

A Study on Impact of Intangible Resources on a Company Profitability with Reference of Tata Motors

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INTRODUCTION

Intangible resources are a key component of a contemporary business strategy and have a substantial impact on a company's profitability. Intangible resources, which include human capital, organisational culture, intellectual property, and brand equity, are less measurable and less visible than tangible assets, which include things like building, machinery, and inventories. Even though they are difficult to measure, intangible are extremely valuable and have a significant impact on a company's ability to innovate, gain a competitive edge, and achieve long-term success.

One of the most important intangible resources for firms is intellectual property. Trade secrets, copyright, patents, and trademarks are important tools that protect a business inventions, goods, and brands from imitation or unauthorised use by rivals. Businesses devote significant funds to research and development in order to produce intellectual property that can support their profitability and place in the market. Pharmaceutical corporation, for example, mostly rely on patents to safeguard the formulas of their drugs. By obtaining exclusive rights to promote and sell their products, they can earn enormous profits. Furthermore, it becomes equity is a crucial intangible asset that directly affects a business profitability. Strong brand foster consumer preference, loyalty, and trust, which helps business command higher pricing and take market share even in highly competitive environments. Customer will pay more for brand like Tata, Honda, roll Royce because of their reputation, perceived, quality, and emotional appeal. These companies are prime of how brand equity can boost profitability. Marketing, campaigns, sponsorships, and customer interaction programmes are examples of effective brand management tactics that boost brand equity and, in turn, profitability.

Human capital is another essential intangible resources, it includes the knowledge, abilities and experience of an organisation's personnel. Organisations understand the critical role that skilled workers play in fostering innovation, productivity, and profitability in today's knowledge based economy. Investing in staff training, development and retention programmes is essential to building a high performance culture and preserving human capital. In order to attract and retain top talent and ultimately increase their profitability through increased employee productive and innovation capabilities, companies such as google and Microsoft place a high priority competitive compensation packages, opportunities for career advancement, and a welcoming work environment.

A company's profitability is also greatly impacted by other intangible resources such as its relationship with customer, its capacity for innovation and its organisational agility. Maintaining revenue streams and increasing profitability require building long-term client relationship based on satisfaction, loyalty, and trust. Businesses improve customer Experience and lifetime value by using customer data and analytics to personalised goods, service and marketing initiatives. Comparably, companies with innovation capabilities can launch new goods, services or procedures that

outperform rivals and adapt to changing consumer demands, resulting in higher profits and revenue maintaining competitiveness and grabbing new chances in fast paced business context require organisational agility, which is defined as the capacity to quickly adjust to shifting market condition, technology breakthroughs, and competitive pressures. Business with an innovation, adaptability, and continuous improvement culture are better equipped to handle ambiguity and produce long-term, sustainable revenue.

Furthermore, comprehending how tangible and intangible resources interact is essential to appreciate how they affect a company overall profitability. Intangible resources boost a company value proposition, competitiveness in the market, and differentiation while tangible assets provide the framework for operations and growth. For example, a modern machinery can help manufacturing companies operate more efficiently and save money, but the real power comes for a company's intellectual property, brand equity, and human capital because these assets allow them to innovate, make one of a kind product, charge premium prices, and ultimately increase profitability, in order to maximise profitability and shareholder value, businesses must embrace a comprehensive approach to resources management, identify the synergies between tangible and intangible assets and utilising them to all potential.

REVIEW OF LITERATURE:-

Subramanian and Youndt (2005),

The journal of intellectual capital published by Subramanian and Youndt that critically reviews the research on the impact of intangible resources on corporate performance. Their analysis, which focuses on a broad range of studies and frameworks, highlights how important intangibles like organisational culture, knowledge assets, and innovation capabilities are in boosting profitability. The review provides insightful information about the strategic importance of intangible resources for organisational performance by combining actual data with concepts from theory.

Rialp and Rialp (2015),

Highlighted key elements influencing SME profitability in international markets in their examination of the role of intangible resources in SME international. Their analysis underlines how important intangibles like network capabilities, managerial skill, and brand reputation are in promoting success. The authors demonstrate how these intangible resources enable SMEs to successfully negotiate the complex rules of global marketplaces, establish competitive advantage, and turn a profit by combining empirical data and theoretical insights. This through analysis provides insightful advice for SMEs looking to strategically use intangible assets in their international expansion activities.

Guthrie, Petty, Yougvanich and Ricceri's (2000),

Provides important light on how intangible assets affect business performance in Australia. Through a comprehensive of several intangibles like customer relationship, organisation culture and intellectual property, the researchers provide an in-depth knowledge of their impact on the financial performance of business. Their findings show how important intangible resources are to profitability and emphasise how important it is for companies to identify and effectively use these assets. This study advances our understanding of the significance of intangible assets for organisational success in Australia's changing business environment through research and real world proofs.

Edvinsson and Malone's (1997),

The complex relationship between financial success and intellectual capital in a variety of businesses is explored in Edvinsson and Malone's meta-analysis. The research provides insightful information about the relationship between investment in intellectual capital value by combining the results of multiple studies. Through their analysis, they highlighted the strategic significance of intellectual capital as a major factor influencing the success of an organisation in the current knowledge-based workforce. The meta-analysis advances knowledge on the crucial role intellectual capital plays in influencing financial performance across several industries by means of a thorough analysis and collection of empirical data.

Schwab and Walter's (2015),

Explores how important intangible resources are to the profitability of German SMEs. The researchers, with a focus on innovation and human capital in particular, offer strong evidence through research that there is a positive association between investments in intangible and business profitability. The strategic significance of intangible assets in improving SMEs' performance and competitiveness in a fast-paced business environment is highlighted by their findings. Through highlighting the relationship between intangible and profitability, this research provides insightful information for SMEs looking to successfully utilise their intangible resources in order to achieve long-term growth and success.

Damodaran, A (2020),

In this case study, written by Damodaran, the importance of intangible assets is examined in relation to Tata Motors' limited valuation. The study explores the ways in which Tata Motors' overall value and performance are influenced by intangible resources like intellectual property, innovation, and brand equity. With a particular focus on Tata Motors as a well-known company, this might provide insight into viewpoints for understanding how intangible resources affect the profitability and competitive positioning of businesses in the automobile sector.

A STUDY ON IMPACT OF INTANGIBLE RESOURCES IN COMPANY PROFITABILITY IN AUTOMOBILE INDUSTRY

The automobile industry in India has a rich history marked by evolution, innovation, and significant contributions to the country's economic growth. From its early beginnings to the present day, the Indian automotive sector has transformed into one of the largest and most dynamic in the world.

The development of the automobile industry in India dates back to the early 20th century when the first automobile manufacturing units were established. The industry initially catered to a niche market, primarily serving the needs of the affluent class with imported vehicles. However, the real growth and development of the sector gained momentum post-independence in 1947, as the Indian government recognized the importance of developing indigenous manufacturing capabilities.

During the 1950s and 1960s, India saw the emergence of domestic automobile manufacturers such as Hindustan Motors and Premier Automobiles Limited (PAL), which produced iconic vehicles like the Ambassador and the Premier Padmini, respectively. These vehicles became synonymous with India's automotive landscape and served as workhorses for decades.

The 1980s marked a significant shift in the Indian automobile industry with the entry of Maruti Suzuki, a joint venture between the Indian government and Suzuki Motor Corporation of Japan. The introduction of the Maruti 800 revolutionized the Indian automotive market, offering an affordable and fuel-efficient vehicle that captured the aspirations of the middle-class population. Maruti Suzuki's success paved the way for other global automakers to enter the Indian market, leading to increased competition and technological advancements.

Over the years, the Indian automobile industry has diversified and expanded to encompass various segments, including passenger vehicles, commercial vehicles, two-wheelers, and three-wheelers. Companies like Tata Motors, Mahindra & Mahindra, Hyundai, Honda, Toyota, and others have established a strong presence in India, catering to the diverse needs and preferences of consumers.

Government policies and regulations have played a crucial role in shaping the trajectory of the Indian

India's automobile industry stands as a robust contributor to the nation's economic growth and industrial development. It has evolved into a significant manufacturing hub, attracting both domestic and international automakers to establish production facilities across the country. This growth has not only bolstered GDP but also spurred job creation, offering employment opportunities across various segments of the industry's value chain, from manufacturing to sales and aftermarket services.

Technological innovation is a hallmark of India's automotive sector, driven by the growing demand for fuel-efficient, safe, and connected vehicles. Automakers are investing substantially in research and development to develop cutting-edge technologies tailored to both domestic consumers and global markets. This focus on innovation has propelled India's emergence as a competitive player in the global automotive landscape.

The growth of the automobile industry has also catalysed infrastructure development, with investments flowing into manufacturing facilities, logistics networks, and transportation systems. These developments not only support the industry's expansion but also contribute to the overall economic development of the nation.

Government policies have played a pivotal role in shaping the trajectory of India's automobile industry, with initiatives aimed at incentivizing investment, fostering innovation, and promoting sustainable mobility solutions. Policy support, coupled with industry dynamism, has positioned India as a key player in the global automotive market, driving continued growth and innovation in the years to come.

The Indian automobile industry has been a critical pillar of the country's economy, contributing significantly to GDP growth, employment generation, and industrial development. Automakers have responded to shifting consumer preferences and market dynamics by introducing innovative products, leveraging digital technologies, and expanding their presence in emerging segments such as electric vehicles (EVs) and shared mobility services. As India continues its journey towards becoming a global automotive hub, the industry remains poised for further transformation, innovation, and expansion, fuelled by a resilient spirit and a vision for a sustainable and technologically advanced future.

OBJECTIVE OF INTANGIBLE RESOURCES IN AUTOMOBILE INDUSTRY

1. Building brand equity:- cultivate positive brand perceptions for loyalty and premium pricing.
2. Driving innovation:- develop cutting edge technologies and features for market differentiation
3. Enhancing customer experience:- create positive interactions for repeat business and referrals
4. Fostering employee engagement:- motivate workforce for productivity and innovation
5. Ensuring corporate responsibility:- demonstrate ethical behaviour and environmental stewardship
6. Differentiating products and services:- create unique value propositions for target markets.
7. Securing intellectual property:- protect innovations and maintains competitive advantages
8. Expanding market presence:- enter new market or segment for growth
9. Adapting to market dynamics:- respond effectively to changing trends and regulation
10. Maximizing financial performance:- optimize revenues, reduce costs, and maximize shareholder value.

RESEARCH METHODOLOGY:-

Research Gap:-

The survey indicates that there are numerous studies to analyse in the specific field, however I am analyse a specific company in this project research gap. Using Tata motors as an example I can analyse how the firm is leading in marketing its reputation and growth as well as how customers are embracing their products, in relation to impact of intangible resources on company profitability in this project in addition to utilising intangible resources like brand awareness, patents, and copyright protection, Tata motors uses these frameworks to make money and maintain market competitiveness and design its products to meet the needs and desires of its customers.

Needs of study:-

It's essential to research how intangible resources affect Tata motors profitability in order to understand how variables other than tangible assets affect financial performance. Through an examination of the factors like technical innovation, human capital, and brand reputation, this research seeks to identify the factors that impact profitability in the automobile sector. It will be possible to gain insights into how Tata motors may strategically use its intangible resources to increase its market position and financial sustainability through data gathering and analysis. This research aims to guide Tata motors toward the best possible utilisation of its intangible assets for long-term profitability and growth.

Purpose of study:-

The purpose of the study is to determine how Tata motors profitability is influenced by factors such as staff skill, innovation, and brand reputation. Tata motors will be able to focus its efforts and making more informed decision on where to invest.

Problem statement:-

The study objective is to find out how much Tata motors profitability is impact by intangible resources including its qualified employees, innovative skills, and brand reputation and value. This involves assessing whether particular

Intangible resources have a major impact on financial performance and understanding how effective resource management can support long-term profitability in the automobile sector.

Objective of the study:-

- The examine financial performance over a given time period and the use of intangible resources, such as brand reputation, innovation and intellectual property.
- Assessing Tata motors use of intangible assets earning and market position to analysis the financial performance to compare to competitors.

Research type:- Descriptive in Nature

Sampling Techniques: Non random sampling techniques are used for the purpose of the study.

Data collection methods:-

Primary data:- involves the data that will be collected personal and the data the does not exist which can only be collected by direct observation and the data can be gathered by surveys and questionnaires methods.

Secondary data:- data refers to the data that already existed and can be found in journal, articles online, reports and case studies which can be utilised to understanding the previous research and findings.

Sample size:- 100

Sample unit:- 56

Location: - Secunderabad

Questionnaire: - A structured questionnaires is used for the gathering the data and multiple choices are used in the survey.

Tools used: - chi-square, Bar Graphs, and percentages.

Hypothesis:-

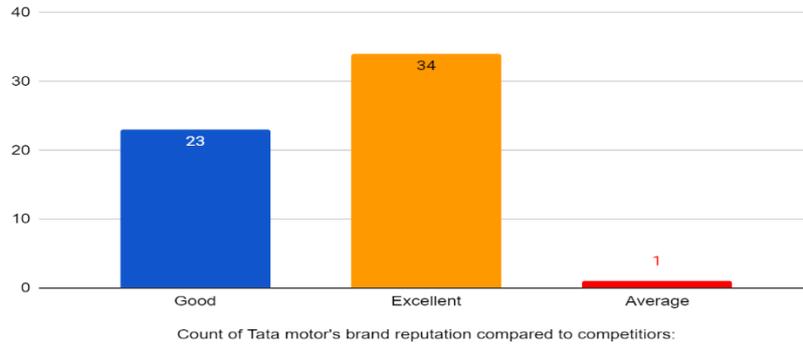
H0: there is no significant change in influence of brand reputation on a financial performance.

H1: there is significant change in influence of brand reputation on a financial performance.

DATA ANALYSIS

Tata motor's brand reputation compared to competitors	good	Excellent	Average	Total
Respondents	23	34	1	58
Percentage	39.65%	58.62%	1.72%	100%

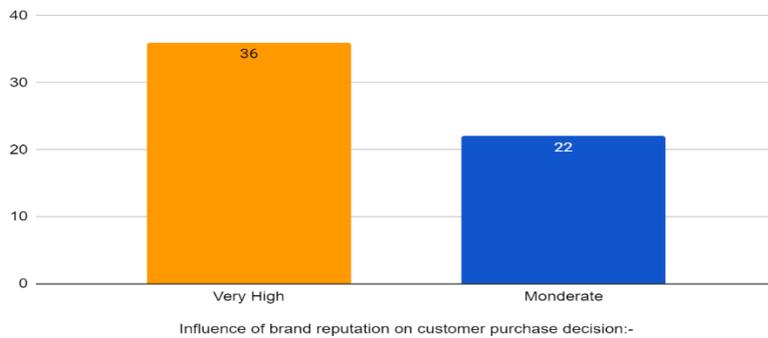
Tata motor's brand reputation compared to competitors:



Interpretation:- most of respondents tata motors is good 39%, excellent is 58%, and average is 1%.

Influence of brand reputation on customer purchase decision	Very high	Moderate	Low	Total
Respondents	36	22	0	58
Percentage	62.06%	37.93%	0%	100%

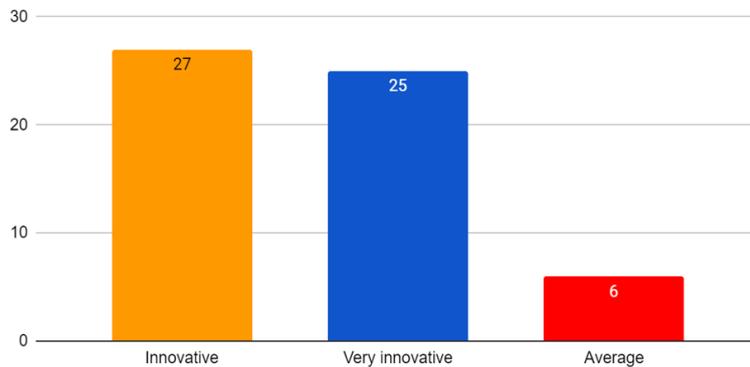
Influence of brand reputation on customer purchase decision:-



Interpretation: - most of the respondents of range very high is 62%, moderate 37%, low is 0%.

Tata motors perceived level of innovation compare to competitors	Very innovative	Innovative	Average	Total
Respondents	25	27	6	58
Percentage	43.10%	46.55%	10.34%	100%

Tata motors perceived level of innovation compared to competitors:-

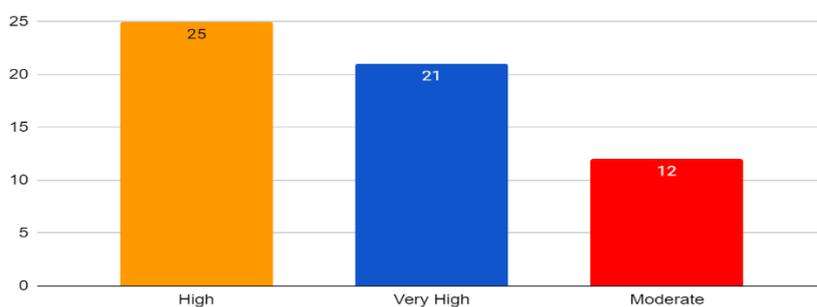


Tata motors perceived level of innovation compared to competitors:-

Interpretation:- Tata motors innovative level most of responded by very innovative is 43%, innovative 46%, and average is 10%.

Tata motors investment in research and development for innovation	Very high	High	Moderate	Total
Respondents	21	25	12	58
Percentage	36.20%	43.10%	20.68%	100%

Tata motors investment in research and development for innovation:-

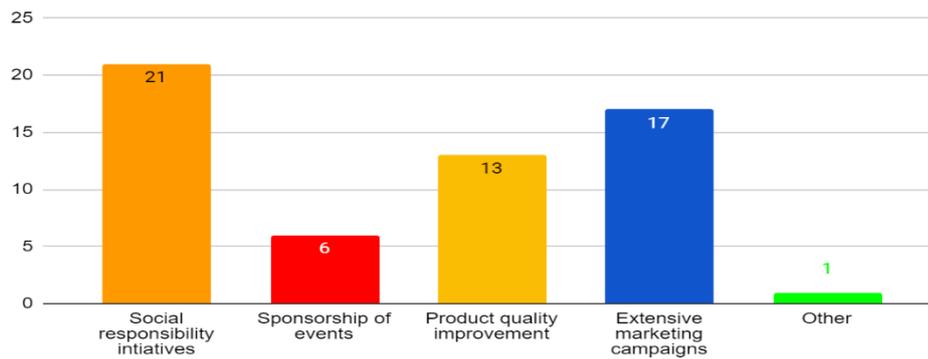


Tata motors investment in research and development for innovation:-

Interpretation:- most of responded is very high is 36%, high 43%, moderate 20%.

Measures enhance brand reputation	Social responsibility initiatives	Extensive marketing campaigns	Product quality improvements	Sponsorship of events	Other	Total
Respondents	21	17	13	6	1	58
Percentage	36.20%	29.31%	22.41%	10.34%	1.72%	100%

Measures enhance brand reputation:-

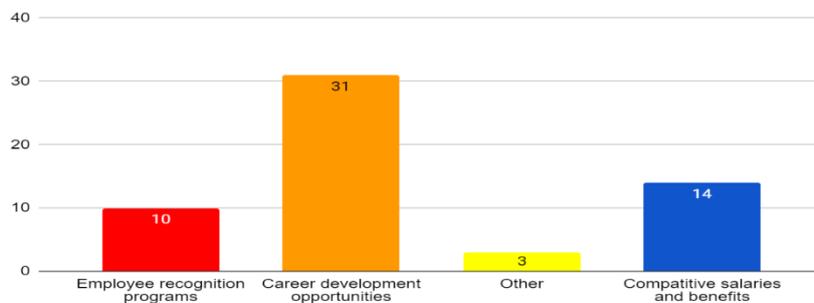


Measures enhance brand reputation:-

Interpretation:- brand reputation most of respondents is social responsibility is 36%, extensive marketing campaigns is 29%, product quality improvement is 22%, sponsorship of events is 10%, other is 1.72%.

Strategic for attracting and retaining skilled employees	Employee recognition programs	Career development opportunities	Competitive salaries and benefits	Other	Total
Respondents	10	31	14	3	58
Percentage	17.24%	53.44%	24.13%	5.17%	100%

Strategies for attracting and retaining skilled employees:-

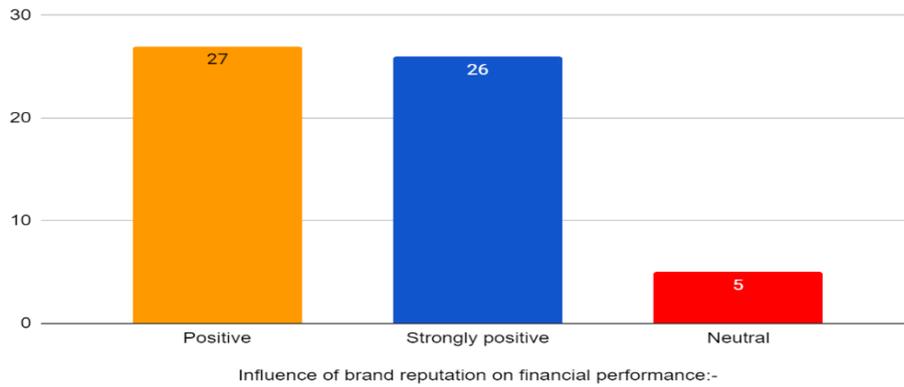


Strategies for attracting and retaining skilled employees:-

Interpretation:- most of the respondents 58 out of this career development opportunities is 53%, competitive salaries and benefits is 24%, employee recognition programme 17%, other is 5%.

Influence of brand reputation on financial performance	Strongly Positive	Positive	Neutral	Total
Respondents	26	27	5	58
Percentage	44.82%	46.55%	8.62%	100%

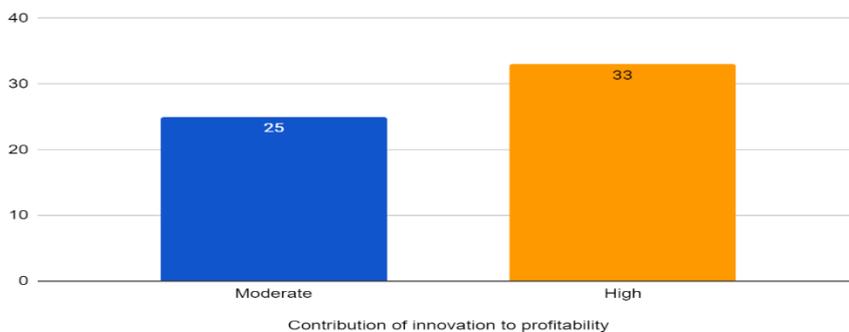
Influence of brand reputation on financial performance:-



Interpretation:- most of the respondents of 58 out of this strongly positive is 44%, positive is 46%, neutral is 8%.

Contribution of innovation to profitability	High	Moderate	Low	Total
Respondents	33	25	0	58
Percentage	56.89%	43.10%	0	100%

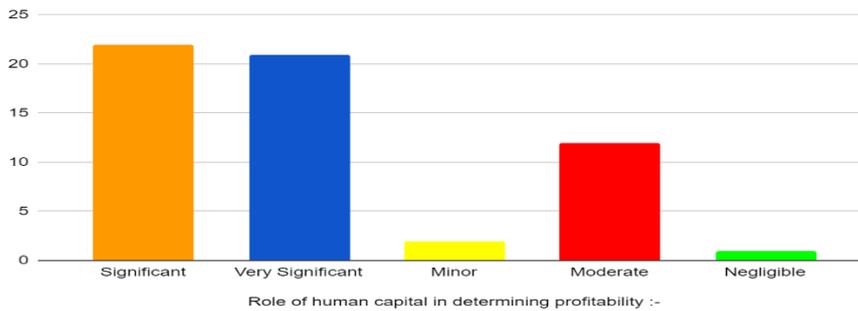
Contribution of innovation to profitability



Interpretation:- most of the respondents out the high is 56%, moderate is 43%, low is 0%.

Role of human capital in determining profitability	Very Significant s	Significant	Moderate	minor	Total
Respondents	23	21	13	2	58
Percentage	39.65%	36.20%	22.41%	3.11	100

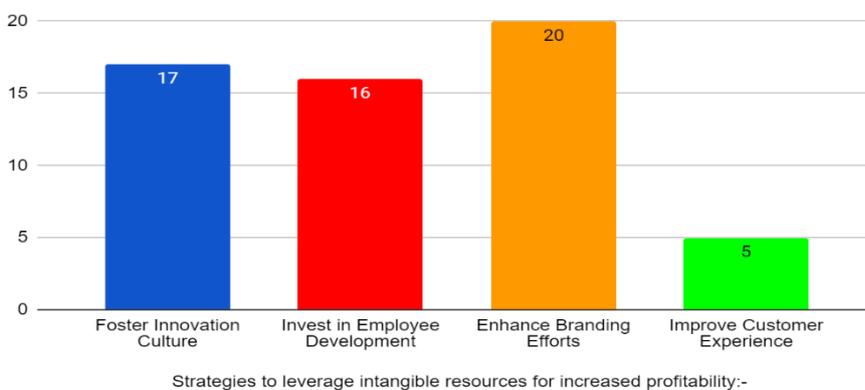
Role of human capital in determining profitability :-



Interpretation:- most of the respondents out of very significant is 39%, significant is 36%, moderate 22%, minor 3%.

Strategic to leverage intangible resources for increased	Enhance branding efforts	Foster innovation culture	Invest in employee development	Imrpve customer experience	Total
Respondents	20	17	16	5	58
Percentage	34.48%	29.31%	27.58%	8.62%	100%

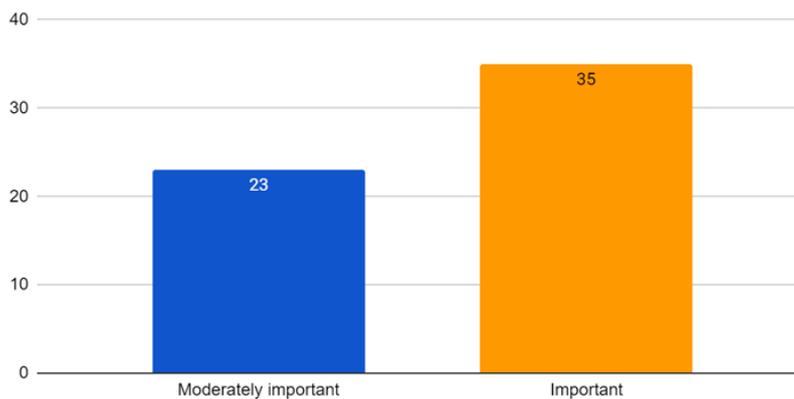
Strategies to leverage intangible resources for increased profitability:-



Interpretation:- most of the respondents out of enhance branding efforts is 34%, foster innovation culture 29%, invest in employee development is 27%, improve customer experience 8%.

Importance of continuous investment in intangible resources	Moderately important	Important	total
Respondents	23	35	58
Percentage	39.65%	60.34%	100%

Importance of continuous investment in intangible resources:-

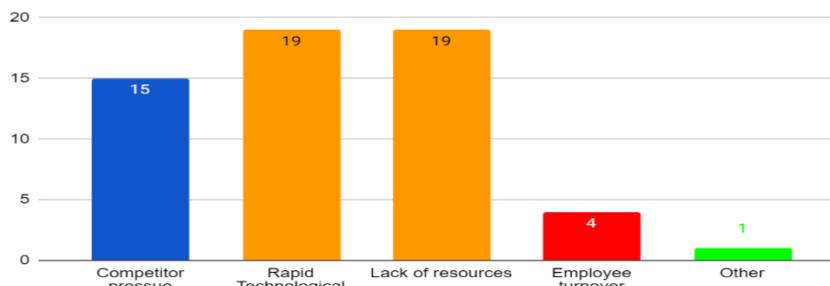


Importance of continuous investment in intangible resources:-

Interpretation:- most of the respondents is 58 out of this moderately important is 39%, important is 60 %.

Key challenge in managing intangible resources effectively	Lack of resources	Rapid technological change	Competitor pressure	Employee turnover	Other	Total
Respondents	19	19	15	4	1	58
Percentage	32.75%	32.75%	25.86%	6.89%	1.72%	100%

Key challenges in managing intangible resources effectively:-

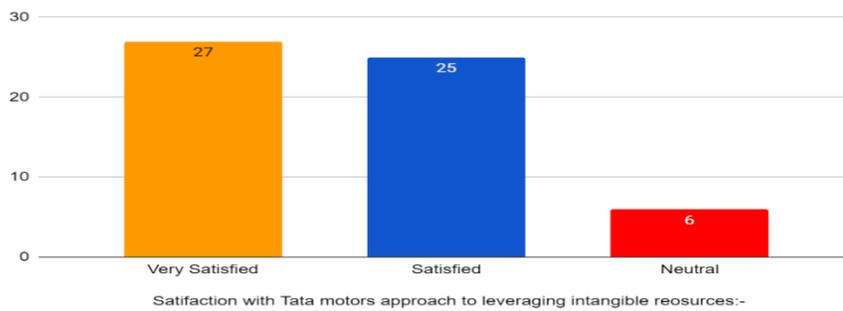


Key challenges in managing intangible resources effectively:-

Interpretation:- most of the respondents of 58 out of this lack of resources is 32.75%, rapid technological change is 32.75, competitor pressure is 25%, employee turnover 6%.

Satisfaction with Tata motors approach to leveraging intangible resources	Very satisfied	Satisfied	Neutral	Total
Respondents	27	25	6	58
Percentage	46.55%	43.10%	10.34%	100%

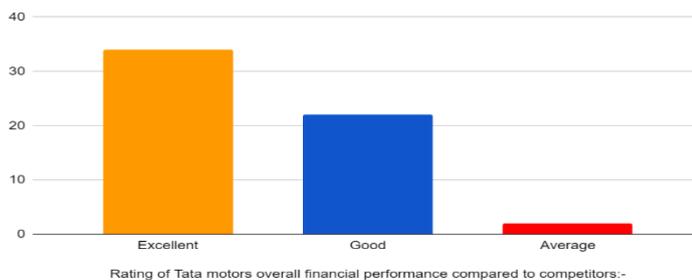
Satisfaction with Tata motors approach to leveraging intangible resources:-



Interpretation:- most of the respondents is 58 out of this very satisfied is 46%, satisfied is 43%, and neutral is 10%.

Rating of Tata motors overall financial performance compared to competitors	Excellent	Good	Average	Total
Respondents	34	23	2	58
Percentage	58.62%	39.65%	3.44%	100%

Rating of Tata motors overall financial performance compared to competitors:-



Interpretation:- most of the respondents is 58 out of this excellent is 58%, good is 39%, average is 3%.

STATISTICAL TOOL FOR ANALYSIS

H0: there is no significant change of influence of brand reputation on a financial performance

H1: there is significant change in influence of brand reputation on a company financial performance

Gender	Strong positive	Positive	Neutral	Row total s
Male	16(20.62)[1.04]	26(21.41)[0.98]	4(3.76)[0.00]	46
Female	10(5.38)[3.97]	1(5.59)[3.77]	1(1.03)[0.00]	12
column	26	27	5	58

The chi-square statistics is

9.7534. The p-value is 0.007622. The result is significant at $p < 0.05$

Since P value is less than 0.0, H0 reject and accepted H1. So, there is an impact of influence of brand reputation on a financial performance.

Age	Strong positive	Positive	Neutral	Row total
Below 20	4(2.69)[0.64]	1(2.79)[1.15]	1(0.52)[0.45]	6
Between 20-35	22(23.31)[0.07]	26(24.21)[0.13]	4(4.48)[0.05]	52
Total	26	27	5	58

The chi-square statistics is 2.4985. The p-value is 0.286713. the result is not significant at $p < 0.05$

FINDINGS

- The total respondents are 56 out of this male are 79% and 20% are female.
- Most of age group respondents of below 20 is 10%, between 20-35 age is 89% are responded.
- Majority of people respondents which is students is 75%, employed people is 24% are responded.
- Opinion of people respondents on a Tata motors brand which is excellent is 58%, good is 38% and average is 1%.
- Brand reputation of customer decision respondents out of very high is 62%, and moderate is 37% responded.
- Innovation compared to competitor's people opinion responded out of 46% very innovative and 10% average.
- Tata research and development very high compare to competitors respondents of high 43%, and moderate 20%.
- Opinion of people about the brand reputations is social responsibility initiates 36%, extensive marketing campaigns is 29%, and product quality is improvement is 22%.
- Responders opinion of Tata motors is employees recognition 17%, career development and opportunities is 53%
- Brand reputation and financial performance is very well of Tata responders opinion positive is 46%, negative is 8%.
- Most of respondents of innovation contribution on Tata out of high is 56% and moderate is 43%.
- Responders most od aware of human capital on very significant is 39%, moderate id 22%

- Most of respondents is said intangible resources make profit response is branding efforts is 34%, foster innovation culture is 29%, invest on employee development is 27%.
- Respondents of intangible resources invest is important is 60%, moderate is 39%
- Most of response is company will facing key challenges in intangible resources its out of Responses rapid technological changes is 32%, lack of resources is 32% and competitor pressure is 25%.
- Satisfaction of tata motors intangible resources respondents of very satisfied is 46%, neutral is 10%.
- Respondents of tata motors financial performance compare to competitors excellent 58%, good is 39%, average is 3%.

SUGGESTIONS

1. Increase brand value of Tata motors may see a boost in sales and profit margin by increase its brand recognition through intangible resources like reputation and client loyalty.
2. As of company may concentrate on creative innovation on the vehicle manufacturing.
3. Create strong relation between the customer and company
4. To establishment of expertise innovation and brand reputation to reach the customer wants and needs.
5. Investing the intangible assets like customer service excellence and brand trust can be lead customer satisfaction on market
6. Concentrate on up to date trends of market demand and control fluctuations.
7. Tata motors give best trainee to his employees and career opportunities. Provide competitive salaries and benefits in the company.
8. Company financial performance depending on customer trust, brand reputation, and quality services.
9. Tata must invest more on employee development, marketing and product innovation.
10. Finally Tata have good image in the market so my suggestion more concentrate on the financial performance, markets trends and brand reputation.

CONCLUSION:-

Intangible resources have a big influence on business profitability, more over Tata motors financial performance is greatly influenced by them. Technology achievements, intellectual property, and brand recognition. These resources the ability to stand out form the competition, attract clients, and increase sales. For Tata motors, the most important intangible resources that promote innovation and product excellence are investments in research and development to improve vehicle design, safety feature, and eco-friendly technologies.

- First Tata motors have a competitive advantage in the automotive sector because of its investment in intangible resources.
- A strong brand reputation that has been developed over many years of providing high quality goods and services attract clients and helps the business to stable minimising the higher prices in business.
- Tata motors can meet changing customer wants and different business part from competition by using intangible assets.
- Research and development investments boost a company market position and revenue potential by fostering the creation of advanced and innovation automobile.
- Tata motors customer trust the brand very well and Tata will be quality performance and integrity in the products and his customers.
- And also Tata motors influence financial performance very well and Tata maintain trust shareholder and employees in the company.