

FINANCIAL PERFORMANCE OF BOOK PUBLISHING HOUSES IN KERALA

***Dr. Aby R L, **Dr. K S Suresh Kumar**

Abstract

In the socio-economic development of an individual book plays a vital role. The performance of book publishing houses in Kerala is promising and it plays a vital role among information and entertainment sector. The commercial trading of books is called book selling. This retail selling is the distribution end which determines the effectiveness and success of book production and distribution process. Return on investment is the driving force behind the successful running of every business organisation. In Kerala book publishing sector is confronted with the problem of declining revenue. Functional operation in terms of sales and profit is necessary to identify the growth of the industry. For financial performance of book publishing houses, primary and secondary data related to sales and profit are collected from the selected book publishing houses in Kerala. For selecting required sample for the study, two stage sampling method was used. Increase in the number of books published and sales in the state is considered as one of the indicators of improved educational system and social development. The industry is growing at a healthy rate but the rate of growth is decreasing in the recent period. The article throws light on the comprehensive appraisal of the financial performance of book publishing houses in Kerala.

Key words:- Financial performance, Book publishing, social and economic development, Book publishing industry, Kerala.

Books are the storehouse of the artistic, scientific, technological and medical advisements that have taken phase through the ages and from which we are able to understand the evolutionary, economic and cultural changes. India occupies the

second place for the publishing of English books next to United States of America and seventh place of book publishing in the world.

Book publishing industry in Kerala is a significant sector, in terms of achieving a lot of objectives such as socio-economic

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development, transfer of information and knowledge, employment generation, improvement of communication skill, provision of entertainment etc. Increase in the number of books published in the state is considered as one of the indicators of improved educational system and social development. Here an attempt is made to evaluate the performance of book publishing houses in Kerala towards the achievement of its economic objectives. Sales are the main source of revenue for every form of business.

In book publishing industry the publishers and the book sellers try to boost the sales of books by adopting certain marketing strategies. The level of success of a book doesn't lay on how well it was print but on how well it is sold. If a book requires more time to convert in to sales it will result in increase in its cost by demanding more expenses regarding storage and operational activities. Appraisal of the performance has been done in terms of two major aspects of book publishing industry such as sales and profit. In Kerala it is highly significant to assess the performance of book publishing sector for understanding the contribution made by the industry in the social and economic scenario of the state.

1.1 Statement of the Problem

Book publishing has become a large scale industry and is often viewed as the yardstick of a country's progress. Among Indian information and entertainment industry, the book publishing segment is highly having wide coverage in different languages not only in English and Hindi but also in various other regional languages of the country. The sector is becoming

more and more competitive because of the emergence of new media's serving the public need for information and entertainment. Even though the book publishing industry provides augmented knowledge with extended information and enhanced entertainment, the sector is not getting sufficient support from the part of the stake holders.

The government and authorities concerned neglect the role played by the industry especially in the present era of information technology. The industry provides direct and indirect employment and livelihood to substantial amount of population in India. In Kerala around 15,000 people are directly depending on this industry and many others depend it indirectly too for employments. However, the industry has been witnessing a sharp decline in growth rate from 19.7 per cent to 14 per cent over the last 15 years. Review of the available literature in this area reveals that no comprehensive study has been undertaken in Kerala to throw light on various aspects of book publishing industry in the state in spite of its social and economic significance.

1.2 Significance of the Study

The unique feature of this exhaustive study is the coverage of all-important aspects of book publishing starting from the acquisition of manuscript to the marketing of books to meet the specific requirements of the readers. The study will be helpful to the publishing houses as a whole and their management to identify the issues and the best practice in the industry for enabling them to face competition. The research gives a clear and detailed picture about the status and

performance of the industry in Kerala which will be helpful for the policy makers for evolving right policy measures to strengthen the industry. The study covers a systematic assessment of the marketing techniques of book publishing houses in the state and its effectiveness which will help them to evolve necessary changes in their strategies.

The present research will help not only to reveal a detailed picture of book publishing industry in Kerala, but also to realize the role played by the industry for the economic and social development of the state. Publishing houses in Kerala are one of the major employment generating industries among the public and private business sectors in Kerala. It provides employment opportunities through activities like editorial work, design work, printing, marketing etc. to around 15,000 people directly and many more indirectly. However, this sector is overlooked one when compared with others in research field despite of its active role in a state like Kerala. So this study is a significant one.

1.3 Scope of the Study

Publishing industry comprises of publishing of news papers, periodicals, magazines, printed books, e-books etc. The scope of the present study is limited to financial performance of physical book publishing industry. The study is confined to the book publishing houses of the geographical territory of Kerala.

1.4 Objectives of the Study

1. To examine the performance of book publishing industry in Kerala.

2. To evaluate the growth of book publishing houses in Kerala over a period of time.

1.5 Methodology

For the performance evaluation of book publishing houses, primary and secondary data related to sales and profit are collected from the selected book publishing houses in Kerala. The universe for the purpose of the study involves 471 book publishers in Kerala with a common criterion of publication of minimum ten books. For selecting required sample for the study, two stage sampling method was used. In the first stage of the sampling, out of fourteen districts in Kerala five districts were selected on the basis of geographical concentration of publishing houses in the state. The selected districts are Thiruvananthapuram, Kottayam, Ernakulam, Thrissur and Kozhikode. In the next stage, a sample of 157 publishing houses has been selected based on the proportion in which they are spread in different chosen districts. The required secondary data were gathered from website of various book publishing institutions, magazines, journals and from other published sources.

2. Analysis and Results

2.1 Sales

Sales are the main source of revenue for every form of business. In book publishing industry the publishers and the book sellers tries to boost the sales of books by adopting certain marketing strategies. The level of success of a book doesn't lays on how well it was print but on how well it is sold. If a book requires

more time to convert in to sales it will result in increase in its cost by demanding more expenses regarding storage and operational activities. The details of yearly sales of books are shown in the table 2.1.1

It is evident from the table 2.1.1 that the book sales of private sector over the period of study in Kerala is showing upward trend. During the first year in 2007 sales were 1020 lakhs which was increased to 3070 lakhs in the year 2013 and reached 4310 lakhs in 2018. In Kerala, during the study period, sales of book publishing houses showed a steady growth throughout the period but the rate of growth in sales is at a diminishing rate in the last few years.

The compound growth rate estimates for the sale of books are given in the table 2.1.2

From the table 2.1.4 it can be inferred that the compound growth rate of sales of private book publishing houses in Kerala is 13.2 per cent, which is statistically significant ($P=.00<.05$). Therefore the null hypothesis stating there is no significant difference in the yearly sales of private sector book publishing houses in Kerala is rejected.

The details of annual sales of book publishing houses on the basis of ownership pattern and genres of books are explained in the tables 2.1.5 and 2.1.6.

From the table 2.1.5 it is observed that 54.1 per cent of publishing houses have annual sales of less than 20 lakh rupees in a year, 21.7 per cent have sales in between 20 lakh to 40 lakh, 10.8 per cent have in between 40 lakh to 60 lakh, 9.6 per cent have 60 to 80 lakh and only 3.8 per cent have more than 80 lakh of sales. Among the various forms of publishing houses, 84.7 per cent of sole proprietorship and 100 per cent of association form have annual sales of less than 20 lakh rupees. 68.8 per cent of partnership form earns annual sales in between 20 lakh to 40 lakh rupees.

From table 2.1.6 it can be inferred that 57.8 per cent of academic & educational, 57.1 per cent of religious & other area of book publishing houses, 52.9 per cent of general interest, 51.2 per cent of literary publishing houses and 50 per cent of scientific bookshave sale below 20 lakhs. From the table analysis it can be understood that majority of area wise book publishing houses in Kerala makes book sales below 20 lakhs.

Table 2.1.1
Annual Sales of Book Publishing Houses

Year	Sales (Rs. in Lakhs)	Year	Sales (Rs. in Lakhs)
2018	4310	2012	2890
2017	4210	2011	2410
2016	4070	2010	2050
2015	3610	2009	1750
2014	3290	2008	1410
2013	3070	2007	1020

Source: Primary data

Table 2.1.2
Compound Growth Rate Estimates of Sales
Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.964	.930	.923	.128

The compound model is perfect fit since the R² value is .930.

Table 2.1.3
ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.194	1	2.194	133.008	.000
Residual	.165	10	.016		
Total	2.359	11			

The model here is significant as the P value is less than .05 (P=.00<.05).

Table 2.1.4
Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Case Sequence	1.132	.012	2.623	93.099	.000
(Constant)	1163.537	91.982		12.650	.000

The dependent variable is sales.

Table 2.1.5
Distribution of Sales by Ownership Pattern

Ownership Pattern and Sales		Sales					Total	
		Less than 20 Lakhs	20-40 Lakhs	40-60 Lakhs	60-80 Lakhs	More than 80 Lakhs		
Ownership Pattern	Sole Proprietorship	Count	72	12	1	0	0	85
		Per cent.	84.7	14.1	1.2	0.0	0.0	100.0
	Partnership	Count	9	22	1	0	0	32
		Per cent.	28.1	68.8	3.1	0.0	0.0	100.0
	Company	Count	0	0	11	5	6	22
		Per cent.	0.0	0.0	50.0	22.7	27.3	100.0
	Trust	Count	2	0	4	10	0	16
		Per cent.	12.5	0.0	25.0	62.5	0.0	100.0
	Association	Count	2	0	0	0	0	2
		Per cent.	100.0	0.0	0.0	0.0	0.0	100.0
	Total	Count	85	34	17	15	6	157
		Per cent.	54.1	21.7	10.8	9.6	3.8	100.0

Source: Primary data

Table 2.1.6
Genres of Books and Sales

Genres of Books and Sales		Sales					Total	
		Less than 20 Lakhs	20-40 Lakhs	40-60 Lakhs	60-80 Lakhs	More than 80 Lakhs		
Genres of Books	Literary	Count	21	12	4	3	1	41
		Per cent.	51.2%	29.3%	9.8%	7.3%	2.4%	100.0%
	Academic & Educational	Count	26	11	4	3	1	45
		Per cent.	57.8%	24.4%	8.9%	6.7%	2.2%	100.0%
	General Interest	Count	18	8	1	6	1	34
		Per cent.	52.9%	23.5%	2.9%	17.6%	2.9%	100.0%
	Scientific Books	Count	8	1	5	2	0	16
		Per cent.	50.0%	6.3%	31.3%	12.5%	0.0%	100.0%
	Religious & Others	Count	12	2	3	1	3	21
		Per cent.	57.1%	9.5%	14.3%	4.8%	14.3%	100.0%
Total	Count	85	34	17	15	6	157	
	Per cent.	54.1%	21.7%	10.8%	9.6%	3.8%	100.0%	

Source: Primary data

2.2 Profit of Book Publishing Houses

Fair profit is a must for the long run survival of the business. In book industry it is the financial gain, especially the difference between the cash received and the cash spent in acquiring manuscript, editing, printing and marketing expenses. It is the owner’s interest towards which all activities of book publishing are directed. In net concept of profit; it is the cash remained in business after deducting all costs. The table 2.2.1 clearly pictures the profit of book publishing houses over a period of 12 years.

A steady growth trend can be identified from the table 2.2.1 on the profit figures during the study period of 12 years. In 2007, the first year of the study period, there were an overall profit of 160.5 lakhs. It then showed high ascendancy over the coming years and ultimately in the year 2018 profit was 712.5 lakhs.

H₀: There is no significant difference in the yearly profit of private sector book publishing houses in Kerala.

H₁: There is significant difference in the yearly profit of private sector book publishing houses in Kerala.

The compound growth rate estimates for the profit of book publishers are given in the table 2.2.2

One can easily understand the steady upward trend on the profit of book publishers in Kerala during the study period from the table analysis. This is technically a healthy trend. There are small variations and positive differences in the percentages, but the upward trend is evidently clear. It is also understood that the industry shows a diminishing growth rate in the recent years. The compound growth rate of profit is 13.6 per cent, which are statistically significant (P=.00<.05) and therefore the hypothesis stating there is no significant difference in

Table 2.2.1
Profit Over Years

Year	Profit (in Lakhs)	Year	Profit (in Lakhs)
2018	712.5	2012	472.5
2017	694.5	2011	400.5
2016	670.5	2010	340.5
2015	595.5	2009	277.5
2014	541.5	2008	223.5
2013	502.5	2007	160.5

Source: Primary data

Table 2.2.2
Compound Growth Rate Estimates of Profit
Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.962	.925	.917	.138

The compound model is perfect fit since the R² value is .925

Table 2.2.3
ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.334	1	2.334	123.004	.000
Residual	.190	10	.019		
Total	2.523	11			

The model here is significant as the P value is less than .05 (P=.00<.05).

Table 2.2.4
Coefficients

	Un standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Case Sequence	1.136	.013	2.616	86.816	.000
(Constant)	185.144	15.695		11.796	.000

The dependent variable is profit.

the yearly profit of private sector book publishing houses in Kerala stands rejected.

The tables discuss the relationship of average annual profit with ownership

pattern and genres of books (tables 2.2.5 and 2.2.6).

The table 2.2.5 reveals that 40.8 per cent of publishing houses have annual profit below 3 lakhs rupees while 36.3

Table 2.2.5
Ownership Pattern and Average Profit

Ownership Pattern and Profit			Average Annual Profit					Total
			Less than 3 Lakhs	3 - 6 Lakhs	6 - 9 Lakhs	9 - 12 Lakhs	More than 12 Lakhs	
Ownership Pattern	Sole Proprietorship	Count	43	38	3	1	0	85
		Per cent.	50.6	44.7	3.5	1.2	0.0	100.0
	Partnership	Count	16	11	3	1	1	32
		Per cent.	50.0	34.4	9.4	3.1	3.1	100.0
	Company	Count	1	1	5	6	9	22
		Per cent.	4.5	4.5	22.7	27.3	40.9	100.0
	Trust	Count	3	6	5	2	0	16
		Per cent.	18.8	37.5	31.3	12.5	0.0	100.0
	Association	Count	1	1	0	0	0	2
		Per cent.	50.0	50.0	0.0	0.0	0.0	100.0
Total	Count	64	57	16	10	10	157	
	Per cent.	40.8	36.3	10.2	6.4	6.4	100.0	

Source: Primary data

Table 2.2.6
Genres of Books and Profit

Genres of Books and Profit			Annual Profit					Total
			Less than 3 Lakhs	3 - 6 Lakhs	6 - 9 Lakhs	9 - 12 Lakhs	More than 12 Lakhs	
Genres of Books	Literary	Count	17	15	4	2	3	41
		Per cent.	41.5%	36.6%	9.8%	4.9%	7.3%	100.0%
	Academic & Educational	Count	17	20	6	1	1	45
		Per cent.	37.8%	44.4%	13.3%	2.2%	2.2%	100.0%
	General Interest	Count	15	11	3	2	3	34
		Per cent.	44.1%	32.4%	8.8%	5.9%	8.8%	100.0%
	Scientific Books	Count	8	5	0	2	1	16
		Per cent.	50.0%	31.3%	0.0%	12.5%	6.3%	100.0%
	Religious & Others	Count	7	6	3	3	2	21
		Per cent.	33.3%	28.6%	14.3%	14.3%	9.5%	100.0%
Total	Count	64	57	16	10	10	157	
	Per cent.	40.8%	36.3%	10.2%	6.4%	6.4%	100.0%	

Source: Primary data

per cent have in between 3 to 6 lakhs, 10.2 per cent of publishing houses have in between 6 to 9 lakhs and 6.4 per cent have in between 9 to 12 lakhs and more than 12 lakhs each. Moreover 50.6 per cent of sole proprietorship and 50 per cent of partnership have annual profit of less than 3 lakh rupees. 40.9 per cent of

company form of publishing houses has more than 12 lakhs rupees annual profit.

From the table 2.2.6 it is observed that 50 per cent of publishing houses in scientific books, 44.1 per cent of general interest, 41.5 per cent of literary area and 33.3 per cent of publishing houses in religious areas have an average annual

profit of below 3 lakhs while 44.4 per cent of academic and educational area have profit in between 3 to 6 lakhs profit.

Results & Findings

1. It is observed that the sales of book publishing houses in Kerala showed a steady growth over the period under study. It is understood that the compound annual growth rate of sales of private book publishing houses in Kerala is 13.2 per cent, which is statistically significant at 5 per cent level ($P=.00<.05$). That means there is significant difference in sales of private sector book publishing houses in Kerala on the basis of year.
2. It is observed that majority of the book publishing houses in Kerala (54.1 per cent) make an average sale of below 20 lakhs. Through log linear model it is inferred that ownership pattern with annual sales is significant at 5 percent level. The parametric estimates show that on the basis of association type of publishing house the sole proprietorship pattern earns a sale of more than three times (3.750) whereas, partnership (2.773), company (2.398) and trust (2.079) more than two times.
3. It is identified that the sales are high in company form when compared to other form of book publishing houses (mean score 3.7727) and the mean score variation is significant at 5per cent level ($P .00 > .05$). This shows that there is a significant difference in the average sale of books among private sector book

publishing houses in Kerala on the basis of ownership pattern.

4. It is also inferred that there is a steady growth trend in the profit of book publishing houses over the study period of 12 years. The profit trend showed high ascendancy over the years but the growth is at a diminishing rate in the recent years. The compound growth rate of profit is 13.6 per cent, which are statistically significant ($P=.00<.05$) and it is concluded that there is significant difference in the yearly profit of private sector book publishing houses in Kerala.
5. It is understood that in Kerala, most of book publishing houses (40.8 per cent) have annual profit below 3 lakh rupees. The profit earned by different ownership pattern of book publishing houses tested with log linear model shows that it is significant at 5 percent level. It reveals that there is clear association between the type of ownership of book publishing houses and the profit made by them. The parametric estimates indicate that if association type of publishing house is considered as base, sole proprietorship form of business earn a profit of more than three times (3.840). On the basis of association format partnership (2.866), company (2.388) and trust (2.088) pattern of publishing houses earn a profit above two times.
6. It is revealed that the profit is very high in company forms of publishing houses (mean score

3.9545) and the mean score variation is found significant at 5 per cent level of significance ($P = .00 < .05$). It is thus inferred that on the basis of ownership pattern there is significant difference in the average profit of private sector book publishing houses in Kerala.

Recommendations

1. Significance of the book publishing industry is very high as it is one of the instruments for the cultural, social and economic development of any society. Since financial crises is one of the major problems of book publishing houses in Kerala, government support and marketing subsidy should be extended to support socially useful publications.
2. In Kerala, a lot of books are published in both Malayalam and English languages. Majority of book publishers are dealing with a combination of different types of books also. The book industry has to ensure availability of wide variety of books in different topics and subjects depending on the interest of prospective readers.
3. The government will have to encourage the conduct of more book fairs not only at prominent revenue headquarters but also around outstanding academic areas. The programme of running 'books

on wheels' also may be encouraged suitably, so that the rural masses also can draw benefits out of them.

4. Physical appearance of books, the size and content of the book, font size and design etc. are the major factors that determine the sale of books. Therefore, sufficient vigilance should be taken by the publishers while printing the books to make it attractive to the reader.

Conclusion

The performance of book publishing houses in Kerala is promising and plays a vital role among information and entertainment sector. The industry is growing at a healthy rate but the rate of growth is decreasing in the recent period. Because of the series of complicated steps involved in processing the manuscript to a printed book and also the constraints confronted in marketing of books, an author who wishes to spread his message through a physical book may not be able to do it effectively on his own. The importance of book publishing industry is very high as it is one of the instruments for the cultural, social and economic development of any society. Since financial crises is one of the major problems of book publishing houses in Kerala, government support and marketing subsidy should be extended to support socially useful publications.

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