faculties* of our College. Simultaneously, their articles were also reviewed by the referees and tested for plagiarism before publication. After reporting all the suggestions recommended by the referees, the articles were revised and then finally published. The College is successfully releasing the foundation issue of the journal i.e. *STRIDES – A Students' Journal of Shri Ram College of*



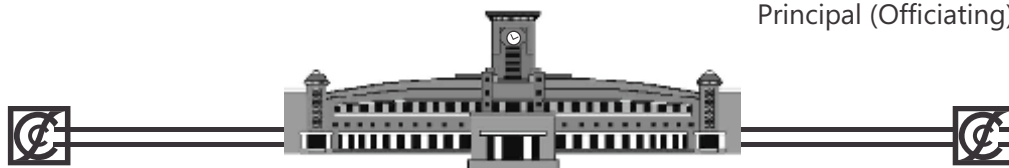
Commerce, Volume 1, Issue 1, 2016-17 on the occasion of 91st Annual Day of College held on 13th April 2017. The Journal is released by Shri Prakash Javadekar, Honb'le Minister of Human Resource Development, Government of India.

The college has already applied for *International Standard Serial Number (ISSN)* for the Journal. The application for ISSN is still under process.

I would like to congratulate the students whose papers are published in the foundation issue of the journal and simultaneously, encourage all the students to contribute their research papers and articles for the successive issues of the Journal.

Best wishes for their future endeavor.

Dr. R.P. Rustagi
Principal (Officiating)



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Editor's Message

Shri Ram College of Commerce is well known for its academic excellence and dedicated approach towards dissemination of knowledge in the academic world. The College appreciates the role of research in education and is committed to developing an inclination towards research in both faculty and students. In this pursuit, the College has taken the initiative to launch a new Journal named 'STRIDES – A Students' Journal of Shri Ram College of Commerce' to encourage students to pursue research under the guidance of the faculty of Shri Ram College of Commerce.

It is an annual journal launched exclusively to publish academic research papers and articles by students on contemporary topics and issues in the area of commerce, economics, management, governance, policies etc.

In order to maintain high standards of publication, a Committee on Publication Ethics (COPE) has been constituted. The COPE shall be the apex authority to take all decisions related to publication of research papers and articles in STRIDES. The decision of the COPE shall be final and binding.

To maintain the *academic standards*, *academic ethics* and *academic integrity*, a rigorous process of blind review of

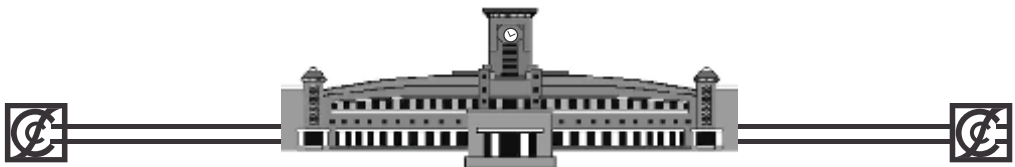


articles is followed after screening for plagiarism of each manuscript received by the college for publication. The research work published in STRIDES is original and not published or presented at any other public forum.

The foundation issue of the Journal i.e. *STRIDES – A Students' Journal of Shri Ram College of Commerce, Volume 1, Issue 1, 2016-17* is successfully released on 91st Annual Day held on 13th April 2017 by Shri Prakash Javadekar, Hon'ble Minister of Human Resource Development, Government of India.

Successive issues of STRIDES will be released every year on the occasion of College Annual Day.

Dr. Santosh Kumari
Editor



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The Ripple Effect of a Strike

Though every strike or lockout that is initiated by labour employees directly affects the industry's production capacity, the ripple effect of such a movement is cosmic and engulfs several entities. Since it is quite difficult to quantify the real impact of such a movement, it often escapes the human eye. A strike has a multiplier effect and not only does it harm but also benefits several parties. Through this article, I am trying to throw light on the ripple effect which is caused by a strike and thus, highlight the magnitude of its effect on various entities.

INTRODUCTION

Whenever the labour union of an industry goes on a strike, the media houses majorly highlight only two things:

Firstly, the losses suffered by the firm under strike and secondly, how justified was the labour union's reason to go on a strike? What they fail to bring out, is the effect on various other parties who are indirectly affected in a significant manner. Thus, its ripple effect often goes unnoticed.

A lockout not only affects the production and profitability of the industry whose labours are on a strike but it also has a significant impact on other firms who are linked to the firm under strike, directly and indirectly. With the help of few instances in this paper, I will try to explain the ripple effect of such a

Mentor

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situation and highlight the intensity with which others are affected.



THE RIPPLE EFFECT

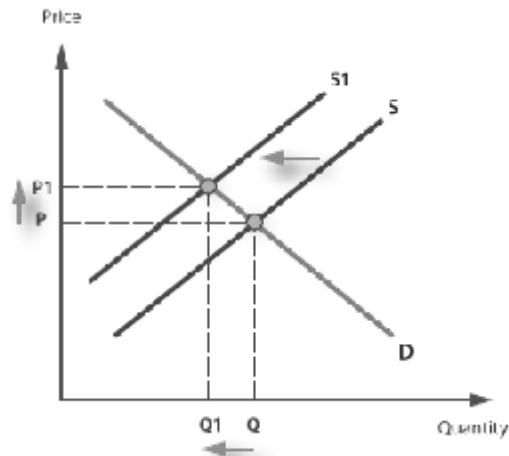
A dispute between the workmen and employers is a common sight in today's world. But it largely depends on the employer's abilities- whether he is able to resolve disputes at a nascent stage or whether he lets them grow into a lockout. In the 21st century, India has seen a lot of technological advancements but the human resource still plays an irreplaceable role in every industry. In return, it becomes the prime responsibility of the employer to ensure compliance to all the labour laws, assure regular payment of wages and provide a conducive working environment. If at any point of time, any one of these are not met, the employees resort to a labour strike. A strike is a mass refusal of employees to work, initiated as a response to the non addressal of employee grievances.

Since the workers suspend the operations of the firm, the production at the factory stops. As a result of which, the firm runs down its inventories and cuts down the inflow of raw materials. This leads to a noteworthy drop in the sales revenue. The firms often opt to hire temporary or contract labourers to replace the employees on strike and try to reduce the impact of such a strike. This in turn increases the operating cost of the product and reduces the profitability of the firm.

Such a movement also has several non economic impacts on the firm. This revolt against the management of the firm, may involve loss of goodwill which may, in the long run, affect the brand value of the firm. It also strains the employer- employee relationship and hampers teamwork. This often leads to a decline in the share price of the company and reduces its market value. In June 1998, a strike by the United Auto Workers(UAW) of General Motors halted production for approximately 8

weeks, having a catastrophic impact on GM's sales. Compared to the corresponding months in 1997, GM's U.S. sales fell 38% in July, 1998 and 37% in August, 1998.

The more essential the good is, the more difficult it is to find its substitutes. A reduction in the supply of the product manufactured by the firm, pushes its price in the market.



Since the production is halted, the firm under strike holds its purchase of raw materials and unfinished goods which in turn reduces the sales of suppliers to the firm. This reduces their profitability, forcing them to reduce the number of employees and cut down other factory expenditures. Subsequently, it reduces the real income of these employees. For e.g. the earnings of steel companies lowered in the third quarter because the GM strike brought demand for steel down (Reuters-New York, 1998).

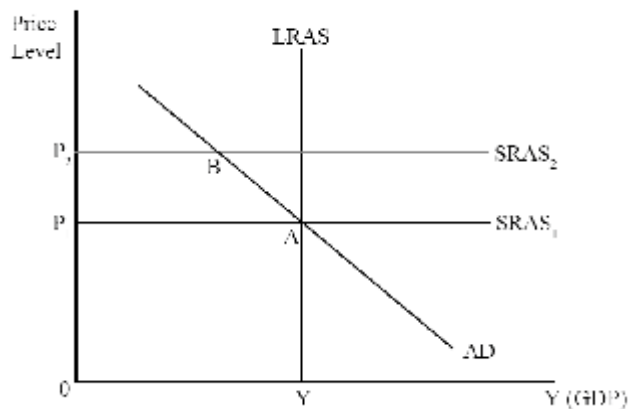
The employer does not remunerate the employees on strike. The employees not only lose their wages, but are also at a risk of losing other benefits and perquisites such as medical insurance, holiday and sick pay. If the strike lasts for long, the employees go through severe hardships and struggle to make their both ends meet. This reduces their purchasing power and forces them to reduce their demand for various goods and services. Because of this leftward shift in the demand curve, the prices of various consumer goods and services may tend to decrease slightly.

A fall in the production and sales of the firm under strike, reduces its market share and allows its competitors to capitalize this opportunity and capture the market. The 1998 strike in GM, reduced its U.S. market share from 31% to about 21% in July and August 1998 (Reuters-Detroit, 1998).

In macroeconomics terms, such a strike not only affects individual enterprises but the economy of the country as a whole. The total output of the country falls with a decrease in production and sales of the firm under strike. This further reduces the GDP growth of the country.

As the supply decreases, the price of the product increases causing widespread inflation and making imports cheaper and exports more expensive for foreign consumers. This increases the imports and reduces the exports, which in turn increases the trade deficit of the country.

Aggregate Demand-Aggregate Supply Model



Foreign Investors normally try to stay aloof from a country where the annual loss of working hours is quite high because of such strikes. This decreases the country's investment reputation and reduces the Foreign Direct Investment (FDI). A reduction in foreign investment, reduces the prospects of development and decrease in rate of unemployment.

CONCLUSION

"It takes but one person, one moment, one conviction,
to start a ripple of change."

-Donna Brazile

Irrespective of the validity of its reason, a strike can widen the horizon of its impact to areas beyond our imaginations. Whenever there is a strike by a political party to serve its own purpose, there are millions of people whose business gets affected and thousands of poor who sleep with an empty stomach.

Therefore, before resorting to such an action, its gains should be weighed against its

losses. And if one does it honestly, one will then realize that these strikes have a catastrophic impact on several lives.

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