Sankalpa means Decision,
Determination that a true manager or leader must make every day...

SANKALPA

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SANKALPA

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Sankalpa : Journal of Management & Research
aims at bringing out the intricacies of Management perspectives, concepts, and applications. The focus is on Indian Management and its interplay with Global Management knowledge, best-practices and research.

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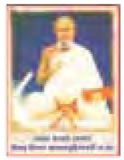

Exponent of Jainism To The West

(Tribute to Shri Virchand R. Gandhi)

An Excerpt

Certain personalities leave indelible footprints on the sands of time, their legacy is not affected by the constantly revolving wheel of time.

The World Religions Conference held in Chicago, U.S.A. almost a century ago with more than three thousand delegates of different nations and religions had assembled at the conference which was inaugurated on 11th September, 1893. To spread the message of Indian Philosophy and culture, two Indian delegates participated to the spiritual heritage of India. They were ***Shri Swami Vivekanand*** & ***Shri Virchand Raghavji Gandhi***, the representative of the **Jain** religion.

The aim of this religious conference was to impart to the world the knowledge of different religions, and to promote a feeling of fraternity between followers of diverse religious, persuasion and so to pave the way for world peace.

Virchand Gandhi, a young man of twenty-nine, talked about the doctrines of Jainism (two of its main aspects, namely Jain Philosophy and the Jain way of life) in such a coherent manner that an American newspaper wrote,

".... of all Eastern scholars it was this youth whose lecture on Jain faith and conduct was listened to with the interest engaging the greatest attention."

The short life span of Virchand Raghavji Gandhi was full of multifarious achievements. He was the first graduate of the Jain society to get his BA with Honours in 1884. Virchand Gandhi also established the fact that Jainism is older that Buddhism.

Virchand Gandhi went to England where he fulfilled his desire to be a barrister but he did not use this training for monetary gain. Considering the curiosity for Jainism in England, he started a coaching class. He had the command of fourteen languages including Gujarati, Hindi, Bengali, English, Sanskrit and French.

At the age of twenty one, as the Secretary of '**Shri Jain Association of India**' he worked for the abolition of poll tax levied on pilgrims of Palitana.

He was a strong advocate of Rashtriya Mahasabha or the Congress. He seems to have come in intimate contact with **Mahatma Gandhi.** In a letter written to Virchand Gandhi's son, Gandhiji sends his blessings and asks :

"Have you adopted any ideals of your father?"

Virchand Gandhi passed away in 1901 when he was only thirty seven. He rendered yeoman service to India and Jainism by interpreting Indian culture and religion in its true spirit to the western world. In this respect he enjoys the pride of place in the galaxy of Indian thinkers and philosophers and his name will continue to be remembered as a great champion of the Jain religion.

Source: From the Book: 'The System of Indian Philosophy' by V. R. Gandhi, Edited by Dr. K. K. Dixit, published by: Shri Mahavira Jaina Vidyalaya, Mumbai. Original full article written by: Dr. Kumarpal Desai (Padmabhushan). Edition: First – January 1970, Second – June 1993. (Compiled by Ms. Anjali Bhadsavle, Admin Officer and edited by Dr Rajesh Khajuria, Director, SMJV's CKSVIM, Vadodara)

From the Desk of Editor-in-Chief…

Gandhian Engineering and Management – An Answer to Global Business Sustainability

The rich USA and European nations, for their own sustenance and growth, are increasingly dependent on the developing world **[BRICS, COMESA, GCC** and **MENA]** to sell their technologies, excess production as well as technical, educational services. Outsourcing of ICT and Healthcare services is well known to all. Another point is depleting energy resources and increasing concern to preserve environment in rich countries. The tables are turning in favour of those developing nations which can produce and offer world-class compliant, low-cost (not cheap) products and services, with the help of lower energy, innovative local technology and lower manpower cost. How can **India** be THE ANSWER to all this?

Think of –

- **Reducing costs** and prices through use of local materials, machinery and manpower, using local as well as global technologies.
- **Skill development** of the unemployed in production and management
- **"Producing more out of less, for more and more (people)"** as **Dr A. R. Mashelkar** said on the concept of ***Gandhian Engineering.***
- **Delivering better, low-cost education with relevant skills** to our young boys and girls aspiring to become MBAs, Doctors, Engineers, Computer and Social Scientists, Pharmacists, Artists and Designers.

This is ***Gandhian Engineering,*** and ***Gandhian Philosophy for Management.***

Gandhian Studies must be introduced in all the educational programs in the form and at the level relevant to them. Under ***Global MBA Program*** of ***Gujarat Technological University***, we offer ***'Gandhian Philosophy for Managing Business'*** as an Elective, and we propose to start a new MBA specialization in **'Entrepreneurship & Family Business' from new Academic Year July 2013.**

I welcome the **distinguished Professors and Vice Chancellors** on the **Editorial Board** of this journal as it is expanding in knowledge and readership through print copy by circulation as well as e-copy hosted on our website www.cksvim.edu.in . Thanks to **Dr Satendra Kuma**r, Chairman of our PhD Research Centre who has been kind to personally sponsor many issues of the Journal.

This issue comes with some exciting new, double-blind reviewed articles on a huge plethora of topics. Enjoy them with a cup of *chai* in this lovely weather!

June, 2013

Dr Rajesh Khajuria
Director
director@cksvim.edu.in
www.cksvim.edu.in

SANKALPA

विश्वस्य ही प्रचेतसा वरुण मित्र राजथः ।।
इशाना पिप्यतम धियः ।।

"O Varuna, O Mitra, you Govern every man and are the wise thinkers; You are the Rulers, Nourish our Thoughts."

- **Veda,** The most ancient Indian philosophy scripture

APPEAL TO THE AUTHORS AND CONTRIBUTORS

The present issue (Volume 3, Issue 2) is the July - December 2013 issue, which contains research papers / articles in various areas of Management and Research. The bi-annual Journal 'SANKALPA' portrays our strong conviction to disseminate the thinking of academicians and practitioners in the field of Management discipline, which they communicate through their 'Reporting' in the form of research papers, articles, study reports, case studies, original conceptualizations with logical vigor and vision.

The members of the Editorial Board appeal to all the academicians and practitioners to communicate their 'Reporting' to the Editor-in-Chief for publication in our subsequent issues, through the e-mail ID : **publications@cksvim.edu.in**

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From the Desk of Research Head, CKSVIM

The Ph D Research Centre, CKSVIM, continues to extend help to the faculty members of CKSVIM in particular, and faculty members of other institutions of Gujarat Technological University (GTU), Ahmedabad, in general, who are pursuing Ph.D Research or intend to pursue Ph.D Research.

Those of our teachers at CKSVIM who are pursuing their Ph.D Research under GTU, have been motivated to submit proposal to AICTE under the scheme of 'Career Award for Young Teachers' so that they may receive financial assistance to pursue their Ph. D Research.

The Mission and Objectives of the PhD Research Centre are:

Mission

- To promote 'Research Activities' at SMJV's CKSVIM, Gujarat Technological University and in other Institutions in the State of Gujarat and India.
- To promote Research Environment in CKSVIM capable of sustaining all kinds of research activities needed for the generation and dissemination of newer knowledge on a long-term sustainable basis.

Objectives

The specific objectives of the Research Centre therefore are :

- To encourage teachers and independent researchers to get into the habit of reading research journals to acquire current knowledge of the outcomes of the 'research studies' conducted by the Researchers and reported in these journals.
- To make them aware of the whole 'Process of Researches' of different kinds which can be undertaken by any Researcher and to motivate him/her to conduct 'Researches-studies' independently or as a member of the Research Team.
- To train the teachers and researchers in drawing inferences from the Research Studies reported in Research Journals / Magazines, Websites and to carry out the 'Concept – mapping' of the research findings to identify the 'gaps' in the Current Studies to enable them to design and conduct research studies with a view to bridging the 'research-gap' thereby adding new knowledge in the field of Research.
- To train the teachers and researchers in the design of Samples, Questionnaire to be used for collecting field data and to integrate them with the tools of Statistical analysis for drawing inferences and for fulfilling the objectives of Research Studies.
- To inspire the teachers and researchers for writing Research Papers and to get the same published in the 'referred- journals' of repute.
- To enable our teachers and researchers to undertake and complete their Ph.D Research and to earn their Doctorate in Management.
- To support and promote the publication of Research Journal of the Institute SANKALPA (ISSN 2231 -1904).
- To seek research funding from Government and Non-Government Organizations (NGOs) like GTU, UGC, AICTE, Ministry of Education, Government of India, Government of Gujarat; multi-lateral agencies like United Nations and others.
- To collaborate with and to seek co-operation from other research and educational institutions of India and abroad with a view to promoting Research activities among 'Teacher-researchers' as well as independent researchers.

The Centre is planning to conduct programmes to pursue its objectives and to fulfill its Mission and to realize its Vision.

June, 2013

Dr. Satendra Kumar
Professor and Head
Ph D Research Centre, CKSVIM

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India's Higher Education: Insight, Global Challenges and Need for Quality and Accreditation©

SMJV CENTENARY 1915 - 2015

Dr Rajesh Khajuria, Director, Shri Mahavira Jaina Vidyalaya's C K Shah Vijapurwala Institute of Management, Vadodara. Email: director@cksvim.edu.in

Abstract

India is the only country in the world with two distinctive and unparallel achievements which no other country in the world can perhaps match:

- India never invaded any other country to fight a war or to grab land or political power.
- India gifted three major religions or faiths to the world: Hinduism, Buddhism and Jainism, together followed by about 2.5 billion people spread over Asia.

Diversity, plurality, camaraderie through education and self-empowerment are some of the basic features of India, the largest and peaceful democracy in the world.

Key words : Ancient Universities, Quality, Accreditation, Higher Education

INDIA is well known as a pioneer of Higher Education initiative in the world. India also gave world class universities to the world before some 3,000 years, when there was perhaps not even a single university in rest of the world. In fact many countries of the modern world today including the United States of America (USA) did not even exist, and some others if existed were unknown to rest of the world due to lack of information and connectivity.

Ancient Indian Vishva Vidyalayas (Universities) namely Nalanda University, Takshashila University and Vallabhi University were self-governing educational institutions. These world-class teaching-learning institutions, attracted international scholars like Hiuen Tsang from China at Nalanda University and many other scholars from around the world at Takshashila University in the north-western region of ancient India. Jain as well as Baudhh or Buddhist scholars studied at Vallabhi University in Western Indian State (now called Gujarat), as well as at Nalanda and Takshashila in the Great Country Bharat (now known as INDIA). It is a well-known fact that before about 900 years at Vallabhipur town in Saurashtra region of Gujarat, Jain Acharya Vir Bhadra Suri Maharaj led a large group of Jain Sadhus (monks) to re-write ancient Jain Agamas and scriptures that existed from the time of Bhagwan Mahavir about 2600 years before, or earlier.

These ancient institutions of Higher Education performed very well for about 2200 years during 1,000 B.C. to 1200 A.D. There were about 14 universities or institutions of higher learning inKey ancient India.

TakshaShila University (1000 B.C. to 500 A.D.)

Nalanda University (425 A. D. to 1205 A.D.) - Bihar

Vallabhi University (600 A.D to 1200 A.D.) in Gujarat

How India's lost its Glory!

After 12th century, these universities became extinct specially after the invasion and ruling by Persians and Mughals for about 400 years till first part of 16th Century; followed by the European invaders specially Portuguese, Spanish and English for another 400 years from later half of 16th Century to mid 20th Century.

The diminishing governance at national, institutional and local level, due to outside invasion or any other reasons, saw the closure of these ancient universities, or these were perhaps systematically destroyed along with all their schools, colleges, research centres, physical structures; and their teachers, professors, staff and students either left teaching-learning process and joined agriculture or business, or some were destroyed along with these universities.

Consequently, India's education, both school and higher level, lost its original glory which it had developed through its unique methodology.

India's Magnificent Ancient Education System

Ancient India's educational methodologies were teacher-guiding and learner-centric. For example in Mahabharata epic, Guru Dronacharya did not teach the same courses to all his princely students, called Five (5) Pandava bothers and Hundred (100) Kaurava, their cousins. Each student was judged for his unique ability (applied rubrics) and then offered some specific courses, like Arjuna was taught Archery and Bhima was taught Gada-Yudhhh both of whom became top practitioners in their respective knowledge and skills. There was no university to offer compulsory courses and defined Degrees and Diplomas, no external examination, no question-paper setting, no en-mass examination with the same questions, and no mass answer-sheet checking unlike today's university system.

And still, each one of the students excelled in one field of education and one skill, while appreciating differences in education, skills and lives of other students and people. Every student found a meaningful employment, profession or business that led him or her to live a meaningful life through virtues of strong character, fair dealing and warm relationships, developed on the foundations of trust and truth.

Influence of Mahavira and Buddha

Then came saints like Mahavira and Buddha, who added the virtue of non-violence and peace to the lives of people of India and thus came to be worshipped as Gods. Buddha's teachings later spread to the Eastern world of Nepal, China and Japan. For the world, torn in many parts in different countries on the factions of religions, castes, power, finances or economic strata, time has come to take a re-look to the teachings and values of developing strong character, self-governance and achieving progress through virtues of trust, non-violence and peace.

Gandhian Philosophy

There is yet another set of reasons behind the philosophy of self-governance of our educational institutions.

Mohandas Karamchand Gandhi, a Gujarati lawyer turned patriot who spearheaded 'Free India' Non-violent Movement for almost first half of 20th Century, and inspired and involved everyone of half a billion Indians that led to the collective victory of India over British Raj on 15th August 1947, terming him as Mahatma Gandhi. The freedom of India did not come due to set systems or prescribed Laws or given education system, procedures and documentation. The freedom came due to breaking of the then Government system, rules and regulations in a vocal, non-violent and peaceful manner, emphasising our rights, duties and responsibilities as self-governing nation.

I believe, Gandhian philosophy can and should be applied to devise a system of self-governance in Higher Education as well as industries and businesses in India, and the world will follow this new system. A lot of research is required to do so.

What Progress Free-India has achieved in Higher Education Today?

Take a look at the growth of Higher Education in India during last 60 years, since India became an Independent Nation on 15th August 1947.

The number of universities has increased from 30 in 1950-51 to 634 in December 2011. The number of Colleges rose by higher pace from 695 in 1950-51 to 33,023 in 2010-11. But Total Number of Students Enrolment increased by a even higher rate from 3,97,000 in 1950-51 to 16.975 million. This included girls or female students' enrolment from 43,000 to 7.049 million in 2010-11 (Please see Figure 1 and 2)

Figure 1

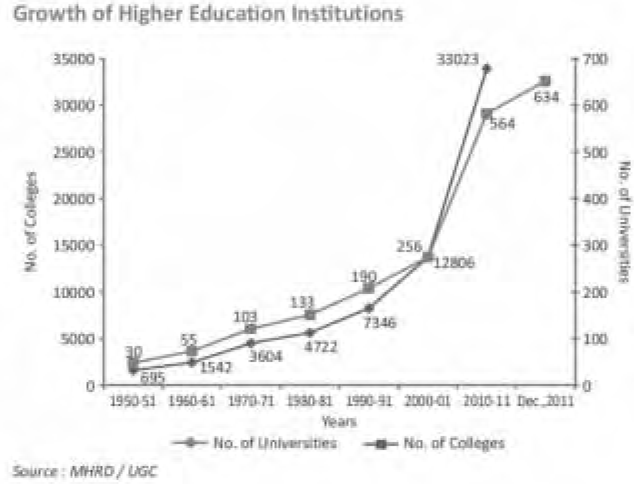
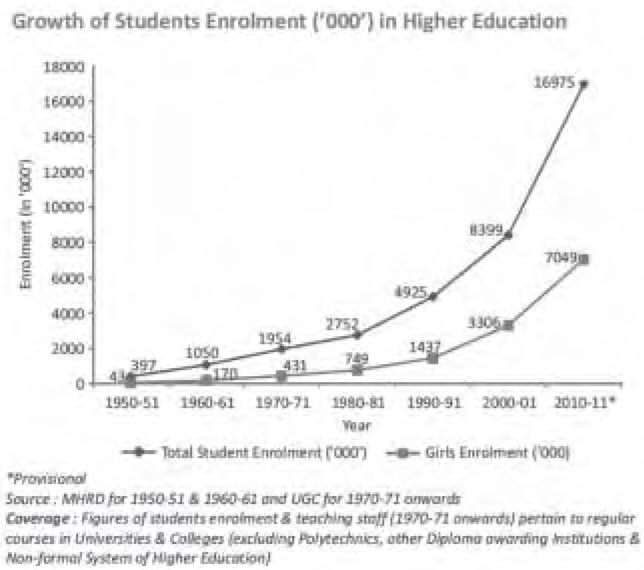


Figure 2



Source: UGC Brochure: Higher Education in India, 21.03.2012

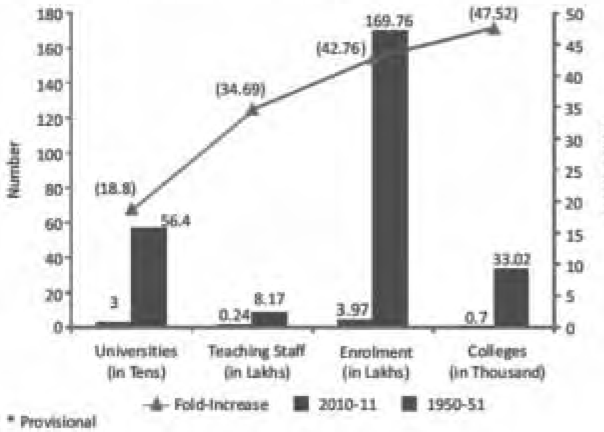
About 85% of these colleges are set up by Private Sector entrepreneurs as Non-Government Organizations (NGO), many of whom have hidden profit motive. This has led to the menace of capitation fee or forced donations from students who wish to study in these private/ self financed institutions or colleges. There are of course some exceptional institutions which function ethically and admit students strictly on merit basis. Thanks to their promoters who genuinely wish to serve the next generation of children and young students as a part of their passion for nation building.

The quality of education in many institutions, both private and public, leaves much to be desired. And this is one of the key challenges of Higher Education in India.

Second dimension of our Higher Education is: many-fold rise in the number of Universities, Colleges, Students' Enrolments and Teachers over last 60 years in the Higher Education India. (Please see Figure 3).

Figure 3

Growth of Higher Education : Universities/Colleges/Students enrolment/Teaching Staff : 1950-51 – 2010-11*



Source: UGC Brochure: Higher Education in India, 21.03.2012

While number of universities have increased by little over 18 fold, the number of colleges have risen by over 47 times, and number of students' enrolment by over 42 times, the corresponding number of teachers have increased by only 34 times, thus putting tremendous pressure on teachers to admit, teach and examine ever increasing number of students.

A woefully smaller number of universities and teachers in India face the brunt of burden of this unprecedented demand and pressure for educating 65% young population of India, when current Gross Enrolment Ratio (GER) which indicated relative share of India's adults studying Higher Education is dreaded low at 15% as per the figures released by The Ministry of Human Resource Development (MHRD), Government of India.

India in Global Education

The third dimension is India's relative share and competitiveness in Higher Education in the world. The OECD Report of March 2012, one of the authentic global sources, puts India's relative share in Higher Education in the world at 11% in the year 2010, which is projected to rise marginally to only 12% by the year 2020. In contract, China's Higher Education share is set to rise from 18% (1.8 times that of India) in the year 2010 to a whopping 29% by 2020. China's Higher Education share in the world is expected to surpass India's share by more than twice (2.4 times) by the end of current decade 2010-2020. (Take a look at Figure 4, 5 and 6).

Figure 4

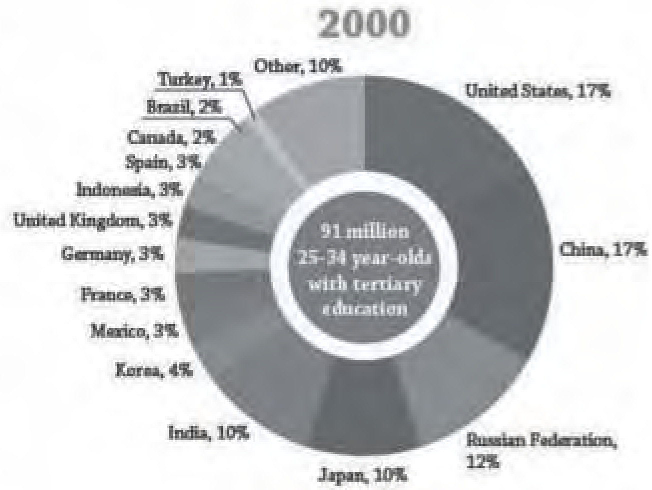


Figure 5

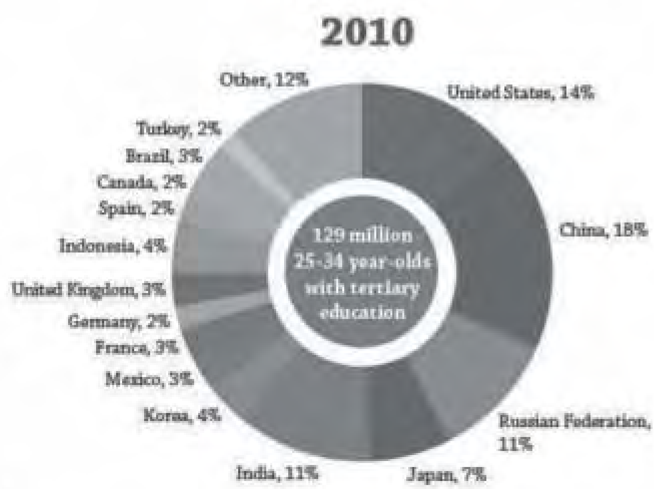
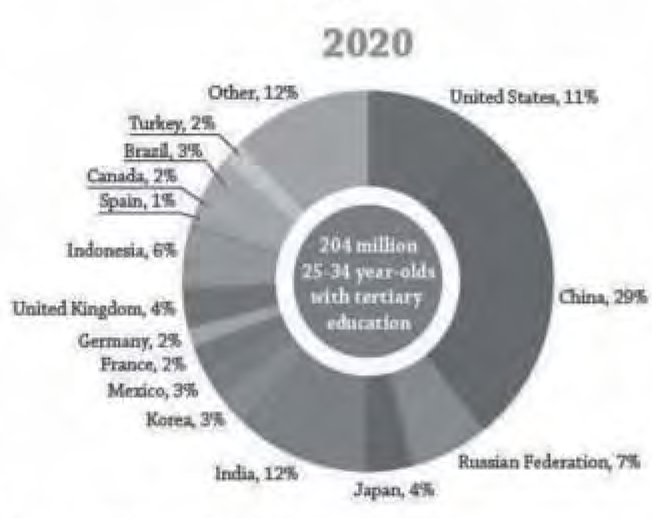


Figure 6



Source: OECD Report, March 2012 (Figure 4, 5 and 6)

Regulatory Framework of Higher Education in India

India has a multiple-system of governing Higher Education in the country, working under the Ministry of Human Resource Development (MHRD), Government of India. Higher Education universities are governed by the University Grants Commission (UGC), while Technical and Professional education institutions are governed by All India Council for Technical Education (AICTE). Medical education is governed by Medical Council of India (MCI), Pharmaceutical education by Pharmacy Council of India (PCI), Nursing education by Nursing Council of India (NCI) and Teachers education by National Council for Teachers Education (NCTE). Most of these governing councils are located in New Delhi, with the exception of NCI and NCTE in Bhopal, thus making it difficult to effectively regulate over 33,000 colleges spread all over India.

Quality of Higher Education

Quality of a university or academic institution is essentially about the manner in which it conducts its education process using its physical and virtual infrastructure, as determined through accreditation. A National Accreditation process not only enables the universities' and academic institutions' focus on their Mission, Objectives and Core Competencies, it also enables them to improve their process of teaching-learning, research, extension and even consulting.

A step ahead, an International Accreditation process compares the national institution at an international level and exerts pressure on the national institution to develop global processes, rubrics, learning outcomes and so on, which might result into the university or institution getting better ranking in the country and world-wide. For example, Accreditation Council for Business Schools & Programs (ACBSP)-USA, Association to Advance Collegiate Schools of Business (AACSB-USA), and Association of MBAs (AMBA-UK) are some of the International Accreditation Councils for Management (MBA, PGDM) programs. There are a few others too.

India has currently only two Accreditation Councils set up by Government. National Assessment & Accreditation Council (NAAC), Bangalore, set up by UGC, and the National Board for Accreditation (NBA), New Delhi, set up by the AICTE.

While NAAC awards grades to institutions (universities and colleges) through a set process of accreditation, NBA gives grades to individual programs of studies conducted by the institutions of technical education in India offering courses in the areas of Engineering & Technology, Pharmacy, Management, Computer Application, and Performing Arts.

Although NAAC and NBA are doing commendable job of accrediting universities and higher education institutions respectively in India, the current rules and processes do not sufficiently encourage our institutions to go for accreditation. Lack of willpower, limited teaching staff and resources, and higher cost of accreditation are other reasons. Yet, we hear the whispers of sycophancy and/or corruption in the approval of private colleges as well as their accreditation process somewhere sometime.

Consequently, hardly 1/10th of the universities and academic institutions are accredited in India.

The scenario may be similar in most developing countries and comparable in some developed nations, albeit in varying degrees.

Conclusion

Under the circumstances, there is a huge scope for strengthening the existing Accreditation Councils, as well as setting up new Accreditation Councils to cater to different needs of educational institutions in the country. There is also a need to 'Go Global', or set up International Accreditation Councils in India to accredit not only Indian but also foreign or Global universities and educational institutions with Indian System of Education tailored to suit modern, Global education that helps universities and institutions come to India, and develop Global Citizens in India as also their own nations, such that these Global Citizens of New World are Educated, Ethical and Entrepreneurial in their thoughts, words and actions. Such young men and women cooperate, collaborate, co-invent and co-create new products, services and opportunities to serve 7 billion people, unheard of today.

Then, I shall be satisfied that the new world order is evolving in 21^{st} century that should work well for at least the current 3^{rd} millennium.

© *Author* ***Dr Rajesh Khajuria*** *is Director of Shri Mahavira Jaina Vidyalaya's C K Shah Vijapurwala Institute of Management, Vadodara (Gujarat, INDIA), Honorary Chairman of Global MBA Program, Gujarat Technological University (GTU) Ahmedabad, Founder Member of National Advisory Board, Higher Education Forum, Mumbai and Chairman, HEF-Gujarat Chapter, Member of CII Western Region Sub-committee on Skill Development and Higher Education (for Gujarat, Maharashtra, Madhya Pradesh and Goa), National Council Member, ISTD- Vadodara Chapter and CEO of TEAM Projects & Consultants, his own consulting firm set up in 1983. Visit www.cksvim.edu. in and www.TeamPro.org for details.* *The author thanks* ***Mr. Ankit Shah****, Asst. Professor (Marketing and TPO) at CKSVIM, Vadodara for assisting in secondary data research.*

Transforming Universities through Educational Management

SMJV CENTENARY
1915 - 2015

Dr. Kamlesh P. Joshipura, Vice Chancellor, Indian Institute of Teacher Education, Gandhinagar; Former Vice Chancellor (2005-11), Saurashtra University; Faculty, Department of Law, Saurashtra University, Rajkot.

Abstract

With internationalization of education per se, and the quest for quality, each and every process of education is under deep scrutiny to ensure that the international benchmarks of quality are observed to perfection. The reason why Educational Management is assuming such a centrality is that the quality of education and excellence of an institution can be translated into reality only through expert educational management.

Key Words: Higher education, Educational management, Governance, Paradigm shift .

Introduction

With internationalization of education per se, and the quest for quality, each and every process of education is under deep scrutiny to ensure that the international benchmarks of quality are observed to perfection. Educational institutions which strive for this have come to believe that while establishing new and effective mechanisms are required, managing the institution as per the vision and mission of the founders of the particular institution is the key. Hence, institutions of international acclaim and repute are those that are managed with exemplary leadership and exquisite efficacy. In the recent times, there is a growing awareness that Educational Management is profoundly pivotal to the quest for quality and excellence in the domain of education.

Universities remain one of the most under-managed organizations in our society. The governance structures are archaic and have not changed with changing environment to meet the expectations of its various stakeholders. While most other organizations in society have adapted themselves in terms of organizational design, mechanisms for conducting their business and motivating people, use of technology to bring effectiveness in operations etc., universities have not changed much. Hard rules that were framed for a past era still dominate rather than soft-processes and collegial consensus making. All of these have led to centralization of decision-making and low involvement of faculty and students in most policy decisions affecting academics. These may have been the direct outcomes of low autonomy as well as low management skills amongst administrators at these institutions. There is an urgent need to improve governance by developing expertise in "educational management" and avoid burdening good academics with administrative chores. One way to go about this is to encourage universities to start programmes in management of educational institutions. A separation between academic administration and overall management (including fund-raising) may be desirable. In this context it will be Report of 'The Committee to Advise on Renovation and Rejuvenation of Higher Education' necessary for many state governments to abandon the trend of appointing of civil servants as university administrators. In general, the Governance structure of centrally funded institutions, such as the Central Universities, IITs, NITs, IIITs, IISERs etc., are relatively more autonomous than the state funded institutions. Even among state institutions, National Law Universities enjoy high levels of autonomy as compared to other state universities. The governance structure and autonomy of the IIMs are one step ahead of the IITs, which, in turn, were beyond the traditional universities. This progression needs to be continued. Any change in the governance structures of a university should be aimed at achieving more autonomy for it. In academic matters, the teacher should have complete autonomy to frame her/his course and the way she/he would like to assess her/his students. This autonomy should also be available to the students who should be allowed to take courses of their choice in a relaxed manner from different universities and then be awarded a degree on the basis of the credits they have earned.[1]

The university has also been regarded as the trustee of the humanist traditions of the world and it constantly endeavors to fulfill its mission by attaining universal knowledge, which can be done only by transcending geographical, cultural and political boundaries. By doing so, it affirms the need for all cultures to know each other and keeps alive the possibilities of dialogue among them. It is also important to remember that the university aims to develop a scholarly and scientific outlook. This outlook involves the ability to set aside special interests for the sake of impartial analysis.[2]

Relevance of Educational Management in today's era

Unlike the preceding ages when institutions believed that recruitment of faculty and infrastructure is all that is needed, today the scenario has changed in a fundamental way. In contemporary era, each and every process, be it admission, enrolment, mark-sheet or feedback, every aspect has an impact on the quality of education imparted. Therefore, Educational Management has emerged as the comprehensive philosophy of ensuring quality in every process in order to render quality an all-pervasive phenomenon. Previously, anyone and everyone with a handful of common sense and resourcefulness was fit to run an educational institution but today there are specialized training programs to train the individual aspiring to undertake Educational Management. In sync with this, even institutions today expect that the person stepping into the role of managing the organization should possess proven skills and expertise of Educational Management.

The management model for higher-education institutions must take account of their function as observers and consciousness-raisers. Institutions must place their intellectual resources and independence of thought at the service of harmonious and sustainable human development. Their observer function consists in drawing attention in their own particular environment and in the external environment to situations- with their different economic, cultural, social, political, scientific, technological and ethical components- in which the 'true' and the 'just' are being flouted. Their consciousness-raising function consists in anticipating the consequences of such situations, predicting the main trends affecting the future of society and imagining which scenarios are most likely to help to improve development. 'Higher education must strengthen its capacity to perform a critical analysis, to anticipate and to have a prospective vision. It must do so in order to prepare alternate development proposals and face the emerging problems of a reality undergoing a process of continuous and rapid transformation, in a long term horizon'.

The way-forward

What is increasingly needed by higher-education institutions is therefore a model for forward management: there is a need for forward management of tasks in the face of an ever more rapidly changing world; for forward management of training structures in order to meet the compelling requirements of life-long education and the necessity for a more regional and international vision; for forward management of research structures in the light of the necessity for more interdisciplinary research in networked teams; for forward management of entry and departure flows with an eye to more relevant and higher-quality training; for forward management of financial, material and human resources in order to carry out tasks and respond to trends in a better way; for forward management of sub-cultures inside and outside the institution so as to create an innovation-oriented culture serving the construction of harmonious and sustainable human development. [3]

The term Governance indicates the formal and informal mechanism which may allow higher education institution to make decisions and take appropriate action and it also includes external governors which refer to relations between individual institution and their regulatory authority. Internal governors mean authority within the particular institution. The major aspects of governors includes academic freedom, financial soundness, transparent selection procedure, clarity about the accountability, periodical testing of standards and participative personal management system.

Higher education institutions inevitably reflect the societies in which they operate. When a country suffers from deep rifts, these will be present on the campus. Undemocratic countries are unlikely to encourage shared governance in higher education. A society in which corruption is prevalent cannot expect its higher education institutions to be untainted. In other words, external factors easily overwhelm institutional efforts to promote change and are, of course, especially difficult to change. For many of the countries in the developing world, political leaders at the start of independence exhibited little understanding and sometimes little sympathy for the needs of university education. However, after independence and still today, most problems faced by developing countries were believed to require some degree of government guidance and supervision. Higher education was no exception, leading to policymakers, with little sympathy to its needs, managing it in the same way they managed roads, the army, or customs. The failure to recognize the importance of taking the long-term view undermined the higher education sector's performance and inhibited the development of governance traditions. The proliferation of new institutions in most developing countries has now diluted whatever useful traditions existed and also created shortages of qualified personnel. [4]

Educational Management and performance

The reason why Educational Management is assuming such a centrality is that the quality of education and excellence of an institution can be translated into reality only through expert educational management. It is particularly annoying to see when an institution has everything-teachers, infrastructure, funds and students and yet it is faring badly in terms of the professionalism in the teachers and the staff, the maintenance of infrastructure and student quality. It is this dichotomy that requires being resolved by way of ensuring effective educational management. As against this, it is heartening to see that institutions with scarce resources have produced astonishing results through the extraordinary educational management.

In the knowledge base economy universities justify their expenditure of public money by claiming it as a national investment. But at the same time any kind of investment implies a rate of return to be measured and reported. Although university is a non-profit organization, yet its contribution may be measured. Several intangible contributions like values and attitudes are not directly measurable. But indirect measures, like productivity, crime rates, and peace may be used. In case of technical education, value-added to income generating capacity of students may be used. Rank may be assigned at national and global level on the basis of its contribution to knowledge via research.

Higher education is facing increasingly formidable challenges. It will have to demonstrate great imagination, creativity, intelligence and determination in its management and financing. It must also develop suitable capability in the planning and analysis of policies and strategies, based on partnership between higher-education institutions, government and national planning and co-ordination bodies. The main purpose of management must be to act as an instrument for improving the relevance and quality of institutions and systems. While higher-education institutions must develop an entrepreneurial culture, they are still not businesses and they cannot operate on the same basis as businesses. The criteria of business effectiveness is mainly economic or, more precisely, financial. The criteria of universal higher education is different: human and financial resources have an essentially social, and therefore external, purpose. Universality must therefore be governed by criteria of social relevance, service quality and equity, thus vindicating the principle that, while institutional and financial diversification is necessary, public support for higher education remains essential. Whilst retaining responsible and accountable autonomy, higher-education institutions cannot operate in a vacuum and shut themselves up in an ivory tower; they are closely linked to local, national, regional and international institutions required to determine development policies. They must defend policies which focus on forms of sustainable human development which are of general benefit.[6]

Conclusion

For a country like India, it is indeed a paradigm shift from scarce resources to sufficient resources and infrastructure in educational institutions. But the paradigm shift in quality is yet to take place. It would be unfortunate if we fail to utilize this opportunity of transformation of education and continue to lag behind in key areas of quality in education. Today, there is no other distinction left. There is and will be only one distinction that will separate average institutions from extraordinary-educational management. Those institutions that will be managed excellently will be rendered world class and those that will not be managed equally well will remain in the previous century. The hallowed ideal of the quality of education will remain elusive if we do not recognize the significance of educational management and dedicate ourselves to imparting the centrality it deserves.

Education is the building of the powers of the human mind and spirit. It is formation or, as I would prefer to view it, the evoking of knowledge and will, and of the power to use knowledge, character, culture - that as least if no more. There are three things which have to be taken into account in a true and living education: the man, the individual in his commonness and in his uniqueness; the nation or people; and universal humanity. It follows that alone will be a true and living education which helps to bring to full advantage, makes ready for the full purpose and scope of human life all that is in the individual man, and which at the same time helps him to enter into his right relation with the life, mind and soul of humanity of which he himself is a unit and his people or nation a living, a separate, and yet inseparable members.[7]

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Right to Education: Government Proposes India Inc. Disposes

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If you are planning for a year, sow rice;
if you are planning for a decade plant trees;
if you are planning for' a lifetime, educate people'. - Chinese proverb

Abstract

In the ever-changing world we find ourselves fumbling over the issue as to how to combat the challenges put forth by such changes. In our battle with the changes, fast changes and changes that take place at the speed of thought we find answer in information and knowledge. However, to reach this level of getting the information and processing the same for gained knowledge the mankind has to prepare itself to become eligible as the information processor which is possible only through 'education'. In this connection the Indian government has realized the importance of educated citizens for various purposes viz., for the growth of GDP, to provide educated young employees and customers for the corporate world and the educated youth to bring in socio-economic and legal changes. On the other hand the corporate world has realized the importance of education to get better and educated employees to innovate creative products and customers who can appreciate the innovative products launched by them periodically. Hence, to tap the potential of corporate world to educate the youth and future generation, government has made an attempt in the form of the Companies Bill, 2012, passed by LokSabha on 19.12.2012, to bring in the education under the ambit of mandatory CSR activities of the companies under Schedule VII clause (ii) (See Annexure II).

Introduction

Illiteracy and poverty are said to have connection with each other. Depriving a person of educational opportunity, may be because of poverty, is the infringement of his human right as education is seen as a source of freedom and empowerment. In their endeavour to provide education to all, United Nations and UNESCO lay down international legal obligations for the state governments to fulfil for the right to education for all. In one of the interviews with Mishal Husain of Wide Angle, Nobel Laureate Prof. Amartya Sen stated 'Nothing really is as important in the world as getting children to school, especially female children.' This reflects the conviction that Education is a powerful tool by which economically and socially marginalized adults and children can lift themselves out of poverty and participate fully as citizens guarantying inclusive economic growth.

First historical account of Right to Education

The problem of Right to Education has its roots in the history. In 1870, when England passed a legislation to make education free and compulsory, in India the princely state of Baroda alongwith other princely states introduced the legislation to make education compulsory in 1893 (Saiyidaineds., 1966) for boys in Amreli Taluk and later extended it to rest of the state in 1906. The first Law on Compulsory Education, popularly known as Patel Act, was passed due to the initiatives of Sh. Vithalbhai Patel. These facts underline the important contribution of Gujarat and Gujaratis in the right to education.

Law in India and Right to Education

Fundamental rights under Constitution of India- Part III state amongst others right to education and right against exploitation which prohibits all forms of forced labour, child labour and traffic in human being. Right of education was shifted from Part IV to Part III i.e. from directive principles to fundamental rights. The 86th amendment of the Constitution Act in 2002 made it the responsibility of the state to provide free and compulsory education for all children of the age of six to fourteen years. Whereas Article-45 put the onus on the state to provide early childhood care and education for all children until they complete the age of six years. However under Article 51-A it was left to a parent or Guardian to provide opportunities for education to his child/ ward between age of six and fourteen years. Article 24 is a prohibitory one wherein the employment of child below the age of fourteen is prohibited to work in any factory or mine or engaged in hazardous employment. Article 39 is a protective one that guarantees that childhood and youth are protected against exploitation and against moral and material abandonment. Right to Education Act, 2009 reinforces every child's right between the age of six and fourteen to free and compulsory education in a neighbourhood school and it is the duty of appropriate government to ensure compulsory admission, attendance and completion of elementary education by such child under section 8 (f). The prohibitory provisions under section 16 of the Act state about not to held back in any class or expel from school till the completion of elementary education. The said Right to Education

Act, 2009 also provides for 25 percent reservation for economically disadvantaged communities in admission to Class One in all private schools.

Child labour and Companies

The foregoing discussion leads us to understand the requisition of such legislation and the difficulties that we face to implement such legislations. Children under fourteen constitute around 3.6% of the total labor force in India. Of these children, nine out of every ten work in their own rural family settings. Nearly 85% are engaged in traditional agricultural activities. Less than 9% work in manufacturing, services and repairs. Only about 0.8% work in factories.14 Gallego's study (2006) showed that in the annual reports of many companies child labour is a matter of human right activity alongwith forced and compulsory labour. Companies in certain industries attract child labour in lieu of adults without a sense that it ruins the future of the country in a bid to get cheap labour. State legislation is unable to crack whip on those who employ child labour, viz., tea-stalls, hotels, textile units, carpet industry, cotton fields, chemical and crackers factory, etc. where we can see many 'chhotoos' soiling and are in urgent need to address their issues of right to education and unexploitative practices. At times these employments are dangerous enough to lend the child labour in the death trap. No theory of eliminating child labour is sufficient to explain the ways and means to eradicate child labour hundred percent. However, the prerequisite for the realization of right to education to children is to eliminate the child labour completely as the learning outcomes in child workers is lower than the one who do not work. Therefore, the issue can be resolved only at the hands of companies and their socially responsible attitude that can eliminate child from their labour constituent by conducting self-social-audit ethically. This will lead children towards education to make their future brighter by eliminating poverty and empowering them. Eradication of child labour will have direct impact on the image of the company as the foreign companies, especially from European Union, now imposed or threatened to impose trade sanctions and restrict the sale of goods from developing countries (Edmonds, 2002) for using child labour.

Corporate Law Amendments to Bring in Social Responsibility

Such stepwise initiatives by Government of India providing right to education has been in the direction of bringing in the social equality, empowerment and against exploitation. However, the socialist fabric of Indian constitution has been complemented with bringing in the legal amendments in corporate legislations.

• **Corporate governance and CSR:** These initiatives started with the introduction of Corporate Governance initiatives by introducing Cl. 49 of the listing agreement in the year 2000where the precincts were based on transparency in disclosure and ethical behavior in dealings of corporate affairs. The evolutionary period of Corporate Governance in India showed that the non-mandatory compliances were exceptional than the mandatory fulfillment of the letter of the law (Sharma, 2009). It wasn't in the true spirit of corporate governance and it remained as a tick mark approach towards the issue. Of late corporate governance subject was started being seen with the lens of ethical behavior of which corporate social responsibility was one of the inseparable variables. This could be revealed from the fact that the corporate social responsibility statements of some of the companies a decade back during 2001-2002 stated about safety and environment, energy conservation, environment policy, detailed reporting on social welfare/ security and environment development/ environment protection initiatives, welfare of weaker section of society and earthquake relief (Sharma, 2009). However, there was hardly any mention of CSR initiative towards education. During the FY2007-08 and 2008-09 approx. 22 per cent companies started showing in their annual reports initiatives towards education (Sharma, 2010). The government at the same time was working on various PPP models i.e. public private partnership in various areas and education was being the one of them.

• **Voluntary Guidelines towards education with respect to CSR:** Ministry of Corporate Affairs in the year 2009 pronounced the voluntary guidelines on CSR that state about 'not to employ child labour' at core element No. 3 - Respect for Workers' Rights and Welfare and at core element No. 6-. Activities for Social and Inclusive Development, it states about providing 'education'. Though the core elements were voluntary, the implementation guidelines seemed to be mandatory by guiding the companies to have strategies to implement CSR activities and report the same in the annual reports. This was a preparation for a much bigger event that was yet to come. And that came in the big package of New Companies Bill, 2012 that was passed in the LokSabha on 19th December, 2012. Section 135 (refer Annexure I) has made it mandatory to constitute a Corporate Social Responsibility Committee of the Board with an independent director and a mandate to spend atleast two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its corporate social responsibility. This mandate has been on the line of 'Spend or Explain'. Schedule VII (refer Annexure II) shows activities which may be included by companies in their Corporate Social Responsibility Policies wherein due importance has been given to promotion of education. Once this piece of legislation is passed by the Rajya Sabha and becomes an Act, all the companies will have to initiate the process of CSR and its activities under legislation with transparent disclosure. With this a huge fund is waiting to come into market out of which a huge amount can be utilized for child education fulfilling their right to education. Table 1 shows the three year average profit of 10 companies that are going to be potential top 10 CSR spenders in the FY 2013-14.

Table 1: Potential top 10 CSR spenders in the FY 2013-14 in rupees crores

Profit	3 Year Average Profit	CSR spend during FY2013-14
ONGC	20,271.49	405.43
Reliance Inds	18,853.89	377.08
State Bank of India	9,712.62	194.25
NTPC	9,018.17	180.36
TCS	8,054.83	161.10
Bharti Airtel	7,624.37	152.49
IOCL	7,206.88	144.14
Infosys	6,905.33	138.11
Tata Steel	6,202.97	124.06
BHEL	5,787.27	115.75
Total CSR spend during FY 2013-14	99,637.82	1992.77

Source: BS Research Bureau

Present CSR initiatives of companies in India

Even before mandate of CSR activities the big companies have been known for their CSR activities in education of children that are as under:

1. Presently, a huge sum on primary education is spent under CSR activities by Reliance Industries that has 9 schools with 13,251 students. It also supports Gujarat government's initiated Kanya Kelvani that cater to the need of girl child education.

2. Consumer goods major Hindustan Unilever (HUL) tied up with the Tata Group retail arm Star Bazaar to promote education among the underprivileged children. Five percent of the sales proceeds from consumer will be donated to the Smile Foundation which work in the area of education for the underprivileged children.

3. Aditya Birla group of companies contribute towards creating model villages by providing education to girls, and scholarship to girl child.

4. Under PPP model GSFC alongwith Government of Gujarat runs Akshya Patra scheme to cater to the needs of over 1.3 million children daily in government run schools, a freshly prepared, nutritious mid-day meal.

Conclusion

Right to education that has roots in our history and princely state of Baroda was one of the pioneer in this direction. The issue is as old as it is contemporary. Right to education though became a part of the legislation in the year 2009 the focus already started in the year 2002 in the form of constitutional amendment that made education as a fundamental right by eighty sixth amendment. The government had developed many PPP models as education being one of them. These initiatives started in the form of corporate governance disclosures under ethical practices/ corporate social responsibility. The government's determination to bring in legislation on corporate social responsibility was the cause to start the voluntary guidelines on corporate social responsibility in the year 2009. This prepared India Inc. to have the next phase of CSR activities and that will become possible after the nod of Rajya Sabha during the budget session on the already passed Companies Bill, 2012 by the LokSabha. This piece of legislation will mandate companies to spend 2% of the net profit of previous three years on CSR activities. However, Indian companies have been spending huge money on education but now this will be channelized formally.

Annexure I

135. (1) Every company having net worth of rupees five hundred crore or more, orturnover of rupees one thousand crore or more or a net profit of rupees five crore or moreduring any financial year shall constitute a Corporate Social Responsibility Committee of theBoard consisting of three or more directors, out of which at least one director shall be anindependent director.

(2) The Board's report under sub-section (3) of section 134 shall disclose thecomposition of the Corporate Social Responsibility Committee.

(3) The Corporate Social Responsibility Committee shall,

(a) Formulate and recommend to the Board, a Corporate Social ResponsibilityPolicy which shall indicate the activities to be undertaken by the company asspecified in Schedule VII;

(b) Recommend the amount of expenditure to be incurred on the activities referredto in clause (a); and

(c) Monitor the Corporate Social Responsibility Policy of the company from timeto time.

(4) The Board of every company referred to in sub-section (1) shall,

(a) After taking into account the recommendations made by the Corporate SocialResponsibility Committee, approve the

Corporate Social Responsibility Policy for thecompany and disclose contents of such Policy in its report and also place it on thecompany's website, if any, in such manner as may be prescribed; and

(b) Ensure that the activities as are included in Corporate Social ResponsibilityPolicy of the company are undertaken by the company.

(5) The Board of every company referred to in sub-section (1), shall ensure that thecompany spends, in every financial year, at least two per cent. of the average net profits ofthe company made during the three immediately preceding financial years, in pursuance ofits Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around itwhere it operates, for spending the amount earmarked for Corporate Social Responsibilityactivities:

Provided further that if the company fails to spend such amount, the Board shall, in itsreport made under clause (o) of sub-section (3) of section 134, specify the reasons for notspending the amount.

Explanation.—For the purposes of this section "average net profit" shall be calculated

in accordance with the provisions of section 198.

Annexure II

SCHEDULE VII

(See sections 135)

Activities which may be included by companies in their Corporate SocialResponsibility Policies

Activities relating to:—

(I) Eradicating extreme hunger and poverty;

(ii) Promotion of education;

(iii) Promoting gender equality and empowering women;

(iv) Reducing child mortlity and improving maternal health;

(v) Combating human immunodeficiency virus, acquired immune deficiencysyndrome, malaria and other diseases;

(vi) Ensuring environmental sustainability;

(vii) Employment enhancing vocational skills;

(viii) Social business projects;

(ix) Contribution to the Prime Minister's National Relief Fund or any otherfund set up by the Central Government or the State Governments forsocio-economic development and relief and funds for the welfare of the ScheduledCastes, the Scheduled Tribes, other backward classes, minorities and women; and

(x) Such other matters as may be prescribed.

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Impact of FIIs on Indian stock market

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Abstract

Foreign Institutional Investors are said to be the driver of the market. Those are the one cause behind the rise and fall of Sensex. FII investment trends tell us about many effects that the Indian market is experiencing. There is a lot of discussion in the market about Sensex of BSE but many of us do not talk about other Indices like NSE and BSE's Midcaps and Small caps which are high growth oriented and risky investment avenues. The return provided by them is high as compared to Sensex scrips. FIIs are also interested in investment in these scrips and impact these indices. So, this study has been undertaken in order to find the impact of FII on BSE Midcap, BSE Smallcap along with BSE Sensex and analyze the same.

The study carried out is analytical and empirical in nature in which it explores the relationship between the Inflows of FII and their impact on Indian Stock Market. In this research the Gross Sales and Gross Purchases data have been used to find the relation with the stated indices. The present study has covered foreign investments in form of equity as well as in debt. The time period is limited from April 2005 to March 2012 as it will give an exact impact in both the bullish and bearish trend. The study will provide a very clear picture of the impact of foreign institutional investors on Indian stock indices. It also describes the market trends of FIIs inflow and outflow. The results show that there is a significant relationship between FII Investments, both Equity as well as Debt, with BSE Sensex, Midcap indices, while such a significant relationship exists only with FII Equity Investments in case of Smallcap index.

Key words : FIIs inflow and outflow, BSE Sensex, Midcap Indices, Smallcap indices, Sensitivity Indices.

Introduction

Many developing countries, including India, restricted the flow of foreign capital till the early 1990s and depended on external aid and official development assistance. Later, most of the developing countries opened up their economies by dismantling capital controls with a view to attracting foreign capital, supplementing it with domestic capital to stimulate domestic growth and output. Since then, portfolio flows from foreign institutional investors (FII) have emerged as a major source of capital for emerging market economies (EMEs) such as Brazil, Russia, India, China and South Africa. Besides, the surge in foreign portfolio flows since 1990s can be attributed to greater integration among international financial markets, advancement in information technology and growing interest in EMEs among FIIs such as private equity funds and hedge funds so as to achieve international diversification and reduce the risk in their portfolios.

Economic growth is a function of, among other things, capital formation. As FII flows are a source of non-debt creating capital for the economy, many EMEs have been competing with each other to attract such flows through flexible investment norms/regulations or by offering fiscal sops. Further, FIIs have been assured decent returns on their investments, enabling continuous and sustainable investment flows.

Of late, the Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) have initiated a string of measures like allowing overseas pension funds, mutual funds, investment trusts, asset management companies, banks, institutional portfolio managers, university funds, endowments, foundations or charitable trusts etc. but banning non-resident Indians (NRIs) and overseas corporate bodies (OCBs) from trading as foreign portfolio investors, raising the caps for FII from 24% to 49% of a non-bank company's issued capital subject to sectoral caps / statutory ceiling as applicable, enhancing the individual investment limit from 5% to 10% of issued capital, permitting foreign investors to trade in Government securities and derivatives, easing the norms for FII registration, reducing procedural delays, lowering fees, mandating stricter disclosure norms, improved regulatory standards etc. with a view to improving the scope, coverage and quality of FII flows into India. As a result, India, also supported by her strong economic fundamentals, has become one of the attractive destinations for FII flows in the emerging market space today.

FII flows into India registered substantial growth from a meagre US$4 million in 1992–93 to over US$ 17.92 billion in 2011–12. FII inflows underwent a sea-saw movement in India during the last decade. They registered spectacular growth especially since the middle of 2003 due to the higher growth rate in Indian GDP, robust corporate performance and an investment-friendly environment. Portfolio investment flows into India turned negative (outflow of US$ 12 billion) during 2008–09 mainly due to the heightened risk aversion of foreign investors, emanating from the global financial meltdown.

Ever since foreign portfolio investors were allowed to invest in Indian financial markets in September 1992, there have been extensive deliberations on the impact of such flows. It is said that portfolio flows from FIIs inject global liquidity into the capital markets, raise the price-to-earnings ratios, thereby reducing the cost of capital. This, in turn, leads to further issues of equity capital and stimulates investment growth in the host economy, apart from bringing in best international corporate governance practices. Yet, FIIs have been targets of criticism due to characteristics such as return chasing behavior, herd mentality, hot money flows, short-term speculative gains and their influence on domestic policy-making.

Review of the literature

Several research studies on FII flows to EMEs over the world have highlighted that financial market infrastructure such as the market size, market liquidity, trading costs, extent of information dissemination etc., legal mechanisms relating to property rights etc., harmonization of corporate governance, accounting, listing and other rules with those followed in developed markets, and strengthening of securities markets' enforcement are important determinants of foreign portfolio investments into emerging markets. In this context, some of the research works done in this area are discussed here.

Dr Rajeev K Shukla, Dr Ajit Upadhyaya & Samiksha Jain have covered foreign investments in form of equity from April 2005 to March 2010 and the impact of stock market of the FII's is investigated using correlation analysis. The analysis resulted in finding out that In the Indian stock market FIIs have a disproportionately high level of influence on the market sentiments and price trends.

Dr. Syed Tabassum Sultana & Prof. S Pardhasaradhi (July 2012) made an attempt to study the relationship and impact of FDI & FII on Indian stock market using statistical measures correlation coefficient and multi regression. Sensex and Nifty were considered as the representative of stock market as they are the most popular Indian stock market indices. Based on 11 years data starting from 2001 to 2011, it was found that the flow of FDI & FII was moving in tandem with Sensex and Nifty. The study concludes that flow of FDIs and FIIs in India determines the trend of Indian stock market.

Srikanth, M., & Kishore, B. (March 2012) have examined the causes and effects of FII net flows into Indian financial markets with the support of empirical data for the period April 2003–March 2011, i.e., a time span of eight years, covering the period before, during and after the eruption of the global financial crisis. The results revealed that there was bi-directional causality between net FII inflows and the BSE Sensex— which mutually reinforced each other. Net FII inflows resulted in the accumulation of foreign exchange reserves, thereby enhancing India's image in international financial markets. Interest rates in India propelled FIIs to invest further on account of the positive interest rate differential. The study also found that growth in the Index of Industrial Production improved market sentiment and increased net FII flows into India.

Vohra, P.S., & Sehgal, P., (June 2011) have analysed the trends and patterns of foreign investment, i.e. Foreign Direct Investment (FDI), Foreign Institutional Investment (FII), Foreign Portfolio Investment (FPI) and Global Depository Receipts / American Depositary Receipts during the period 1990 to 2007. The results showed that India has proved itself as the Investment attractive country especially in the service sector, since 1991 foreign money started to come through the various ways whether Foreign Direct Investment, Foreign Portfolio Investment, External Commercial Borrowing and others. All these investments assisted the Indian Economic Growth but only the internal growth not in the external. The Foreign Investment is emphasizing more on the service sector, which provides very less employment opportunity; but Government of India should focus upon the industrial as well as agricultural sector also, which provides ample amount of employment opportunity...was suggested by the authors.

Dr. Gupta, A. (April 2011) examined the relationship between Indian stock market and FIIs investment in India and finds that both, Indian stock market and FIIs influence each other; however, their timing of influence is different. The period of study considered was from 1992 to 2010. The results showed that there has been growing presence of FIIs in Indian stock market evidenced by increase in their net cumulative investments but increased volatility associated with FIIs investments resulting in severe price fluctuations, can't be ignored.

Research methodology and procedures

This section discusses the methods and procedures followed in finding out if there is any significant relationship between Foreign Institutional Investments and Indian Stock Market and assessing the impact of the FIIs on the same. The study carried out is analytical and empirical in nature in which it explores the relationship between the Inflows of FII and their impact on Indian Stock Market. In this research the Gross Sales and Gross Purchases data have been used to find the relation with the stated indices. The present study has covered foreign investments in form of equity as well as in debt. The time period is limited from

April 2005 to March 2012 as it will give an exact impact in both the bullish and bearish trend. The study will provide a very clear picture of the impact of foreign institutional investors on Indian stock indices. It will also describe the market trends of FIIs inflow and outflow. In the present scenario, where both pros and cons of the Foreign Investment i.e. Foreign Institutional Investment are being debated a lot, the present work has a great significance as it studies the contribution of FII equity investment in shaping Indian capital market along with volatility in the stock market indices caused by those Foreign Investments. It provides a base to analyze the impact of these Foreign Investments on the stock market indices and to formulate further policies on these investments for the betterment of the nation.

Objectives of the study

- To know the trends of FIIs inflow and outflow.
- To find the relationship between FII investment pattern in equity as well as debt and BSE Sensex, Midcap and Smallcap indices.

For finding out the relationship between Foreign Institutional Investments and Indian Stock Market and assessing the impact of the FIIs on the same, data from various authentic sources like BSE's website and SEBI's website were collected for the above mentioned period. i.e. April 2005 to March 2012. Various sectorial indices data is also collected from the BSE's website. Various correlation and regression tests are performed to finding out the relationship between FII Investments and the Indian Stock Market. To perform the correlation tests as well as regression tests and to interpret the relation between the FII Investments and Indian Stock Market, IBM SPSS 20 is used.

Data analysis and interpretation

This section is divided in to two parts. The former dealing with the trends of FII inflow/outflow and the latter dealing with the analyzing the relation between FII Investments and the movements of the selected indices.

Trends of FII Investments

Foreign Institutional Investors, who play a significant role in determining the market direction by pooling large sums of money and investing those sums in securities, real property and other investment assets, have always showed interest in India right from the time when India decided to adopt the policy of economic liberalization. The majority share of the FII Investments in India comes in equity form, which can be clearly depicted from the figures given below.

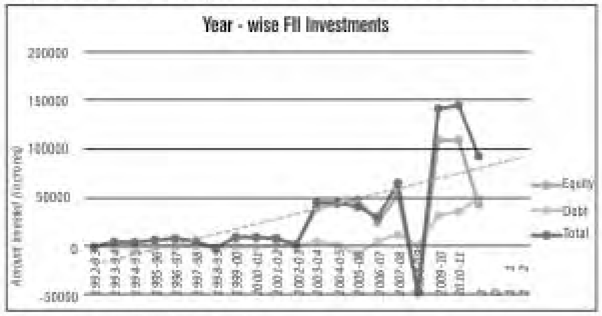
Table 1: FII Investments in each financial year

FII Investment - Financial Year			
	Crores		
Financial Year	**Equity**	**Debt**	**Total**
1992-93	13.4	0	13.4
1993-94	5,126.50	0	5,126.50
1994-95	4,796.30	0	4,796.30
1995-96	6,942.00	0	6,942.00
1996-97	8,545.60	28.9	8,574.50
1997-98	5,267.00	691.05	5,958.05
1998-99	-717.2	-867	-1,584.20
1999-00	9,669.50	452.6	10,122.10
2000-01	10,206.70	-273.3	9,933.40
2001-02	8,072.20	690.4	8,762.60
2002-03	2,527.20	162.1	2,689.30
2003-04	39,959.70	5,805.00	45,764.70
2004-05	44,122.70	1,758.60	45,881.30
2005-06	48,800.50	-7,333.80	41,466.70
2006-07	25,235.70	5,604.70	30,840.40
2007-08	53,403.80	12,775.30	66,179.10
2008-09	-47,706.20	1,895.20	-45,811.00
2009-10	110,220.60	32,437.70	142,658.30
2010-11	110,120.80	36,317.30	146,438.10
2011-12	43,737.60	49,987.90	93,725.50
Total	**488,344.40**	**154019.65**	**701686.05**

(Source : www.bseindia.com)

The investment pattern can be well understood with the help of the Table 1 and the Graph (Figure 1) which also consists of the trend-line of the investments. The dotted line represents the trend line of FII Investments whereas the Blue line represents FII Equity Investments, the Green line represents the FII Debt Investments and the Red line representing the total FII investments. The total FII investments were consistently increasing throughout the period except in the financial year 2008-09 when there was a major global economic recession.

Figure 1: Graph depicting the year wise FII Investments



(Source : www.bseindia.com)

Relationship between FII Investments and Sensitivity indices

To analyze the relationship between FII Investments and sensitivity indices i.e. BSE Sensex, Midcap and Smallcap, the FII Investments are split up into FII Equity Investments and FII Debt Investments. Each of these components are again split up into Gross Purchases and Gross Sales.

The correlation tests conducted on these variables to check the relation between the FII Investments and the respective indices along with the analysis and interpretation of the same is given below.

Relation of FII Equity Investment and the Sensitivity indices

To determine the relation between FII Equity Investment and the sensitivity indices, correlation tests have been performed over the FII Equity Gross Purchases, FII Equity Gross Sales, BSE Sensex, Midcap and Smallcap indices. The null and alternative hypothesis are developed as follows,

H_{10}: There is no correlation between the FII Equity Investments and Sensitivity indices of India.

H_{1a}: There is a significant correlation between the FII Equity Investments and Sensitivity indices of India.

For proving these hypothesis, H1 is further divided into H1.1 & $H_{1.2}$, which are as given below.

$H_{1.1a}$: There is a significant relationship between the FII Equity Gross Purchases and Sensitivity indices of India.

$H_{1.2a}$: There is a significant relationship between the FII Equity Gross Sales and Sensitivity indices of India.

The results of the correlation tests performed on the above stated factors along with the interpretations of the same are given below.

Correlations

Table 2: Correlations between FII Equity and Sensitivity indices.

		FII Equity Gross Purchases	FII Equity Gross Sales	BSE Sensex Close	BSE Mid Cap Close	BSE Small Cap Close
FII Equity Gross Purchases	Pearson Correlation	1	.903**	.762**	.768**	.727**
	Sig.(2-tailed)		.000	.000	.000	.000
	N	84	84	84	84	84
FII Equity Gross Sales	Pearson Correlation	.903**	1	.662**	.667**	.631**
	Sig.(2-tailed)	.000		.000	.000	.000
	N	84	84	84	84	84
BSE Sensex Close	Pearson Correlation	.762**	.662**	1	.924**	.849**
	Sig.(2-tailed)	.000	.000		.000	.000
	N	84	84	84	84	84
BSE MidCap Close	Pearson Correlation	.768**	.667**	.924**	1	.979**
	Sig.(2-tailed)	.000	.000	.000		.000
	N	84	84	84	84	84
BSE SmallCap Close	Pearson Correlation	.727**	.631**	.849**	.979**	1
	Sig.(2-tailed)	.000	.000	.000	.000	
	N	84	84	84	84	84

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

From the results in Table 2, one can observe that the P-values of the test between FII Equity Gross Purchases with each of the three Sensitivity indices, namely BSE Sensex, Midcap and Smallcap are .000 which is less than 0.05. So, we reject the null hypothesis in the favour of alternate hypothesis. This shows that there is a significant relation between the FII Equity Gross Purchases and the Sensitivity indices considered. The degree of correlation between the FII Equity Gross Purchases and each of the three Sensitivity indices, namely BSE Sensex, Midcap and Smallcap are given in the table with the label of 'Pearson Correlation'.

From the results one can observe that the P-values of the test between FII Equity Gross Sales with each of the three Sensitivity indices, namely BSE Sensex, Midcap and Smallcap are .000 which is less than 0.05. So, we reject the null hypothesis in the favour of alternate hypothesis. This shows that there is a significant relation between the FII Equity Gross Sales and the Sensitivity indices considered. The degree of correlation between the FII Equity Gross Sales and each of the three Sensitivity indices, namely BSE Sensex, Midcap and Smallcap are given in the table with the label of 'Pearson Correlation'. Thus we can conclude that there is a significant relationship between FII Equity Investments and the three Sensitivity indices, namely BSE Sensex, Midcap and Smallcap. The same can be verified using the interpretation given by SPSS.

Relation of FII Debt Investment and the Sensitivity indices

To determine the relation between FII Debt Investment and the sensitivity indices, correlation tests have been performed over the FII Debt Gross Purchases, FII Debt Gross Sales, BSE Sensex, Midcap and Smallcap indices. The null and alternative hypothesis are developed as follows,

H_{20}: There is no correlation between the FII Debt Investments and Sensitivity indices of India.

H_{2a}: There is a significant correlation between the FII Debt Investments and Sensitivity indices of India.

For proving these hypothesis, H_2 is further divided into $H_{2.1}$ & $H_{2.2}$, which are as given below.

$H_{2.1a}$: There is a significant relationship between the FII Debt Gross Purchases and Sensitivity indices of India.

$H_{2.2a}$: There is a significant relationship between the FII Debt Gross Sales and Sensitivity indices of India.

The results of the correlation tests performed on the above stated factors along with the interpretations of the same are given in Table 3.

Correlations

Table 3: Correlations between FII Debt and Sensitivity indices.

		FII Debt Gross Purchases	FII Debt Gross Sales	BSE Sensex Close	BSE MidCap Close	BSE SmallCap Close
FII Debt Gross Purchases	Pearson Correlation	1	.905**	.575**	.339**	.252*
	Sig.(2-tailed)		.000	.000	.002	.021
	N	84	84	84	84	84
FII Debt Gross Sales	Pearson Correlation	.905**	1	.563**	.315**	.224*
	Sig.(2-tailed)	.000		.000	.004	.041
	N	84	84	84	84	84
BSE Sensex Close	Pearson Correlation	.575**	.563**	1	.924**	.849**
	Sig.(2-tailed)	.000	.000		.000	.000
	N	84	84	84	84	84
BSE MidCap Close	Pearson Correlation	.339**	.315**	.924**	1	.979**
	Sig.(2-tailed)	.002	.004	.000		.000
	N	84	84	84	84	84
BSE SmallCap Close	Pearson Correlation	.252*	224*	.849**	.979**	1
	Sig.(2-tailed)	.021	.041	.000	.000	
	N	84	84	84	84	84

**Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed)

From the results in Table 3, one can observe that the P-values of the test between FII Debt Gross Purchases with each of the three Sensitivity indices, namely BSE Sensex and Midcap are less than 0.05. So, we reject the null hypothesis in the favour of alternate hypothesis in this case. Since the P-values of the test between FII Debt Gross Purchases with Smallcap is more than 0.05, we fail to reject the null hypothesis in the favour of alternate hypothesis in this case. This shows that there is a significant relation between the FII Debt Gross Purchases and the Sensitivity indices BSE Sensex and Midcap only. The degree of correlation between the FII Debt Gross Purchases and each of the three Sensitivity indices, namely BSE Sensex and Midcap are given in the table with the label of 'Pearson Correlation'.

From the results one can observe that the P-values of the test between FII Debt Gross Sales with each of the three Sensitivity indices, namely BSE Sensex and Midcap are less than 0.05. So, we reject the null hypothesis in the favour of alternate hypothesis. Since the P-values of the test between FII Debt Gross Sales with Smallcap is more than 0.05, we fail to reject the null hypothesis in the favor of alternate hypothesis. This shows that there is a significant relation between the FII Debt Gross Sales and the Sensitivity indices BSE Sensex and Midcap only. The degree of correlation between the FII Debt Gross Sales and each of the three Sensitivity indices, namely BSE Sensex and Midcap are given in the table with the label of 'Pearson Correlation'.

Thus we can conclude that there is a significant relationship between FII Debt Investments and the Sensitivity indices, namely BSE Sensex and Midcap. The same can be verified using the interpretation given by SPSS.

Regression equation for Sensitivity indices with respect to FII Investments

In statistics, regression analysis includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. More specifically, regression analysis helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. Most commonly, regression analysis estimates the conditional expectation of the dependent variable given the independent variable- that is, the average value of the dependent variable when the independent variables are held fixed. Less commonly, the focus is on a quantile, or other location parameter of the conditional distribution of the dependent variable given the independent variables. In all cases, the estimation target is a function of the independent variables called the regression function. In regression analysis, it is also of interest to characterize the variation of the dependent variable around the regression function, which can be described by a probability distribution.

Regression equation of BSE Sensex with respect to FII

From the results of the correlation tests we obtained, we found out that the BSE Sensex is related to FII Equity Gross Purchases, FII Equity Gross Sales, FII Debt Gross Purchases and FII Debt Gross Sales. Based on these results, a regression equation estimating the closing value of the BSE Sensex for each month is generated. This equation considers FII Equity Gross Purchases, FII Equity Gross Sales, FII Debt Gross Purchases and FII Debt Gross Sales as independent variables. The results of the tests along with the analysis of the same are given below.

Table 4: Model Summary of the Regression Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.881[a]	.776	.764	1855.47019

a. Predictors: (Constant), FII Debt Gross Sales, FII Equity Gross Sales, FII Equity Gross Purchases, FII Debt Gross Purchases

Table 5: ANOVA analysis of the regression equation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	940662719.376	4	235165679.844	68.307	.000[b]
	Residual	271978801.721	79	3442769.642		
	Total	1212641521.097	83			

a. Dependent Variable: BSE Sensex Close

b. Predictors: (Constant), FII Debt Gross Sales, FII Equity Gross Sales, FII Equity Gross Purchases, FII Debt Gross Purchases

Table 6: Coefficient values of the regression equation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6220.427	577.943		10.763	.000
	FII Equity Gross Purchases	.139	.024	.739	5.868	.000
	FII Equity Gross Sales	-.014	.024	-.070	-.563	.575
	FII Debt Gross Purchases	.057	.051	.143	1.128	.263
	FII Debt Gross Sales	-.159	.064	.313	2.489	.015

a. Dependent Variable: BSE Sensex Close

From the above results, the regression equation of the estimated BSE Sensex value based on FII Equity Gross Purchases, FII Equity Gross Sales, FII Debt Gross Purchases and FII Debt Gross Sales is given as:

BSE Sensex = 6220.427 + .139(FII Equity Gross Purchases) + -.014(FII Equity Gross Sales) + .057(FII Debt Gross Purchases) + -.159(FII Debt Gross Sales)

This regression equation successfully explains 77.6% of the total variations and thus is considered as a good regression equation.

Regression equation of Midcap index with respect to FII

From the results of the correlation tests, we found out that the Midcap index is related to FII Equity Gross Purchases, FII Equity Gross Sales, FII Debt Gross Purchases and FII Debt Gross Sales. Based on these results, a regression equation estimating the closing value of the Midcap index for each month is generated. This equation considers FII Equity Gross Purchases, FII Equity Gross Sales, FII Debt Gross Purchases and FII Debt Gross Sales as independent variables. The results of the tests along with the analysis of the same are given in Table 7.

Table 7: Model Summary of the regression test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.791[a]	.626	.607	949.48513

a. Predictors: (Constant), FII Debt Gross Sales, FII Equity Gross Sales, FII Equity Gross Purchases, FII Debt Gross Purchases

Table 8: ANOVA analysis of the regression equation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	119024119.666	4	29756029.917	33.006	.000[a]
	Residual	71220239.052	79	901522.013		
	Total	190244358.719	83			

a. Dependent Variable: BSE MidCap Close

b. Predictors: (Constant), FII Debt Gross Sales, FII Equity Gross Sales, FII Equity Gross Purchases, FII Debt Gross Purchases

Table 9: Coefficient values of the regression equation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2706.832	295.746		9.153	.000
	FII Equity Gross Purchases	.062	.012	.829	5.095	.000
	FII Equity Gross Sales	-.008	.012	-.108	-.673	.503

1	FII Debt Gross Purchases	.010	.026	.063	.383	.703
	FII Debt Gross Sales	-.026	.033	.127	.781	.437

a. Dependent Variable: BSE MidCap Close

From the above results, the regression equation of the estimated Midcap index value based on FII Equity Gross Purchases, FII Equity Gross Sales, FII Debt Gross Purchases and FII Debt Gross Sales is given as:

Midcap index = 2706.832 + .062 (FII Equity Gross Purchases) + -.008 (FII Equity Gross Sales) + .010 (FII Debt Gross Purchases) + -.026 (FII Debt Gross Sales)

This regression equation successfully explains 62.6% of the total variations and thus is considered as of just acceptable level regression equation.

Regression equation of Smallcap index with respect to FII

From the results of the correlation tests, we found out that the Smallcap index is related to only FII Equity Gross Purchases and FII Equity Gross Sales, but not to FII Debt Gross Purchases and FII Debt Gross Sales. Based on these results, a regression equation estimating the closing value of the Smallcap index for each month is generated. This equation considers FII Equity Gross Purchases and FII Equity Gross Sales as independent variables. The results of the tests along with the analysis of the same are given below.

Table 10: Model Summary of the regression test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.729[a]	.532	.520	1351.61579

a. Predictors: (Constant), FII Equity Gross Sales, FII Equity Gross Purchases

Table 11: ANOVA analysis of the regression equation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	168198041.327	2	84099020.663	46.035	.000[b]
	Residual	147976085.533	81	1826865.253		
	Total	316174126.859	83			

a. Dependent Variable: BSE SmallCap Close

b. Predictors: (Constant), FII Equity Gross Sales, FII Equity Gross Purchases

Table 12: Coefficient values of the regression equation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3476.151	411.150		8.455	.000
	FII Equity Gross Purchases	.081	.017	.851	4.817	.000
	FII Equity Gross Sales	-.014	.018	-.137	-.775	.440

a. Dependent Variable: BSE SmallCap Close

From the above results, the regression equation of the estimated Smallcap index value based on FII Equity Gross Purchases and FII Equity Gross Sales is given as:

Smallcap index = 3476.151 + .081 (FII Equity Gross Purchases) + -.014 (FII Equity Gross Sales)

This regression equation successfully explains 53.2% of the total variations and thus cannot be relied upon always for the estimation.

Conclusion and findings

The research work done in finding out the relation between FII Investments and the Sensitivity indices of India, resulted in some key findings which are given below:

- Total FII investments were consistently increasing through out the period except in the financial year 2008-09 when there was a major global economic recession.
- There is a significant relationship between FII Equity Investments and the three Sensitivity indices, namely BSE Sensex, Midcap and Smallcap.
- There is a significant relationship between FII Debt Investments and the Sensitivity indices, namely BSE Sensex and Midcap.

Limitations of the study

Although the study has been done with utmost diligence, taking every possible aspect into consideration, lack of adequate time forced the authors to consider the other variables which affect the Indian Stock Market. The limitations of this study are:

- Inclusion of NSE India indices in the analysis would have yielded even more detailed analysis of impact of Foreign Institutional Investors on Indian Stock Market.
- The other forms of Foreign Investment, like Foreign Direct Investment, if included in the study would have helped in establishing more accurate results regarding the relationship between Foreign Investment and Indian Stock Market.
- The period of study, which is from April 2005 to March 2012, could be extended to include all the years from the time when economic liberalization policy was brought in India, i.e. from 1991-92, for better results.

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An Analysis of Shareholder Value Creation in Indian Banks: Research Design and Methodology

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Abstract

Shareholder value creation has become a very prominent measure in analysing economic performance of the organization. It becomes all the more important to evaluate performance of the financial services firms like banks insurance companies and non banking finance companies to measure their performance from the perspective of shareholder wealth maximization, as it is difficult to separate operating and financing activities of these entities. This paper is aimed at developing the research design and methodology for analysing the shareholder value creation in Indian banks. In the first section, the introduction and the review of literature are discussed. Research methodology section discusses objectives, sampling design, data collection and techniques of measurement. In the final section, research hypotheses and limitations of the study have been discussed.

Keywords: Shareholder value creation, EVA, Market value added, banks

Introduction

Shareholder value creation has now-a-days become an important criterion of evaluating financial performance of the companies. Companies across the world have adopted various measures which help calculate shareholder value appropriately factoring expectation of all the stakeholders. Traditional financial measures measure financial performance of the companies based on income statement and balance sheet using tools like return on investment, return on equity, earning per share etc. But the main problems with these measures are that they are based on arbitrary accounting assumptions, they do not consider opportunity cost of capital and ignore time value money and hence they fail to measure the true economic performance of the companies. To overcome these limitations economic measures were developed to capture true economic performance of the companies. Primarily, shareholder value creation measures were developed for measuring the performance of industrial companies. Very less attention was given to measuring the value of financial institutions. But with the deregulation, globalization and increasing dominance of financial sector in the global economy, special tools and techniques are being developed to measure the shareholder value creation in financial sector.

Banks play an important role in the economy of a country by collecting money from the depositors and lending in to the borrowers. The role of banks is thus very crucial in maintaining the money supply in the economy. Banks are also supposed to follow a bundle of regulations which inhibit their credit creation activities. As bank rates are dictated by the macro economic factors such as monetary policy, fiscal policy, taxation policy, banks witness great fluctuations in their margins and returns due to changes in these macro-economic variables. Banks unlike non-financial institutions use higher degree of leverage which forces them to generate adequate cash flows to service their contractual obligations. In this backdrop, it is quite imperative for banks to earn consistent returns on its invested capital to meet the expectations of providers of capital. When we define a bank's business as accepting (shorter-term) deposits and issuing (longer-term) loans in our framework, this is congruent to common definitions in the literature (Freixas and Rochet, 1997). As such, the bank is one of the oldest institutions of financial intermediation and still plays a prominent role in the economy for the allocation of capital- this also in spite of the discussion surrounding the disintermediation of the financial sector (Schmidt et al., 1999). In the backdrop of these considerations, it is quite clear that bank valuation is an important activity not only form the shareholders' point of view but form the viewpoint of all the stakeholder as they provide the much needed funds to the banks. Bank valuation thus needs to be dealt with special tools and techniques. Academic literature has not been that much exhaustive which covers sure shot methods of bank valuation. However the methods used for valuing non-financial institutions are equally applicable in valuing banks. To put the same matter in Damodaran's words: "The basic principles of valuation apply just as much for financial service firms as they do for other firms. There are, however, a few aspects relating to financial service firms that can affect how they are valued." (Damodaran, 2002).

Literature Review

There exists voluminous published literature in the area of shareholder value and value-based management. As the shareholder value approach was originally developed for industrial companies, the majority of contributions focuses on the valuation of industrial companies and do not account for bank-specific issues. Copeland et al. (2000), authors of the standard work on valuation, devote just a single chapter to bank valuation, while Stewart (1990) and Young and O'Byrne (2000), who set the standard in value-based management, do not discuss the specifics of value-based management for banks at all. Overall, coverage of bank-related valuation issues is sporadic.

Uyemura, Kantor and Pettit (1996) from Stern Stewart & Co present findings on the relationship between EVA and MVA with 100 bank holding companies. They calculate regressions to 5 performance measures including EPS, Net Income, ROE, ROA and EVA. According to their study the correlations between these performance measures and MVA are: EVA 40%, ROA 13%, ROE 10%, Net income 8% and EPS 6%. The data is from the ten-year period 1986 through 1995.

Kimball (1998) reviewed the use of economic profit to evaluate performance, to price transactions, and to reward managers. The research described in detail one performance measurement and incentive system and then went on to discuss the shortcomings of performance metrics founded on economic profit, which may distort banks' investment and operating decision-making. Kimball (1998) concluded that banks need to recognize the ambiguities of such calculations and be prepared to create and apply multiple specialized performance measures. Popa et al. (2009) claims that EVA can be an important tool that bankers can use to measure and improve the financial performance of their bank. They emphasize the advantages of EVA by comparing to other performance indicators.

Van Horne and Heiwig (1966) researched the determinants of market value of small bank stock and suggested that dividends pay-out ratio is the only significant determinant of the market value of small bank stocks. Mukherjee and Dukes (1989) re-examined the findings of Van Horne and Heiwig (1966) and argued based on their multiple regression analysis, that dividend pay-out ratio, growth rate of expected dividend and market participants' perception of a firm's risk are the relevant determinants of a firm's market value. Mukherjee and Dukes (1989) build on the research of Van Horne and Heiwig (1966), however, unlike Van Horne and Heiwig (1966) chi-sure analysis, Mukherjee and dukes (1989) employed multiple regression technique. The theoretical framework for both the Van Horne and Heiwig (1966) and Mukherjee and Dukes (1989) researches is the Gordon dividend growth model popularly known as the Gordon Model. Employing proxy variables for pay-out ratio, growth rate, expected dividend and firm's cost of equity or risk perception, Mukherjee and Dukes regressed the end of year P/E (price to earnings) ratio of 77 banks on proxy variables for cash flows, growth and risk. Their data sample ranged from 1978-1981. One weakness to the Mukherjee and Dukes (1989) research is the limited sample size employed for their regression. This is likely to have introduced misspecifications errors in their model and thus biased their estimated coefficients. Damodaran (2006) argued that all valuation models/methods leads to equivalent values provided their underlying assumptions are consistent. And that while each valuation method has its limitations, their applicability depends on the factors affecting a firm. Verma (2000) examines an appropriate way of evaluating bank's performance and also find out which Indian banks have been able to create shareholders wealth since 1996-1997 to 2000-2001 with the help of EVA and MVA (Market Value Added) which tell what the institution is doing with investor's hard earned money. BCG study (2008) found that for the five year period between 2002 and 2007, the total shareholder return (TSR) for public sector banks was 42% and more than half, or 22% was contributed by the change in valuation multiples. On the other hand the TSR for the same period for private sector banks was 67% and more than two thirds of it, or 40% was contributed by fundamental value i.e. asset growth and profitability improvement.

Statement of the Research Problem

This study focuses on measuring shareholder value creation through Market Value Added (MVA) and Created Shareholder Value (CSV) as the measures of shareholder value creation in the context of Indian banks. As discussed in the literature review, majority of the past studies revolved around EVA. This study thus aims at analyzing the performance of Indian banks through the methods of value based measures like MVA and CSV.

Objectives of the study

The specific objectives of the study are:

1. To undertake measurement of shareholder value creation by Indian banks through the methods of Market Value Added and Created shareholder Value during the study period.
2. To undertake comparative study of shareholder value creation by Indian public and private sector banks.
3. To undertake comparative analysis of shareholder value creation amongst the selected Indian banks.
4. To statistically examine the variation in the Market Value Added and Created Shareholder Value figures of public sector banks and private sector banks.
5. To statistically compare MVA and CSV between public and private sector banks.
6. To statically examine the relationship between market value added and value drivers like ROCE, RONW, NOPAT, EPS, Interest spread etc

Hypotheses

The null hypothesis method will be used to maintain objectivity and avoid ambiguity in results. This is the hypothesis of no differences. The hypothesis can be accepted or rejected only at certain probability levels. In order to achieve the objectives of the study following hypotheses were framed.

1. Indian banks do not create shareholder value.
2. There is no change in shareholder value creation of selected Indian banks during the study period.
3. There is no significant difference between shareholder value creation done by public and private sector Indian banks
4. There is no significant positive relation between Market Value Added and Created Shareholder Value.
5. There is no significant positive relation between Market Value Added and ROCE.
6. There is no significant positive relation between Market Value Added and RONW
7. There is no significant positive relation between Market Value Added and PAT
8. There is no significant positive relation between Market Value Added and EPS

Scope of the study

1. This study will be limited to selected public and private sector Indian banks listed with National Stock Exchange. Indian banks considered for this study are listed on NSE (National Stock Exchange) during the entire period of the study. Listing on exchange is a prerequisite since the stock price information is needed for calculating cost of equity.
2. This study is based on secondary data culled from Prowess database of Centre for Monitoring Indian Economy.
3. The time period of the study is 10 years ranging from 2000-01 to 2009-10.
4. The study is restricted to 21 Indian banks out of which 11 are private sector banks and 10 are public sector banks which are selected conveniently considering availability of the data for the study period.

Table 1 shows the list of selected banks which can be used for the study.

Table 1: Name of banks selected for the study

No.	Public sector banks	Private sector banks
1.	Bank of Baroda	Axis Bank
2.	Bank of India	City Union Bank
3.	Corporation Bank	Federal Bank
4.	Dena Bank	HDFC Bank
5.	IDBI Bank	IndusInd Bank
6.	Indian Overseas Bank	ING Vysya Bank
7.	Oriental Bank of Commerce	ICICI Bank
8.	State Bank of India	Jammu and Kashmir Bank
9.	Syndicate Bank	Karur Vysya Bank
10.	Vijaya Bank	Kotak Mahindra Bank
11.		South Indian Bank

Selection of the Sample

For the purpose of analysis, 21 banks listed with National Stock Exchange are selected conveniently considering the availability of the data for the study period.

Sample Size

For the analysis of the data, 21 Indian banks are selected. 10 public sector and 11 private sector banks will be selected for the study. Data of 10 years for the sample banks from the period 2000-01 to 2009-10 are used for the purpose of analysis. The banks selected in samples were listed on National Stock Exchange during the study period 2000 to 2010.

Data collection

This study will be on Market Value Added (MVA), and Created Shareholder Value (CSV) in Indian banks which will be calculated as they are not readily available. Secondary data will be sourced to undertake the analysis. Financial data pertaining to income and expenditure, balance sheet, profitability ratios and stock ratios will be culled from PROWESS database of Centre for Monitoring Indian Economy (CMIE). CMIE is the pre-eminent provider of stock market, fundamental research data for the companies. Information relating to risk free interest rates was sourced from Reserve Bank of India website. Weighted average return on central government dated securities was taken as risk free rate as available on Reserve Bank of India website. For calculating daily stock returns for the sampled banks, data regarding opening and closing prices during the study period will be sourced from National Stock Exchange website. Similarly, data regarding opening and closing prices of benchmark index CNX NIFTY 500 will also be sourced from National Stock Exchange website.

For calculating MVA, market capitalization as on 31st March for each year of the study period will be considered which will be taken from CMIE PWOESS database. Book values of equity for the same period will also be culled from the same software.

For calculating Created Shareholder Value (CSV), following data will be collected

1. Shareholder Value Added (SVA)

It has been calculated as follows

Shareholder value added = Increase of Equity Market Value + Dividends paid during the year - Outlays for capital increases + Other payments to shareholders (discounts on par value, share buy-backs....) - Conversion of convertible debentures. To calculate SVA necessary data were culled from CMIE PROWESS database.

2. Shareholder Return

Shareholder return will be calculated as the ratio of shareholder value added divided by equity market value in the beginning of the year.

3. Equity Market Value

Market capitalization also referred to as equity market value will be directly culled from CMIE PROWESS Data base.

4. Cost of Equity

As cost of equity is an opportunity cost and not a cash cost, it cannot be observed in the market and has to be estimated. The estimation of cost of equity and the usefulness of models such as Capital Asset Pricing Model (CAPM) has been the subject of considerable debate (Goedhart et al. 2002).

In this study CAPM has been used to estimate cost of equity for the sample banks. CAPM has been used as it is the most widely used theoretical approach in empirical research.

(Copeland et al. 2000). As per CAPM, cost of equity can be calculated using following equation

Cost of Equity = (Risk Free Rate + Market Risk Premium) $\times$ Beta

5. Beta

For this study, beta values for the sample banks will be calculated by regressing the daily returns of the sample banks' stocks during each of the ten years ranging from 2000-01 to 2009-10. Similarly, daily returns on market index have also been calculated during the same period. Daily returns of the stocks and market index have been calculated for each year beginning from 1st April of the previous years and ending on 31st March of the next year. CNX Nifty 500 has been taken as market index as benchmark index to calculate beta. Daily returns of the stocks and market index have been calculated as given below:

$$R_i = \frac{\text{Closing stock price}_t - \text{Closing stock price}_{t-1}}{\text{Closing stock price}_{t-1}}$$

$$R_m = \frac{\text{Market Index}_t - \text{Market Index}_{t-1}}{\text{Market Index}_{t-1}}$$

Techniques of Measurement

[A] Measurement techniques of Shareholder Value creation:

The study proposes to measure shareholder value creation through two different methods i.e. Created Shareholder Value and Market Value Added.

- **Created Shareholder Value (CSV)**

According to Fernandez (2002) a company creates value for the shareholders when the shareholder return exceeds the share cost (the required return to equity). In other words, company creates value in one year when it outperforms expectations.

Created shareholder value = Equity market value **X** (Shareholder return – K_e)

or

Created shareholder value = Shareholder value added - (Equity market value X K_e)

In the above formula, the shareholder return is the shareholder value added in one year, divided by the equity market value at the beginning of the year.

Shareholder Return = Shareholder Value Added/Equity Market Value

- **Market Value Added**

Market value added is a concept developed by Stern Stewart & Co. and may be defined as aggregate net present value (NPV) of all the firm's activities and investments. It represents the value created (or destroyed) over the lifetime of a firm and can be seen as a proxy for the past and current value of the firm's strategies. It is calculated as the difference between market value of equity and book value of equity. Thus, MVA is a kind of a bonus added on the market to the capital invested analysis and evaluation of the process of creating shareholder value require introducing the definition of market value added for shareholders (MVA_E), which presents the difference between the market value of the firm's stock and the amount of equity capital that was supplied by shareholders

$MVA_E = MV_E - IE$

Where MVA_E = market valued added for shareholders

MV_E = the market value of equity

IE = the value of equity supplied by shareholders

The interpretation of MVA is quite simple. A positive MVA signifies that a firm has created true wealth for its shareholders, since the company's market value is greater than the book value of total capital employed in the business. On the other hand, when a firm has negative MVA, its market value is less than the capital that shareholders and bondholders invested, meaning that its managers have destroyed capital and squandered shareholder wealth. From the standpoint of assessing the performance of current management, the change in MVA over a period of one year or five years can be more significant than the absolute level of MVA. Thus, to increase the spread between invested capital and market value should be the primary objective of any company concerned about its shareholder's welfare (Stewart, 1991). Moreover, as the definitive measure of wealth creation and as the ultimate goal in the wealth creation game; MVA could be used to directly compare the performance of companies in different industries or even countries (Ehrbar, 1998). For instance, MVA could be used to compare say, a bank and a super market or a toy manufacturer and a food processor or a steel maker and a software company. Without a doubt, the one with the higher MVA created more wealth for its shareholders.

In this study, MVA has been chosen simply because it is a measure of value creation that reflects the cumulative wealth and as such is expected to reflect both tangible and intangible value. It is superior to simple market value as performance measure because it removes capital employed in the firm away from the cumulative value created to demonstrate how well management has utilized its resources

[B] Statistical analysis by Mean, S.D. and C.V.

For the purpose of sector wise comparison and overall comparison of sample banks, the statistical measures like mean, standard deviation and coefficient of variations will be used.

[C] Regression Analysis

Regression analysis will be used to examine the relationship between MVA and other performance measures like ROCE, RONW, PAT and EPS. It will help in identifying the key value driver which affects the shareholder value creation measured in terms of market value added. Following models will be used to test the hypotheses to establish the relationship between MVA and these value drivers.

Model 1: $MVA_{it} = \beta_0 + \beta_1 ROC_{Eit} + e_{it}$

Model 2: $MVA_{it} = \beta_0 + \beta_1 RONW_{it} + e_{it}$

Model 3: $MVA_{it} = \beta_0 + \beta_1 NOPAT_{it} + e_{it}$

Model 4: $MVA_{it} = \beta_0 + \beta_1 EPS_{it} + e_{it}$

Model 5: $MVA_{it} = \beta_0 + \beta_1 \text{Interest spread}_{it} + e_{it}$

Model 6: $MVA_{it} = \beta_0 + \beta^1 ROCE + \beta_2 RONW + \beta_3 NOPAT_{it} + \beta_4 EPS_{it} +$

$\beta_5 \text{Interest spread}_{it}$

The dependent variable in the above models is the Market Value added (MVA) for the firm i and period t. The independent or explanatory variables are: return on capital employed (ROCE), return on net worth (RONW), net operating profit after tax (NOPAT), earnings per share (EPS) and interest spread.

Limitations of the Study

Following are the limitations noticed in the study:

- It will be restricted to the financial data of 21 Indian banks which are listed on the National Stock Exchange.
- The study will be restricted to public and private sector banks operating in India. It thus does not consider foreign banks, regional rural banks and cooperative banks working in India
- The data of listed sample banks for only 10 years from 2000-01 to 2009-10 will be considered for the study. Therefore the results will be restricted only to the banking sector for the selected period.
- Only those banks will be selected in the sample for which data for the study period was available this might be resulting in sample bias.
- It will focus on public sector and private sector banks listed on National Stock Exchange only and therefore does not represent unlisted banks or banks listed on other stock exchanges.
- There are many techniques of measuring value creation but only two methods are used for the study.

Findings and scope for further study

The study identified the research gap which could be further explored by conducting an empirical study. Literature review suggested that majority of the research studies have been done by using economic value added as measure of shareholder value creation. Extensive empirical study covering methods like market value added and created shareholder value have not been undertaken so far in the context of shareholder value creation in Indian banks. This study thus aims at filling that gap by suggesting the research design and methodology which could be followed to further investigate the research gap empirically. Thus the empirical study could be undertaken as per the research design developed in this paper to empirically investigate the shareholder value creation in Indian banks.

Conclusion

The paper presented a roadmap for conducting an empirical study to measure and analyze shareholder value creation. The basic objective of the paper was to present the research design and methodology which could be followed while conducting an empirical study.

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Application of quality function deployment in listening the voice of the customer- An empirical analysis on Hindustan Coca Cola Beverages Pvt. Ltd

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Abstract

Quality Function Deployment (QFD) is a tool for bringing the voice of the customer into the product development process from conceptual design through to manufacturing. It begins with a matrix that links customer desires to product engineering requirements, along with competitive benchmarking information, and further matrices can be used to ultimately link this to design of the manufacturing system. The purpose of this study is to find an empirical relationship of proposed variables and to find the impact of customer satisfaction, trust, and corporate reputation on customer loyalty with reference to the products of the Coca Cola. This study attempts to contribute to the knowledge how Hindustan Coca Cola Beverages Pvt. Ltd (HCCBPL) and can retain its customers by making them loyal through satisfaction, trust and corporate reputation. A theoretical framework is proposed to suggest links among variables. The sample size selected for research constitutes 200 respondents, and these respondents belong to the 24 locations of company's manufacturing units, India. Multiple regression and correlation coefficient was used to examine hypothesized relationship. Regression analysis reveals that customer satisfaction, trust, and corporate reputation bring 79.0% change in customer loyalty. There is a strong positive yet significant relationship of trust and customer loyalty. Customer satisfaction & corporate image also posit a positive and significant impact on customer loyalty. The results indicate that HCCBPL should pay more attention towards the reputation of the company, satisfaction of its customers, and trust in order to build loyalty of customers. Generalizability and time constraint are the limitations of the study.

Key words: Customer Satisfaction, Trust, Corporate Reputation, Quality Function Deployment (QFD), Hindustan Coca Cola Beverages Pvt. Ltd. (HCCBPL) and Customer Loyalty.

Introduction: In today's global market, brand awareness among consumers play a decisive role in the sales turnover of the company. Every company invests heavily in this aspect to catch the lion's share of the market. As it is the universal fact, Coca Cola is one of such Fast Moving Consumer Goods companies in India. Customer loyalty is more critical in Fast Moving Consumer Goods (FMCG) companies because consumers shift rapidly from one product to another. The challenging task in the current arena is to make customers loyal to ensure the long-term survival and profitability of the firm. Managers of these companies therefore look for the ways to attract the potential customers and to retain the existing customers. Customer loyalty remains an important and ever discussing topic in the literature with lot of proposed moderating, mediating, and independent variables. The purpose of writing this paper is to talk about the most critical factors or variables, which contribute more in developing customer loyalty in FMCG sector. Loyalty of customers is verified by the actions of its customers, customer can be very much satisfied and not yet to be loyal. Results of the study indicate that though all independent variables such as: switching cost, trust and corporate image have certain level of relationship with independent variable i.e. customer loyalty; but customer loyalty only has strongest relationship with trust. Similarly, Chiou and Droge (2006), declared relationship between customer satisfaction and trust as a milestone of behaviour loyalty.

The elements of QFD

According to many works, a typical Quality Function Deployment (QFD) contains some of the following elements or concepts:

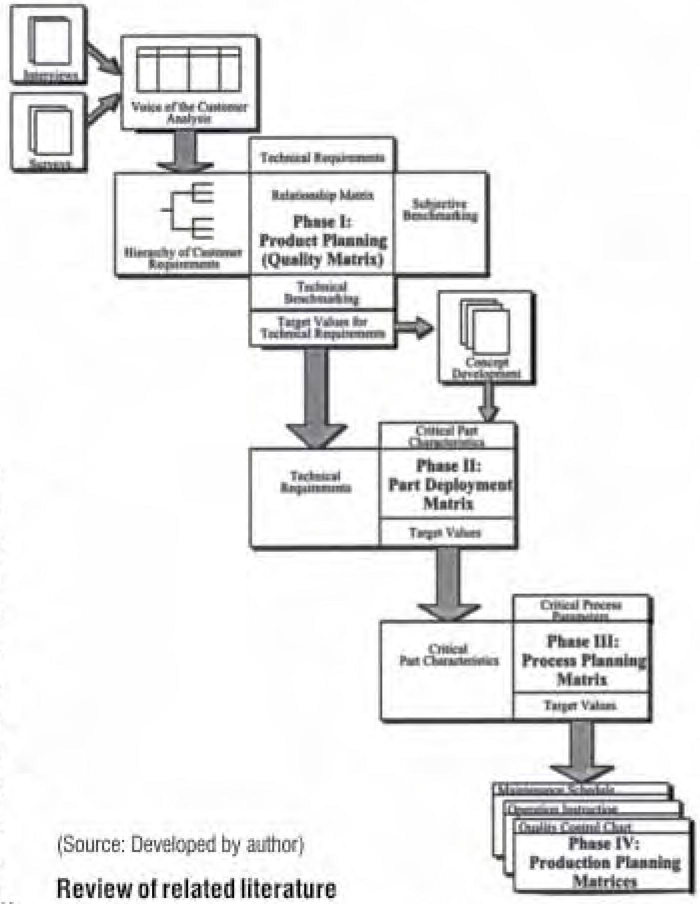
1. Customers: At first the customers of a product or service concerned should be identified by the producing company.
2. Customer needs (WHATs): These are the requirements of customers for the product expressed in customers' languages.
3. Structuring customer needs: If there are many customer needs, grouping them into meaningful hierarchies or categories is necessary for easy understanding and analysis.
4. Correlation matrix of customer needs: This matrix contains the correlation between each pair of customer needs (WHATs) through empirical comparisons. The information is provided by customers and usually is difficult to obtain since a lot of pair-wise comparisons are needed. The purpose of completing this correlation matrix is for the company to identify where trade-off decisions and further research may be required.
5. Relative importance ratings of customer needs.

6. Competitors.
7. Customer competitive assessment.
8. Goals for customer needs.
9. Sales-point.
10. Final importance ratings of customer needs.
11. Technical measures (HOWs).
12. Correlation matrix of the HOWs.
13. Relationship matrix of WHATs vs. HOWs.
14. Improving directions of the HOWs.
15. Technical competitive assessment.
16. Goals for the HOWs.

In my personal opinion trust and customer satisfaction ha' significant and positive relationship with customer loyalt Several authors argue that customer satisfaction, sales pers(listening behaviour and trust have direct effect on custom loyalty. Similarly customer satisfaction is the most importa driver in order to enhance customer loyalty. Four factor importance of relationship, satisfaction, image ar trustworthiness affect customer loyalty differently at differe levels. Quality and on-time delivery help to attain customer loyal where as customer satisfaction and customer loyalty a interrelated with each other, which in result contribute to busine: performance. Dimensions of loyalty are overall satisfaction, tru & convenience, and by improving these factors customer loyal., can be improved.

The main emphasis of the research is to find an empirical relationship of customer satisfaction, trust and corporate image with customer loyalty. Aim of the study is to find out how the independent variables such as: customer satisfaction, trust and brand image leads to dependent variable i.e. customer loyalty. This research is conducted on HCCBPL by selecting customers from the three malls (Metro, Big Bazar and More) of 24 locations where the company has its manufacturing units. This paper yields managerial implications and decision making for managers working in Hindustan Coca Cola Beverages Pvt Ltd (HCCBPL) that how they can increase customer loyalty of organization's brands is quite a challenging task for managers. This paper begins with the introduction of the topic and theories behind the variables which further lead to methodology that include sample size, sampling technique, data collection and analysis procedure. The next part of the paper is based upon the results and findings followed by discussion of the results. At the end, conclusion and recommendations for mangers and practitioners are presented.

Figure 1: Four-phase model of quality function deployment



(Source: Developed by author)

Review of related literature

a) Customer Satisfaction: Customer satisfaction is a measure of how supplied products and services of a company meets or exceeds customer expectations. In other words, degree to which offered products and services meet or surpass the customer expectations is termed as customer satisfaction. Now more companies are struggling, not just for achieving customer satisfaction but for also making customers delight because companies believe customer loyalty can be increased through extra value. Furthermore, customer satisfaction is a reaction which result from a method of assessing what has been received against what was expected, including needs and wants related with the purchase and purchase decision itself. Customer satisfaction points towards the emotion of disappointment/ happiness a customer feels once s/he evaluates the certain product perceived effects with the effects s/he expects. Customer satisfaction and customer loyalty are correlated. Customer satisfaction plays a vital role in enhancing and maintaining long-term relationship among companies and their customers and customer satisfaction is revealed to be the improved predictor of customer loyalty.

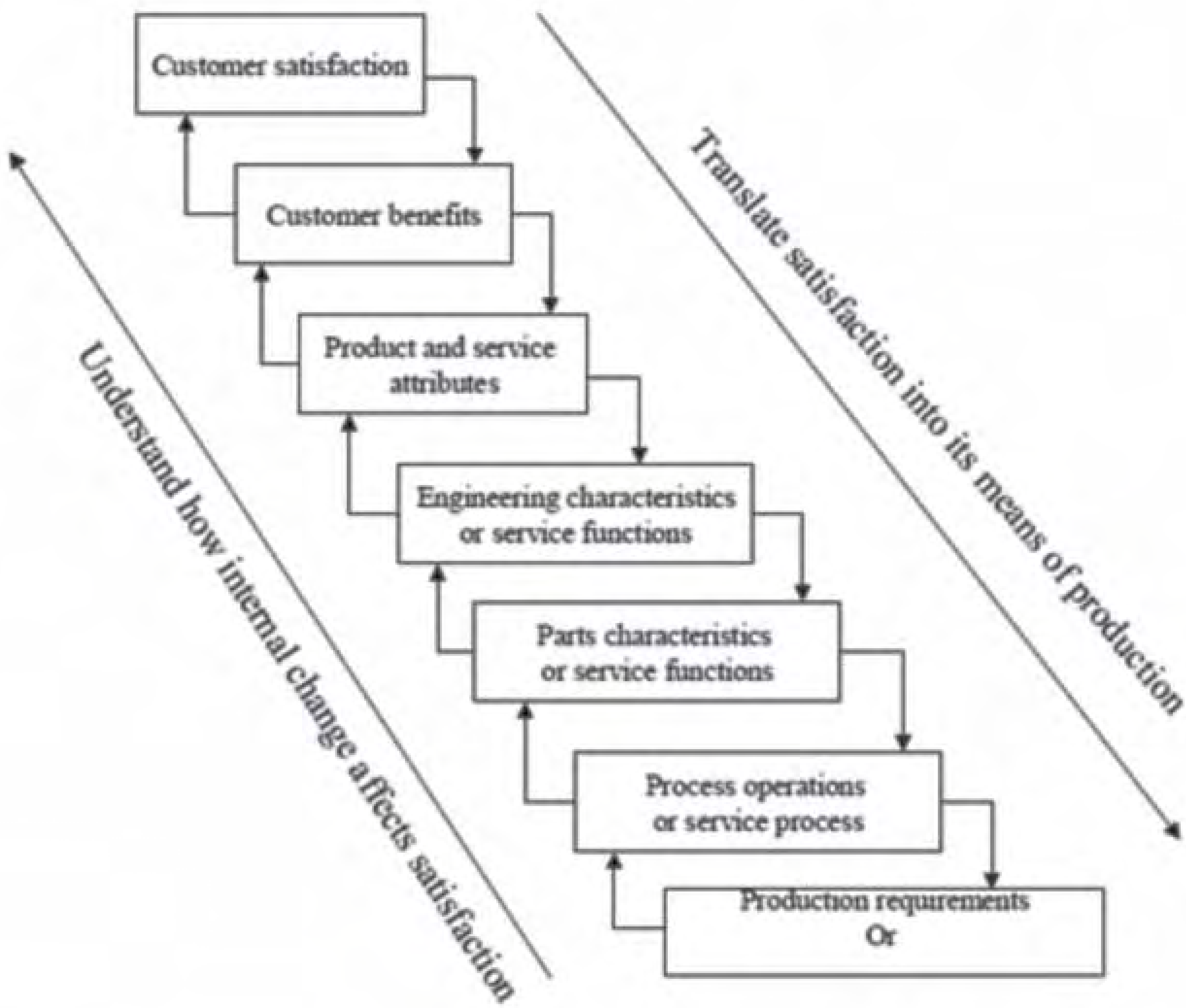
There is a direct connection between loyalty and satisfaction…a satisfied customer happens to be loyal and a dissatisfied customer switches to another vendor. Customer satisfaction can act as a connection between customer participation and loyalty. Brands which make its consumers happy/satisfied/ demonstrative get rapid larger attitudinal commitment and behavioral (purchase) loyalty. Likewise, customer satisfaction mediate consumer learning from past experience and enlightens main post purchase behaviors, which include word of mouth, complaining, product usage and repurchase intention and suggested that repurchase intention and post purchase complaint are significantly influenced by web customer satisfaction. Some authors identify satisfaction as how the customer is overall satisfied by provider's services. It reveals how the service quality is being perceived. Satisfaction does not imply necessary Loyalty, but generally affects it. Singh (2006) defined 'satisfaction' as "a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations". Satisfaction shows what is the approach of customers towards provider of services, or a moving reaction towards distinction flanked by what customers foresee and what they obtain, regarding the accomplishment of a few requirements, ambition or wish. A study done by Pirc (2008) showed that for customer satisfaction, there is an overall consensus about their influence on customer loyalty; however, the proposed effect is sometimes empirically supported and other times the effect is not found. According to Hallowell (1996) satisfaction of customers, their loyalty and productivity are interlinked. He presented it in the form of this model: satisfactory customers move into the category of loyal customers and that eventually leads towards profitability. Another study suggests that customer satisfaction and loyalty are positively related to each other. It is also suggested that customer preservation rate, market share and profits can be improved through boosting up the satisfaction level of customers (Ponirin, Scott, & Heidt, 2009).

b) Trust: Trust has become significant antecedents of customer loyalty. Trust can be the source to construct confidence amongst patrons. Furthermore, trust is vital and intended for edifice and maintaining long-standing associations. Trust not only can envisage the worth of the service but it also can reverse the insecurity concerned in purchasing any service or product. Trust is crucial for construction and maintaining long-term associations. Ramsey and Sohi (1997) also came up with the conclusions that were found consistent with the above findings. Trust for a brand leads towards loyalty of customers as trust creates trade associations that are extremely appreciated. Brand trust has direct relationship with purchase intention as well as attitudinal loyalty. It is also suggested that loyalty is achieved through trust (Luarn & Lin, 2003). Trust creates an important relationship between loyalty and commitment. They also suggested two results of trust, which are loyalty and commitment. According to other researchers, trust identifies how the customer relies on the provider reliability. It concerns the provider ability, perceived by the customer, to assure a reliable service in respect of the contractual rules. Trust is linked with the provider's capability to resolve problems with the smaller possible uneasiness for the customer as well. Another study done by Pirc observed trust as having a positive impact towards loyalty of customer (Pirc, 2008).

c) Corporate Reputation: Walsh and Beatty (2007, p. 129) define customer-based reputation (CBR) as "the customer's overall evaluation of a firm based on his or her reactions to the firm's goods, services, communication activities, interactions with the firm and/or its representatives or constituencies (such as employees, management, or other customers) and/or known corporate activities." Companies having good reputation easily build trust and commitment among their customers and this commitment plays the role of a mediator between identification of customers and their behavioral intentions (Keh & Xie, 2009). Some researchers prove that the favorable corporate reputation and image has positive and direct influence on its customers in return increasing their loyalty towards firm. Such image and good reputation of the company yield financial benefits for the company (Bartikowski & Walsh, 2011). Tsai and Yang (2010) describe these three proportions of corporate reputation "i.e. citizenship, credibility and image (both product and service) are all positively related to organizational attractiveness." Customer loyalty increases if perception of customer about corporate image and corporate reputation is good and favorable; and customer loyalty is also affected by the extrinsic factors like contact personnel and the physical environment where services are being delivered.

d) Customer Loyalty: Customer's preference of choosing one brand over other one for an exacting need is described as customer loyalty (Chirico & Presti, 2008). Loyalty not only describes the behavioral dimensions of repetitive customers but also the behavior of provider (Pirc, 2008). Loyalty of customers is investigated with customer satisfaction (Ponirin, Scott, & Heidt, 2009), trust (Rosemary & Sohi, 1997), corporate image and with corporate reputation. In the study of Walsh and Beatty (2007), they further provided evidence for the importance of the reputation of firms to get customer loyalty and financial benefits as well. Corporate devotion is significantly affected via the reputation of the firm within the corporate sector. Bartikowski and Walsh (2011) proved that the favorable corporate reputation has positive and direct influence on its customers in return increasing their loyalty towards firm.

Figure 2: Theoretical framework of customer loyalty and satisfaction linking with internal quality.



(Source: Author)

Hypotheses

H1: Customer satisfaction has a direct affect on customer loyalty.

H2: Customer trust has a direct affect on customer loyalty.

H3: Corporate reputation has a direct affect on customer loyalty.

Methodology of the study

Participants and Settings: Participants of the study were Coca Cola customers. The sample size selected for this research purpose constituted of 300 customers through structured questionnaire in the natural environment. Questionnaire was sent through mails. Only 200 usable responses were received and the response rate was 67%. In this research, the researcher used non-probability sampling by using its category of convenience sampling. The reason behind selecting convenience sampling was that because in this, the most easily accessible customers were chosen as subjects of research and it was the quickest, convenient and less expensive technique.

Quality Function Deployment was deployed to relate the consumer's voice and technical descriptors for quality improvements in this non-alcoholic beverage brand. The results revealed that, the major consumer expectations were quality, benefits offered and packaging of this firm's beverage products.

Scale development: To measure variables of interest: customer satisfaction, Trust, and Company Reputation on a five-point Likert scale was used in which 1=strongly disagree and 5=strongly agree. The variables adopted from different researchers by selecting different numbers of items, reliability of these variables reported in the previous researches is also mentioned in Table 1.

Table 1: Results of Reliability Analysis

Variable	Adopted from	Number of items	Reported reliability
Customer Satisfaction	Lee, Lee, and Feick (2001)	3	0.77
Trust	Morgan &Huntt (1994)	5	0.86
Company Reputation	Long-Tolbert (2000)	5	0.81
Customer Loyalty	Narayandas (1996)	5	0.88

Data Collection : Data was collected from the respondents through self-administered questionnaire with minimal interface in non-contrived work settings by considering individuals as unit of analysis. Data was collected by selecting age group (20-25, 26-35, 46-55, 55 & above) and gender (male, female) as nominal scale. All the respondents are employees working in various sectors/industries and educated-retail-outlets' sales personnel.

Data analysis technique : To analyze the data, regression analysis was run on SPSS.17.00. The correlation was also run to see the intensity of relationship between variables.

Results and discussion

The data obtained for this research paper was tested against SPSS 17.0 for Windows Evaluation Version. Goodness of data was analyzed by doing the reliability analysis. The answers of the questions given by respondents through questionnaires were checked for their reliability. Interval scale was used for collection of data from respondents. These scales ranged from the interval of strongly agree and proceeded to strongly disagree. The digit 5 stood for strongly agree, 4 indicated agree, 3 indicated neutral, 2 stood for disagree while 1 was meant for showing strong disagree state of respondents. SPSS 17.0 did reliability of Variables Reliability analysis of every variable separately for Windows. The Cronbach's alpha of every variable is shown in the following table:

Table 2: Reliability (alpha) of variables

VARIABLE	CRONBACH'S ALPHA
Customer loyalty	0.664
Customer Satisfaction	0.700
Trust	0.633
Corporate Reputation	0.727

Customer loyalty, customer satisfaction, trust, and corporate reputation were checked for reliability and all were accepted. The reliability of all variables was also good as exhibited in Table 2. The acceptability of customer loyalty and trust was less as compared to others.

Table 3: Descriptive Statistics

VARIABLES	MEAN	STD. DEVIATION	VARIANCE
Customer Satisfaction	3.9800	0.72308	0.523
Trust	3.7609	0.46523	0.216

Corporate Reputation	3.8082	0.36929	0.136
Customer Loyalty	3.8181	0.30432	0.93

The feel for the data can be obtained with the help of the descriptive analysis provided in Table 3. The researcher can do so by checking the central tendency and the dispersion. Mean, range, standard deviation, and variance in the data provide a good measure of how the respondents have reacted to the items in the questionnaire and it provides an idea about the goodness of the items and measures. The range of the data of every variable was calculated as in Table 3, which helped in indicating that the data of a certain variable falls where on the interval scale. For customer satisfaction, the data lied between (3.3-4.7) which means that most of the respondents agreed to the questions asked with some of them being neutral. For trust, it was between (3.3-4.2) again respondents were agreed to some extent. For corporate reputation, the range calculated was (3.4-4.2) so, most of the people again agreed to some extent. Finally the range for customer loyalty was (3.5-4.1) i.e., mostly respondents again were neutral. Therefore, overall, it can be said that most of the respondents agreed and were neutral to some extent, on the questions asked to collect data for every variable.

Table 4: Correlation Results

	CL	CS	TR	CR
CL	1	-	-	-
CS	0.532**	1	-	-
TR	0.766**	0.675**	1	-
CR	0.912**	0.757**	0.726**	1

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

Pearson correlation is used for the data analysis as shown in Table 4. According to the table, there is a positive relationship between customer loyalty (CL) and customer satisfaction (CS), customer loyalty and trust (TR), and customer loyalty and corporate reputation (CR). The correlation is moderately positive for customer loyalty with trust. There is a weak positive relationship of customer loyalty with customer satisfaction as compared to other variables.

Table 5: Regression Analyses

R	R^2	Adjusted R^2
0.799	**0.790**	**0.783**

To test the hypothesis of this research, multiple regression analysis has been used by the researcher. The results obtained by applying multiple regression technique on the three independent variables can be seen in Table 5. R is the correlation of three independent variables with customer loyalty. R^2 is the variance. This model summary shows that there is 79.0% relationship among dependent variable and three independent variables.

Table 6: Variance Analyses (ANOVA)

Sum of Squares	df	Mean Square	F	Significance
17.320	**5**	**3.464**	**605.521**	**0.000(a)**
1.110	**194**	**0.006**		
18.429	**199**			

The value of F as can be observed in Table 6, which came out to be 605.521%, which means that the model was best fitted by this much. The value of F must be more than 12% for the model to be fitted. This value was significant at significant level of 0.000 and it was signified by value of F because its value was more than 12%.

Table 7: Coefficients t-value

Variables	Beta	t	Significance
Customer Loyalty		7.775	0.000
Customer Satisfaction	0.048	2.741	0.001
Trust	0.083	3.761	0.000
Corporate Reputation	0.013	1.882	0.000

Relationship of dependent and independent variables is seen through the value of t. It shows by what amount the impact of independent variables was on the customer loyalty (i.e., the dependent variable). In this research study as the value of t for trust is high, this showed that it has more impact on customer loyalty comparatively. The value of t for customer satisfaction and corporate image was significant. As we can see in Table 7, the variable possessing a higher t also has greater beta (rate of change), which means that those variables bring a greater change in the dependent variable. This means that all hypotheses are accepted.

Discussion

The present study contributes towards better understanding of relationship among trust, corporate reputation and customer satisfaction with customer loyalty. The findings of this study indicate significant relationship among these variables. These results strengthened the belief of the researcher that showed strong relationship among corporate reputation, trust, customer satisfaction and customer loyalty. First, the results showed that customer satisfaction has a direct effect on customer loyalty. These findings are consistent with Kuuisk (2007) that revealed a direct connection between satisfaction and loyalty and concluded that satisfied customers become loyal and dissatisfied customers move to another vendor. Results of customer satisfaction and loyalty indicated that if the said firm puts more attention towards satisfying customers through different processes and actions then they could achieve long-term customer loyalty. Secondly, the results also showed that trust has a significant positive influence on customer loyalty, which was consistent with the previous research results and came to a belief that trust is essential for building and maintaining long-term relationships with the customers. Ramsey and Sohi (1997) also found similar results and concluded that customer loyalty is attainable if companies build trust of their customers. Thirdly, the results also demonstrated that corporate reputation is of great importance when improving or building customer loyalty. Favorable reputation will attract more customers and will result in customer satisfaction and loyalty, which in the end will be highly profitable for the organizations, not only in the form of profitability but also for customer retention. These results were consistent with the results of Nguyen and Leblanc (2001), customer loyalty increases if perception of customer about corporate image and corporate reputation is good and favorable. Therefore, companies should also pay attention towards building and maintaining reputation.

Conclusion and recommendations

The driving purpose behind pursuing this research study was to determine the relationship of customer satisfaction, trust, and corporate reputation with customer loyalty. Customer loyalty was chosen as the dependent variable and the impact of above-mentioned independent variables was checked by questionnaire. Through the analysis, the researcher came to know that there was 79.0% relationship of customer loyalty with all of the independent variables, which implies that the null hypothesis for this research study was accepted and alternative hypothesis rejected. Independent variables are positively and significantly linked with the dependent variable, which shows that customer loyalty can be achieved by improving customer trust, satisfaction and reputation of the firm. More inclination of firms towards building customer trust through different processes, achieving customer satisfaction by delivering superior products and services and building and maintaining reputation through diverse practices will escort towards customer loyalty.

Limitations and future research

As is the case with most research, the present study also has some limitations. This study has an issue of generalizability as data is only collected through Coca Cola products of India. No comparison is made with the other major players. This study is done without any moderating or mediating variable that can alter the relationship. Future research should attempt to replicate this study in any other context. Future research can also include other important moderating or mediating variables that contribute to the well-being and growth of firms by retaining more customers or by enhancing customer loyalty.

Practical and managerial implications

The role of the satisfaction, trust and reputation of firm have been increasing simultaneously in order to attract and retain customers, it is incredibly necessary for the sales executives and brand managers to understand the customers' needs and make them satisfied as much as possible by working on mentioned independent variables in the HCCBPL; as a result of this, customers will stick with the organization on long term basis. If it is done systematically with managerial insights, then it can retain its customers and it will be a win-win situation for organization and customers as well.

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Impulsive Buying in organized Retail with respect to Ahmedabad

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Abstract

The retailing business is globally experiencing huge trends due to the ever-changing nature of consumer tastes, consumption patterns and buying behaviours. Impulsive consumer buying behaviour is a recognized phenomenon in the United States. Research in United States found that Impulsive Buying accounts for up to 80% of all purchase in several product categories (Abrahams, 1997;Smith, 1996). For candy and magazines approximately $4.2 billion store volume was generated by impulse sales. Impulse buying is defined as "an unplanned purchase" that is characterized by "(1) relatively rapid decision-making, and (2) a subjective bias in favor of immediate possession" (Rook& Gardner, 1993; see also Rook, 1987; Rook & Hoch, 1985).

Majority of research have been conducted for impulsive buying in western countries like U.S.A, U.K etc. Very few researches have been carried out in India.

This research has tried to identify factors influencing for impulsive buying, to understand relation within the store environment and impulsive buying and to understand relation with demographics and impulsive buying. The study followed descriptive research design with sample size of 125 respondents in Ahmedabad city.

Key Words: Impulse buying, Organized retailing.

Introduction

Retail comes from the French word 'retailer' which refers to 'cutting off, clip and divide' in terms of tailoring. It first was recorded as a noun with the meaning of a 'sale in small quantities'. Its literal meaning for retail was to 'cut off, shred, paring'.

Indian retail industry is witnessing a paradigm shift as the sector is getting organized and consumers are seeking a one-stop shopping place with convenience and entertainment. Professionally managed and separately owned retail organizations are the face of today's retail sector.

India is stepping into a new era of 'Retail Chains' from the traditional neighborhood 'Kirana Store'. Economic growth, changing lifestyles, urbanization and women's participation in economic activities, increasing purchase power, spread of visual media and the spread of IT are some of the key factors for the growth of the retail sector. With liberalization, privatization, globalization and modernization, a modern competitive business is based on understanding the mind of the consumer and providing the 'king' the products and services that he wants. Organized retailing provides an ideal shopping experience through consumer preference analysis, excellent ambience and choice of merchandise.

These days retailing business is experiencing huge trends across the globe due to the ever-changing nature of consumer tastes, consumption patterns and buying behaviours. Strong marketing mix activities are essential for maintaining long term sustainability of each retailer. In-Store marketing activities such as point-of-purchase displays and promotions, background music, mannequin display, proximity of products are important in both winning consumers and encouraging them to spend more. In-store promotions are usually aimed at digging deeper into the consumers' purses at the point of purchase through encouraging impulsive (unplanned) purchases.

Majority of the retailers are able to earn the revenue through impulsive purchase due to their in-store activities that influence their potential consumers through creating enjoyable, attractive and modern looking environments. Researchers also found that demographic variables like age, gender, marital status; income also has an impact on impulsive buying.

Impulsive consumer buying behaviour is a widely recognized phenomenon in the United States. It accounts for up to 80% of all purchases in certain product categories (Abrahams, 1997; Smith, 1996), and it has been suggested that purchases of new products result more from impulse purchasing than from prior planning (Sfiligoj, 1996). In 1997 a study found that an estimated $4.2 billion annual store volume was generated by impulse sales of items such as candy and magazines (Mogelonsky, 1998).

Impulse buying is defined as 'an unplanned purchase' that is characterized by '(1) relatively rapid decision-making, and (2) a subjective bias in favor of immediate possession' (Rook& Gardner, 1993, p. 3; see also Rook, 1987; Rook & Hoch, 1985). Impulse buying disrupts the normal decision making models in consumers' brains. The logical sequence of the consumers' actions is replaced with an irrational moment of self gratification. Impulse items appeal to the emotional side of consumers. Some items bought on impulse are not considered functional or necessary in the consumers' lives.

Literature Review

Impulsive Buying

Dennis W. Rook, Stephen J. Hoch (1985), has investigated on Consuming Impulses. He has focused on psychological model of consumer impulse buying episodes. They have distinguish impulsive buying and unplanned buying by following five elements: 1) a sudden and spontaneous desire to act; 2) a state of psychological disequilibrium; 3) the onset of psychological conflict and struggle; 4) a reduction in cognitive evaluation; 5) lack of regard for the consequences of impulse buying. They have developed scale for measuring impulsive buying.

Dennis W. Rook (1987) has conducted research on the Buying Impulse and tried to differentiate impulsive buying and unplanned buying and defined what is impulsive buying. He has defined impulsive buying in the following way: 'Impulse buying occurs when a consumer experiences a sudden, often powerful and persistent urge to buy some-thing immediately. The impulse to buy is hedonically complex and may stimulate emotional conflict.'

Gender

Helga Dittmar , Jane Beattie b, Susanne Friese (1995) has investigated on gender identity and material symbols: Objects and decision considerations in impulse purchases they have presented a new model of impulse buying, based on a social constructionist theory, which addresses some of the short-comings of previous models from economics, consumer behaviour and psychology. Thus gender, as a major social category, should influence both the products bought impulsively and the buying considerations used.

Study suggested that men tend to impulsively buy instrumental and leisure items projecting independence and activity, while women tend to buy symbolic and self-expressive goods concerned with appearance and emotional aspects of self.

Michael Wood (1998) found that gender and impulsive buying were weekly related.

Angela Hausman (2000) has used Multiple correlation and ANOVA analysis to check hypothesis from correlation analysis and found that impulse buying trait did not correlate with any of the demographic variables like age, sex ,marital status, employment type.

Age

Muhammad Ali Tirmizi, Kashif-Ur-Rehman,M and Iqbal Saif in their study said, it's true that young people more often get attracted to products displayed on store shelves and has greater tendency of impulse buying behaviour but results of this paper showed no association of impulse buying in higher income group of young people having prevalent impulse buying tendencies.

Bellenger, Robertson & Hirshman (1978) have found a relationship between age and impulsive buying. Impulsive buying tendency is high between the ages 18 to 39, and then it declines thereafter. An inverse relationship was found between age and impulsive buying. It was also found that the relationship is non monotonic.

Wood (1998) also said that tendency for Impulsive Buying is high between age 18 to 39 and at a lower level thereafter.

Income

Kollat and Willet (1967) reported that Incomes do not have any influence on rate of unplanned purchase. Cobb and Hoyer (1986) said that shopping lifestyle is defined as the behaviour exhibited by purchaser with regard to the series of personal responses and opinions about purchase of the products. They found that shopping life style and impulse buying behaviour were closely related but only in the case of impulse buyers.

Background music

Millman (1982 and 86), shoppers in the first study spent more time and money in a slow music tempo retail environment and North and Hargreaves (1998) studied that music is capable of evoking complex affective and behavioural responses in consumers.

Mattila A S, Wirtz J (2001) have done research on 'Congruency of scent and music as a driver of in-store evaluations and behaviour.' they found that Music may impact on both how long consumers spend in a shop and also on how much they buy. A study suggests that customers in a slow music condition took more time to eat their meals compared to those in the fast-music condition.

Proximity

Researcher found relation with proximity and impulsive buying . Hoch & Lowenstein, (1991) Miskel, & Ayduk, (2004) and Mishcel & Ebbesen (1970) found that Proximity is also a factor that facilitates impulsive actions.

Rook (1987) , Rook & Hoch (1985) studied that Consumers have indicated that by just looking at the items in stores or catalogues can stimulate desires for the purchase of goods Voh & Faber (2007) said that physical proximity also stimulate sensory inputs such as (1) touching goods in store (2) tasting free sample of foods, which also affect desire.

Impact of peers

Xueming Luo (2005) has investigated on how shopping with others influence impulsive purchasing. He noted that most research in consumer psychology assumed that impulsive purchasing can be best explained by factors at the individual level. In contrast, this research examined how the presence of others' influences this behaviour. Results of two experiments suggested that the presence of peers increased the urge to purchase, and the presence of family members decreased it. However, this difference was greater when the group (peers or family) is cohesive and when participants were susceptible to social influence.

From the literature survey it was found that majority of research related to impulsive buying has been carried out in western countries. Very few researches have been undertaken in East countries and very little researches have been undertaken in India. Researchers have studied few factors which affect impulsive buying. This study tried to identify factors related to impulsive buying in organized retail stores. Further, they tried to identify impact of demographics like age, gender, marital status, house hold income on impulsive buying for apparels.

Objectives

1. To identify the variables related to impulsive buying of consumer in organized retail stores.
2. To study impact of impulsive buying in various product categories in organized retail stores.
3. To understand impact of demographics like age, Income, Education and Gender on Impulsive Buying.
4. To study impact of In-store environment like Price, Promotion offers, Music, Behaviour of staff, Proximity on Impulsive buying.
5. To study impact of Hedonic feelings on impulsive Buying.
6. To understand impact of having credit card on impulsive buying.
7. To study the relationship between peers and impulsive buying.
8. To understand impact of availability of time on impulsive buying

Hypothesis

H1: There is a difference in impulsive buying among males and females.

H2: There is a difference in impulsive buying according to marital status.

H3: There is difference in impulsive buying according to Income.

H4: There is difference in impulsive buying according to age.

H5: Consumer who purchase impulsively are influenced by displays

H6: Consumer who purchase impulsively are influenced by promotional offers

H7: Consumer who purchase are influenced by nearness of clothes (Proximity)

H8: Consumer who purchase impulsively are influenced by price.

H9: Consumer who purchase impulsively are influenced by Music.

H10:Individual consumers' impulse buying is correlated with their desires to fulfill their hedonic needs, such as fun, novelty and surprise.

H11:Consumer who purchase impulsively are influenced by presence of peers.

H12:Consumer who purchase impulsively are influenced by availability of time.

Measures used for Impulsive buying

Impulsive Buying

Impulsive buying was measured asking the following question:

- Did you purchase the product which you did not plan?

Responses were measured using 4- point scale ranging from 'Never' to 'Always'.

Product Displays

Impact of impulsive buying through product displays was measured using scale developed by Han (1987), Rook and Fisher (1995). Responses on all items were given using five-point Likert scale, and items were coded 1 for strongly agree and 5 for strongly disagree. Further, to check the reliability of this scale, Cronbach alpha was performed and (a= 0.723) showed good internal reliability.

Promotional Offers

Impact of impulsive buying through promotional offers was measured using scale developed by Rook & Hoch (1985), Weun, Jones, & Betty(1997) Youn & Faber (2000) . Responses on all items were given using five-point Likert scale and items were coded 1 for strongly agree and 5 for strongly disagree. In addition, to check the reliability of this scale Cronbach alpha was performed and (a=0.714) showed good internal reliability.

Hedonic feelings

This was measured by asking the following question:

- I like to shop for novelty of it.
- Shopping satisfies my sense of curiosities.
- I go shopping to be entertained and other such few questions.

To check the reliability, Chronbach alpha test was performed and we found the alpha value = 0.839 which shows a good internal reliability.

Music

Impact of music on impulsive buying was measured using scale developed by Mattila and Writz (1997). Responses on all items are given using five -point Likert scales and items were coded 1 for strongly agree and 5 for strongly disagree. To find the reliability of this scale Cronbach alpha was performed and (a=0.810) showed good internal reliability.

Peers

Impact of peers on impulsive buying was measured by asking following questions:

- I tend to purchase without any plan when I go for shopping with family members/friends.

Responses on all items were given using five-point Likert scale and items were coded 1 for strongly agree and 5 for strongly disagree. For checking the reliability of this scale Cronbach alpha was performed and (a= 0.756) depicted good internal reliability.

Time

Impact of availability of time on impulsive buying was measured by asking the following question:

- I tend to purchase products without any plan when I go for shopping with family members/friends.

Responses on all items were given using five-point Likert scale and items were coded 1 for strongly agree and 5 for strongly disagree. For reliability of this scale, Cronbach alpha was performed and (a= .778) showed good internal reliability.

Analysis and Interpretation

Table 1: Demographic Study for Impulsive Buying

1	**Gender**	
	Male	84
	Female	48
2	**Age**	
	Below 20	10
	20-30	86
	31-40	14
	Above 40	22
3	**Marital Status**	
	Married	48
	Unmarried	84
4	**Household Income**	
	<25000	62
	25000-50000	44
	50000-75000	26
	Total	132

Table 2: Products Purchased Impulsively

Products	Percentage
Bags	6.00%
Jewellery	4.30%
Vegetables	4.60%
Food	15.50%
Cosmetics	9.20%
Electronic Items	3.60%
Chocolates	14.70%
Footwear	9.50%
Accessories	4.60%
Books/CDs	6.60%
Apparels	10.90%
Beverages	8.70%
Detergent	1.90%

Table 2 showed that, food (15.50%), chocolates (14.70%), apparels (10.90%) were purchased more impulsively than other products; while products like detergent (1.90%), accessories (4.60%), Electronic items (3.60%), Jewellery (4.30%) were purchased less impulsively.

Table 3: In-store factors affect on impulsive buying behaviour

Factors	Mean
Price	1.8267
Promotional offer	2.58
In store display	3.84
Behavior of Staff	4.1867

Music	4.5467
Convenient in-store arrangement	3.96

To measure impact of in-store factors on impulsive buying rating scale was used. To understand influence of in store factors on impulsive buying mean was calculated. Table 3 showed that Price (1.82) had more influence on impulsive buying. After that Promotional offer (2.58) influenced for impulsive buying. Behaviour of staff (4.18) and Music (4.54) had least influence on impulsive buying

Impact of Demographic variables

1. Gender

A survey by Michael Wood (1998), Angela Hausman (2000) found that gender and impulsive buying are weekly related.

To study the difference in impulsive buying among male and female, first normality of the data was checked using K-S test (Table 4); result showed that data were not normally distributed. To study the difference in impulsive buying among male and female Mann Whitney-U test was performed and p-value was greater than level of significance. Hence there is no difference in impulsive buying among male and female. Hence, result is in line with the study of Wood (1998) and Angela (2000).

Table 4: K-S Test

Gender	P-value
Male	.000
Female	.011

Table 5: Mann- Whitney U test Test Statistics

Mann- Whittney U Test	2000.000
Significant Value	.936

2. Age

Previous researchers found a relationship between age and impulsive buying (Bellenger &Robertson & Hirshman (1978), Wood (1987).

To study the difference in impulsive buying according to age, first normality of data was checked using K-S test (Table 6) and results showed that data were not normally distributed. To study difference in impulsive buying according to age Kruskal Wallis test was performed (Table 7) p-value was .299 which is greater than level of significance (0.05). As a result, there is no significance difference in rate of impulsive buying according to age which is contradictory to the previous study conducted by Bellenger (1978) and Wood (1987).

Table 6: K-S Test

Age	P-value
<20	.585
20-30	.000
31-40	.541
>40	.052

Table 7: Kruskal Wallis Test

Chi-Square	3.670
df	3
Asymp. Sig.	.299

3. Marital Status

Based on previous research, it was found that marital status and impulsive buying were weekly related (Angela Hausman, 2000). To study the difference in impulsive buying according to marital status, first normality of data was checked using k-s test (Table 8). Results showed that data were not normally distributed. Further to study difference in impulsive buying according to marital status, Mann- Whitney U test was performed and p-value (Table 9) was greater than level of significance. Hence there was no difference in impulsive buying according to marital status. So, our result is not in line with study of Angela (2000).

Table 8: K-S Test

Gender	P-value
Married	.005
Unmarried	.000

Table 9: Mann- Whitney U Test

Mann - Whittney U Test	1830.000
Significant Value	.350

4. Income

Previous researches demonstrated that Incomes do not have any influence on the rate of unplanned purchase Kollat and Willet (1967). Cobb and Hoyer (1986) found that shopping life style and impulse buying behaviour were closely related but only in the case of impulse buyers.

To study the difference in impulsive buying according to different income category, first normality of data was checked using K-S test (Table 10) and results showed that data were not normally distributed. To study difference in impulsive buying according to income, Kruskal Wallis test was performed (Table 11) p-value was .000 which is less than level of significance (0.05). So, difference exists in rate of impulsive buying according to income which is in line with the results of Kollat and Willet (1967).

Table 10: K-S Test

Income Category	P-value
<25000	.000
25000-50000	.068
>50000	.016

Table 11: Kruskal Wallis Test

Chi-Square	20.919
df	3
Asymp. Sig.	.000

Regression Model

To study factors which influence for impulsive buying, multiple regression was performed. Impulsive buying was considered as dependent variable and product display, promotional offers, price, background music, proximity, hedonic feelings, peers and time were taken as independent variables.

Results of regression analysis are shown in Table 12. The value of R2 =.863 shows the model is fit and 86% changes can be predicted in dependent variable due to all these independent variables. Table 13 shows p-value and beta-value for all independent variables. Product displays, promotion offers, proximity, price and hedonic feelings have significance relation with dependent variable impulsive buying because all independent variables have p-value less than level of significance which is 0.05. As a result of this, hypothesis H5, H6, H7, H10 and H8 are accepted. Further, Product display, promotion, proximity, hedonic feelings have positive relation with impulsive buying and price has negative relation with impulsive buying which means if price of product is less, consumers prefer to do more impulsive buying. The results also show that music, peers and time do not have any significance impact on impulsive buying.

Table 12: Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.929'	.863	.854	.36247

Table 13: p-value and beta-value

	Beta-Value	P-value
Constant	-.861	.000
Mannequin	.141	.000
Promotion	.288	.000
Proximity	.748	.000
Price	-.138	.033
Music	-.050	.310
Hedonic feelings	.154	.000
Peers	-.043	.225
Time	.042	.243

Table 14: Summary of Hypotheses

H1: There is difference in impulsive buying among male and female	Not Supported
H2: There is difference in impulsive buying according to Marital status	Not Supported
H3: There is difference in impulsive buying according to Income	Supported
H4: There is difference in impulsive buying according to age wise.	Not Supported
H5: Consumer who purchase impulsively are influenced by product displays	Supported
H6: Consumer who purchase impulsively are influenced by Promotional offers	Supported
H7: Consumer who purchase impulsively are influenced by proximity.	Supported
H8: Consumer who purchase impulsively are influenced by price	Supported
H9: Consumer who purchase impulsively are influenced by Music	Not Supported
H10: Individual consumers' impulse buying for is correlated with their desires to fulfil hedonic needs, such as for fun, novelty, and surprise.	Supported
H11: Consumer who purchase impulsively are influenced by presence of peers.	Not Supported
H12: Consumer who purchase impulsively are influenced by availability of time	Not Supported

Conclusion and Limitations

Through this survey, the researchers majorly found that maximum people did impulsive buying which is more among higher income people. There is no difference in impulsive buying according to gender, marital status and age. The major factors responsible for impulsive buying were product display, promotional offers, proximity, price and hedonic feelings. Factors which were not found effective for impulsive purchase were music, presence of peers and availability of time.

This study was conducted in Ahmedabad with 132 sample size and hence, these results cannot be generalized. Further, biasness among the respondents may have deviated the results.

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An Empirical Study on Consumers' Perception towards Inconvenience during Operation of RTGS Service

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Abstract

Now services of banks are available at the fingertip in mobile and customer can do practically all type of banking transactions from anywhere and at any time. An effort to make the remittance or payment transactions convenient, fast and at affordable cost, in the last few years, the use of information technology-enabled payment and settlements systems such as Real Time Gross Settlement (RTGS), National Electronic Fund Transfer (NEFT) and National Electronic Clearing Service (NECS) had grown significantly. Customers' migration to electronic payments has also been growing extensively. The present study is focusing on analyzing the Reason for Failure of RTGS service in Rajkot City.

Keywords: Payment, Transactions, RTGS Services

Introduction

The RTGS system had been launched by RBI on 26th March 2004 in the Indian financial market after a comprehensive audit and review of the software and also by conducting extensive training of users at commercial banks. The RTGS provides for an electronic based settlement of interbank & customer based transactions with Intraday Collateralized Liquidity (ICL) support from the RBI to participants of the system. It is a system of transferring funds from one bank/financial institutions to another on immediate basis. In this system, the interbank payment instructions are processed and settled transaction-by-transaction, one by one, continuously i.e. in real time. In other words, these transactions are settled individually without netting debits against credits. It is fully integrated with the accounting system of the RBI & other settlement services such as Deferred Net Settlement (DNS) system, the settlement of which is performed as RTGS transactions through a facility for multi lateral net settlement batch processing.

The RTGS system has several unique features. It is a single, all India system, with the settlement being affected in Mumbai. The payments are settled transaction- by- transaction. The settlement of funds is final & irrevocable. The settlement is done in real time; the funds settled can be further used immediately. It is a fully secure system, which uses digital signatures & Public Key Infrastructure (PKI) based encryption for safe and secure message transmission. It provides for intraday collateralized liquidity support for the member-banks to smoothen the temporary mismatches of fund flows & thereby ensuring smooth settlements. Under the RTGS system, inter bank transactions; customer based interbank transactions and net clearing transactions can be settled. Both high value and retail payment can be effective through the RTGS system. Thus, it provide less risk based fund transfers for both banks & for their customers apart from providing for more efficient funds management at the treasuries of banks. Thus, the RTGS arrangement enables banks to ensure transfer of funds instantaneously among the member banks of the system all over the country through electronic transfer mechanism availing the benefit of pooling of funds at different centers for optimum utilization. The system has also enabled for Straight through Processing (STP) of customer transaction without manual transactions.

'Real Time Gross Settlement', RTGS, is the fastest possible money transfer system through the banking channel. Because settlements are made in real time, transactions are not subject to any waiting periods. With RTGS, transferring money becomes an easier, faster process.

Literature review

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Shri Karunesh Saxena and Nawal Kishor (1996) on "Quality in Tourism Industry: A Key to customer satisfaction" published in "ABHIGYAN" in winter; PP. 55-65 concluded in their study that "The improved tourism service quality will attract a large number of domestic and foreign customer to India. The key to customer satisfaction is quality of services being offered".

Naumann Earl, and Donald W. Jackson Jr., (May/June 1999) in their article entitled "One More Time. How Do You Satisfy Customers?" published in the "Business Horizons"; PP. 71-76 has modified work of Fredrick Herzberg. They have developed a similar type of modified two-factor theory applied to customer satisfaction. According to them exploring the process of value creation will give firms a better grasp of the ups and downs of customer satisfaction.

Scope of The Study

Keeping in view the availability of time, finance and ability of the researcher, the study is restricted to the geographical area of Rajkot City. The Users of RTGS Services of Public Sector Banks, Private Sector Banks & co-operative Banks in Rajkot City are the main source of Primary Data.

Objectives of The Study

1. To examine the existing operations of RTGS Services.
2. To examine the customer's level of awareness & usage of RTGS Services.
3. To analyze the factor reasonable for utilizing RTGS Services.
4. To identify gaps, if any and develop appropriate strategies for using RTGS.
5. To make suggestion for improvement or change in the RTGS services of banks.

Significance of Research

This study gives a clear picture of RTGS Services of Banks related to the customers. It draws an attention towards the problems faced by the customers for services and suggestions made by them. It may help the bank to improve operational efficiency. The study gives an idea of customer satisfaction and RTGS Services of banks.

Hypothesis

H_0: There is no significant difference between Service sector and business sector users in relation to Inconvenience during operation of RTGS.

H_1: There is significant difference between Service sector and business sector users in relation to Inconvenience during operation of RTGS.

Sample design

The population of the study consists of all types of bank's account holders using RTGS Services in the Rajkot City. They all may be different in Occupation viz. employee of Government sector, Private sector; Businessman, self-employed, Professional, Students, retired etc. are considered. Questionnaires were distributed among 130 respondents randomly out of them 105 respondents have returned it. Out of them 100 questionnaire were found fully filled up with adequate information, which was considered for the present study.

Data collection

The study is based mainly on primary data. The primary data is collected with the help of questionnaire from the customers of RTGS Services to evaluate 'Inconvenience during operation of RTGS services'. For this, purpose a questionnaire is used by the researcher regarding parameters and problems as well as suggestion from the customer's point of view.

Data analysis

Data analysis is an important part of research work to test the hypothesis. First of all researcher has processed the collected primary data through questionnaires. Further the processed data has been analyzed by statistical tools and techniques. The tools and techniques used by researcher for data analysis are as under.

- Simple Percentage
- Averages
- Likert Scale
- Wilcoxon's Matched – Pairs Test
- Sandler's A - Test

Scales are developed by utilizing the item analysis approach. Wherein a particular item is evaluated on the basis of how well it discriminates between those persons whose total score is high and those whose total score is low. Those items or statements that best meet this sort of discrimination test are included in the final instrument.

In Likert scale, the respondent was asked to respond to each of the statements and items of several degrees, usually 5 degrees of agreement.

The duly filled in questionnaires were edited by the researcher and in accordance with the requirements of the objectives and hypothesis table was prepared. For hypothesis testing, Wilcoxon's Matched- Pairs Test and Sandler's A -Test was used as non-parametric tests at 5% level of significance.

The researcher made an effort to know the Inconvenience during operation of RTGS services from the RTGS users. Different responses of reasons are given in Tables 1 to 7. In this connection 7 major inconveniencies were

(1) Unskilled employees

(2) Lack of training & guidance

(3) Out of order problems

(4) Crime & Cheating

(5) Lack of knowledge

(6) No detail information of service

(7) No customize service.

The details of responses in Tables 1 to 7 have been further processed & analyzed in Table 8.

Table 1: Responses of the RTGS Users towards Various Reasons for Inconvenience during Operation of RTGS on a 5 Point Scale – Unskilled Employees

Level of agreement & score point	No of Respondents			Total Score of the Responses		
	Service	Business	Total	Service	Business	Total
Strongly agree (5)	6.00	1.00	7.00	30.00	5.00	35.00
Agree (4)	19.00	20.00	39.00	76.00	80.00	156.00
Undecided (3)	12.00	5.00	17.00	36.00	15.00	51.00
Disagree (2)	25.00	8.00	33.00	50.00	16.00	66.00
Strongly disagree (1)	3.00	1.00	4.00	3.00	1.00	4.00
Total	65.00	35.00	100.00	195.00	117.00	312.00

(Source: Computed From Questionnaires)

Table 2: Responses of the RTGS Users towards Various Reasons for Inconvenience during Operation of RTGS on a 5 Point Scale – Lack of Training & Guidance

Level of agreement & score point	No of Respondents			Total Score of the Responses		
	Service	Business	Total	Service	Business	Total
Strongly agree (5)	4.00	0.00	4.00	20.00	0.00	20.00
Agree (4)	25.00	20.00	45.00	100.00	80.00	180.00
Undecided (3)	22.00	9.00	31.00	66.00	27.00	93.00
Disagree (2)	12.00	6.00	18.00	24.00	12.00	36.00
Strongly disagree (1)	3.00	0.00	3.00	3.00	0.00	3.00
Total	66.00	35.00	101.00	213.00	119.00	332.00

(Source: Computed From Questionnaires)

Table 3: Responses of the RTGS Users towards Various Reasons for Inconvenience during Operation of RTGS on a 5 Point Scale – Out of order Problem

Level of agreement & score point	No of Respondents			Total Score of the Responses		
	Service	Business	Total	Service	Business	Total
Strongly agree (5)	13.00	12.00	25.00	65.00	60.00	125.00
Agree (4)	26.00	13.00	39.00	104.00	52.00	156.00
Undecided (3)	18.00	8.00	26.00	54.00	24.00	78.00
Disagree (2)	6.00	2.00	8.00	12.00	4.00	16.00

Strongly disagree (1)	2.00	0.00	2.00	2.00	0.00	2.00
Total	65.00	35.00	100.00	237.00	140.00	377.00

(Source: Computed From Questionnaires)

Table 4: Responses of the RTGS Users towards Various Reasons for Inconvenience during Operation of RTGS on a 5 Point Scale – Crime & Cheating Problem

Level of agreement & score point	No of Respondents			Total Score of the Responses		
	Service	Business	Total	Service	Business	Total
Strongly agree (5)	7.00	3.00	10.00	35.00	15.00	50.00
Agree (4)	20.00	12.00	32.00	80.00	48.00	128.00
Undecided (3)	20.00	8.00	28.00	60.00	24.00	84.00
Disagree (2)	15.00	11.00	26.00	30.00	22.00	52.00
Strongly disagree (1)	3.00	1.00	4.00	3.00	1.00	4.00
Total	65.00	35.00	100.00	208.00	110.00	318.00

(Source: Computed From Questionnaires)

Table 5: Responses of the RTGS Users towards Various Reasons for Inconvenience during Operation of RTGS on a 5 Point Scale – Lack of Knowledge

Level of agreement & score point	No of Respondents			Total Score of the Responses		
	Service	Business	Total	Service	Business	Total
Strongly agree (5)	6.00	5.00	11.00	30.00	25.00	55.00
Agree (4)	22.00	13.00	35.00	88.00	52.00	140.00
Undecided (3)	15.00	11.00	26.00	45.00	33.00	78.00
Disagree (2)	19.00	6.00	25.00	38.00	12.00	50.00
Strongly disagree (1)	3.00	0.00	3.00	3.00	0.00	3.00
Total	65.00	35.00	100.00	204.00	122.00	326.00

(Source: Computed From Questionnaires)

Table 6: Responses of the RTGS Users towards Various Reasons for Inconvenience during Operation of RTGS on a 5 Point Scale – No detailed Information of services

Level of agreement & score point	No of Respondents			Total Score of the Responses		
	Service	Business	Total	Service	Business	Total
Strongly agree (5)	7.00	2.00	9.00	35.00	10.00	45.00

Agree (4)	25.00	18.00	43.00	100.00	72.00	172.00
Undecided (3)	15.00	6.00	21.00	45.00	18.00	63.00
Disagree (2)	15.00	8.00	23.00	30.00	16.00	46.00
Strongly disagree (1)	3.00	1.00	4.00	3.00	1.00	4.00
Total	65.00	35.00	100.00	213.00	117.00	330.00

(Source: Computed From Questionnaires)

Table 7: Responses of the RTGS Users towards Various Reasons for Inconvenience during Operation of RTGS on a 5 Point Scale – No Customized Service based on income & status

Level of agreement & score point	No of Respondents			Total Score of the Responses		
	Service	Business	Total	Service	Business	Total
Strongly agree (5)	6.00	4.00	10.00	30.00	20.00	50.00
Agree (4)	24.00	14.00	38.00	96.00	56.00	152.00
Undecided (3)	19.00	9.00	28.00	57.00	27.00	84.00
Disagree (2)	13.00	5.00	18.00	26.00	10.00	36.00
Strongly disagree (1)	3.00	3.00	6.00	3.00	3.00	6.00
Total	65.00	35.00	100.00	212.00	116.00	328.00

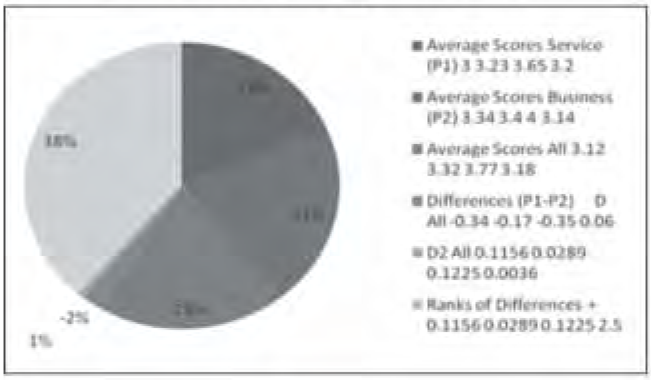
(Source: Computed From Questionnaires)

Table 8: Average Score and Differences Therein Regarding Inconvenience during Operation of RTGS

Serial no of Reasons	Average Scores			Differences (P1-P2) D	D2	Ranks of Differences	
	Service (P1)	Business (P2)	All			+	-
1	3.00	3.34	3.12	-0.34	0.1156		5
2	3.23	3.40	3.32	-0.17	0.0289		4
3	3.65	4.00	3.77	-0.35	0.1225		6.5
4	3.20	3.14	3.18	0.06	0.0036	2.5	-
5	3.14	3.49	3.26	-0.35	0.1225		6.5
6	3.28	3.34	3.30	-0.06	0.0036		2.5
7	3.26	3.31	3.28	-0.05	0.0025		1
Overall average/Total	**3.25**	**3.43**	**3.32**	**-1.26**	**0.3992**	**2.5**	**25.5**

(Source: Computed From Questionnaires)

Figure 1: Average Score and Differences Therein Regarding Inconvenience during Operation of RTGS



- Level of significance = 5%
- Degree of Freedom (7-1) = 6
- Wilcoxon's Matched Pairs Test (Wilcoxon's Test)

Calculated Value of T-Statistic = 2.5

Table Value of T-Statistic = 0

- Sandler's A Test

Calculated Value of A-Statistic $= \dfrac{0.3992}{(-1.26)^2}$

$= 0.25$

Table Value of A-Statistic = 0.286

- $H_0 : \mu_1 = \mu_2,\ H_1 : \mu_1 \neq \mu_2$

As per Table 8, the average scores for all the 7 Inconveniency was 3.25 for service sector and 3.43 for business sector users on a five point scale. But, the difference between these two averages was not found statistically significant as per Wilcoxon's Test and Sandler's Test at 5% level of significance. For the calculated value of T-Statistic was 2.5 as against its table value zero (0) and the calculated value of A-Statistic was 0.25 as against its corresponding table value 0.286, a condition leading to the acceptance of the Null Hypothesis denoting that both the averages were not different. In other words, the average scores for both the categories of the users were found uniform having the value 3.32 on 5 point scale.

As such, the average scores of the inconvenience separately for service sector and business sector users shown in table were not considered. Instead, the average score of each inconvenience for both sector users taken together were used for the conclusions. Out of the 7 reasons, 2 reasons had average score value equal to or more than 3.32 while other 5 reasons had values equal to or less than 3.30. As such in order of preference, the following 2 reasons with their score values were considered to be highly agreed (more than 80% level of agreement) reason for the inconvenience during operation of RTGS.

(1) Out of order problems (3.77) (2) Lack of training and guidance (3.32)

The users of RTGS showed their less agreement for 'Unskilled employees', 'Crime & Cheating', 'Lack of knowledge', 'No detail information of service' & 'No customize service' as inconveniency during operation of RTGS.

Limitations of the Study

1. The information given by the respondents might be biased because some of them might not be interested to give correct information.
2. The research was carried out in a short period.
3. Because of small sample size the conclusions drawn cannot be applied in general.
4. The research is purely based on primary data collected through questionnaire being filled by the customer's. Hence, the quality of outcome is largely depending on quality of data provided by individual respondents, personal judgment and attitude.

Conclusion

RTGS is a fully secured electronic funds transfer system where banks and customers can receive payments on real time basis. The outreach of RTGS transactions has also grown geographically. Based on the findings of the study, quite a few suggestions were given. If those are properly taken care of, it would be profitable to the banks and help them to popularize this wonderful payment system more and more.

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Ways to survive Small... as against Mall

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Abstract

The Indian retail sector is going through a revolution and the budding market is witnessing a significant change in its growth pattern. Both existing and new players are experimenting with new retail formats. As per the Global Retail Development Index (GRDI) prepared by A.T. Kearney, India is ranked number five in the list of top ten retail developing countries in the Indian economy. Traditional markets are transforming themselves in new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. India is now the last major frontier for globalized retail. However, the most important, critical, factor against modern retailing is that it is labour displacing, to the extent that it can only expand by destroying the traditional retail sector. It is feared that by allowing large international and domestic retailers into retail trade could lead to a lessening of *kirana* shops and retail stores especially the Small and Medium Enterprises (SMEs).

This conceptual paper studies the impact of Retail mega stores on Traditional/Small retail stores and concludes that while malls dominate the Indian retail by providing one-stop destination, leisure & comfortable shopping and total entertainment for the whole family, the traditional retailer can also post competition & survive by providing superior personalized service levels, good & friendly customer service as they have a customer-friendly approach that fit into our lifestyles.

Keywords: Organized retail, Shopping malls, Small Retail Stores.

Introduction

A survey commissioned by Government of India revealed that organized retail has an impact on sales and profit of small stores (ICRIER survey, 2008). According to the same report organized retail sector have grown by 20% compared to 11% per annum for unorganized sector in 2007. It is expected that organized retail will grow at 45% during 2012-17 compared to 10% for unorganized retail. This survey report shows the recent trends in Indian retailing in respect of consumer choice of store outlet, purchasing patterns, shift of business from small to malls. In developing countries, the retailing business continues to be dominated by family-run neighbourhood shops and open markets. The Deloitte-Stores (2007) study predicted that the retail business would slow down definitely over the next decade in developed countries, while it would grow strongly in developing countries because there will be plentiful supply of workforce and consumers in the younger age groups. Besides, demographic shift will make the developing countries more dynamic and risk-taking enabling them to grow much faster than the developed world.

Definition of Important Terms

Shopping Mall

James R. DeLisle (2009) defined 'shopping centers are purpose-built, centrally managed and planned and developed as a single entity'.

Samo Pedersen & Guren (2005) defined the shopping centre as one which 'is able to play the role not merely of a commercial centre but of a social, cultural and recreational crystallization point of the up-to-then amorphous, sprawling sub-urban region.'

A mall is a structure or group of buildings that contains stores. People like to visit shopping malls because of the convenience of having so many stores and services in one location.

Traditional Retail Store

Wiltshire Committee (1971) defined a small business as 'a business in which one or two persons are required to make all the critical management decisions: finance, accounting, personnel, purchasing, processing or servicing, marketing, selling, without the aid of internal specialists and with specific knowledge in only one or two functional areas.'

Ang (1991) suggested that it may be appropriate to define a business as small if it possesses most of the following characteristics:

1. It has no publicly-traded securities;
2. The owners have undiversified personal portfolios;
3. Limited liability is absent or ineffective;
4. First-generation owners are entrepreneurial and prone to risk-taking;
5. The management team is not complete;

6. The business experiences the high cost of market and institutional imperfections;
7. Relationships with stakeholders are less formal; and it has a high degree of flexibility in designing compensation schemes.

Osteryoung and Newman (1993) suggested that a small business be defined as a business in which there is no public negotiability of common stock and the owners must personally guarantee any existing or any planned financing.

Small store refers to the traditional formats of low-cost retailing, for example, the local Kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc.

Formats of Traditional stores and Retail Mall

Traditional Retailers: *Kirana,* Mom-Pop stores, Paan Shops, Cart Vendor, *Mandi's , Haats , Mela's*

Retail Malls: Convenience stores, MBO's (Multi Brand Outlets), Supermarket, Department store, Discount Stores, Hypermarkets, Shopping Malls, Specialty stores

Objective

- To know the sustainability of traditional retailers with comparison to new retail malls with Abell's Model.
- To understand the bases of survival for the small retailers.

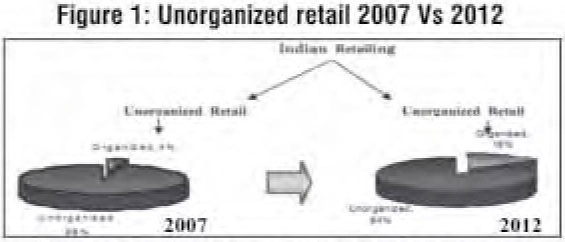
Factors Estimated to the Growth of the Organized Retailing

- The rise in the working population which is young
- Pay- packets which are hefty now days
- More nuclear families in urban areas
- Rise in the number of women working
- More disposable income and customer aspiration
- Western influences and growth in expenditure for luxury items

Indian Retailing (At a glance)

The net balance sheet on the impact of shopping mall development on small informal and formal township retailers clearly suggests a decline in the smaller retailers' market share.

Figure 1: Unorganized retail 2007 Vs 2012



(Source : International Journal of engineering & management sciences, Vol. 2(3) 2011: 156-162)

Figure 2: Growth of Organized Vs Unorganized Sector

(Source: "Retailing at cusp of growth" by Sandeep Bhasin, International Journal of Retailing and Marketing)

Literature Review

Lightelm A (2008) concluded that impact of shopping mall development on small informal and formal township retailers clearly suggests a decline in the smaller retailers' market share. However, effective customer service and a small dedicated assortment of merchandise together with other services such as credit facilities and selling in small quantities may result in the survival of some of the small township retailer.

Aditya P Tripathi (2008) suggested that upgraded Kirana stores are growing at the same rate as organized retailers. It is also observed that in the changing retailing environment, understanding the psyche of customer is critical to success in retailing. He also concluded that it is not the format that gives business sustainability rather it is one of the vehicles to deliver the value to the customer.

Rajagopal (2009) studied the complex consumer decision-making styles towards shopping malls and street markets based on competitive advantages. Street markets are largely preferred by the shoppers as they exhibit ethnic and cultural attributes while cross-cultural attributes of stores and shopping ambience is found to be one of the major determinants of shopping behaviour.

Piyush Kumar Sinha, Srikant Gokhale, Sujo Thomas (2012), in their study revealed that the small stores are undergoing a change. It is found that in the food and grocery sector, hypermarkets would face more competition from the Upgraded Kiranas than supermarkets (Sinha, Mathew and Kansal, 2004). The smaller stores offer very high level of service and convenience and are able to tailor the requirement to their customer much better than the larger stores, who so far have been competing on price and wider assortment.

Shweta & Sandip (2012) concluded that consumers go to shopping malls for the variety they get there and because they find shopping entertaining due to good environment, and variety of products that they get there. Consumers prefer to buy consumer care and daily use products from shopping malls. However their preference to shopping malls does not let them allow discourage small retailers. They continue to buy from small retailer; they spend equally on buying from kiranas. They go to small retailers due to their long standing relations with them, the home delivery services that the small retailers offer and because they find shopping less time consuming while shopping with small retailers as compared to malls. They have concluded small retailers are still relevant despite emerging shopping malls, all that is required from them is to continue providing value added service, bank on relationship marketing .

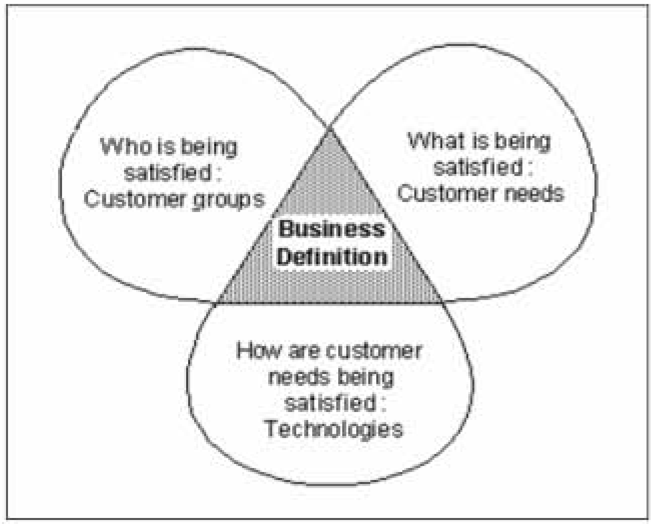
Deepika Jhamb & Ravi Kiran (2012) highlighted that young consumers and high tax payers prefer malls and specialty stores for shopping purposes. On the other hand, older consumers and no tax payers have different preferences for shopping from the emerging retail formats as they prefer convenience store, discount stores and department stores.

Abell's business definition model's Applicability on Retail Formats

Abell's (1980) business definition framework proposes that a business can be defined by using three dimensions:

1. Customer Groups (who we're going to serve),
2. Customer needs (what customer need we're attempting to meet), and
3. Technology or distinctive competencies (how we're going to meet that need)

Figure 3: Abell's Three dimensional business definition model



(Source: Abell's Three dimensional business definition model http://www.servicetrack.eu/KASS/viewobject.php?object=70537=7tmqfpldn1bu2a69mv3vo4bup7)

This approach strongly stresses understanding customers and not an industry and its products or services. Based on these three dimensions, Abell' competitive strategy classification scheme proposed that a business could be defined by its competitive scope (broad or narrow) and by the extent of competitive differentiation of its product/service offerings.

Table 1: Comparative analysis of Traditional Vs Retail Mega Malls, using Abell's Model

	Traditional Retail Stores	Retail Mega Malls
Who is Being Satisfied (Customer groups)	1. Daily buyers 2. Low quantity buyers 3. Nearby buyers	1. Mostly week- end buyers 2. Bulk quantity buyers 3. Distant buyers
What is Being Satisfied (Customer Needs)	1. Home delivery, without or with minimal charges. 2. long working hours	1. Shopping as an experience 2. whole family coverage 3. Safe and hygienic shopping. 4. Large product assortments 5. Large brand coverage
How are the Customer needs being satisfied (Technologies)	1. Maintaining personal relationships with consumers. 2. Family oriented. (Recognition of family members) 3. Personalized attention on consumers. 4. Offering discounts to the consumers. 5. Offering goods on credit to support consumer's urgent need.	1. Use of IT (bar Code, Computerized bill, Payment by Credit & Debit Card) 2. Providing good ambience for shopping. 3. Good Parking facilities for consumers 4. Ease of billing 5. Multiple brands and assortments under one roof for better selection.

(Source: Author's contribution)

The Roadmap Ahead...... 'Traditional Retailing is Getting Organized'

To meet the challenges of organized retailing that is luring customers away from the unorganized sector, the unorganized sector is getting organized. Though the consumer's preference has been diverted towards malls, local kirana stores was supposed to suffer badly but existence of modern retail have not affected small business; in fact due to its existence they have become more customer-oriented & organized. They have a specific customer base from a long time and the new customers have been added on everyday basis. They satisfy and maintain the customers offering discounts and mouth watering rates in varied products. Initially it was tough but now they are able to satisfy all the needs of the customer, in fact they are over providing the augmented products.

According to a new study published in Economic Times, Indian consumers are still visiting local kirana stores, while they love the shopping experience of malls. Besides, the bulk shopping that they do at these modern retail stores, there are the daily top-ups to do at the local groceries (*Kirana* Stores) and the perishables that have to be bought daily. For *Kiranas* the proximity is the major advantage. *Kiranas* leads the organized retailer due to their reach in the market. In order to increase the reach in the market the kiranas have evolved to cater to different segments of the market and they are making enough profits which is why they continue to be in the business.

Who will Win the small v/s Mall Battle?

A study by Technopak Advisors suggests that *Kiranas* will not be beaten down by fancy supermarkets. As Indian's are becoming addicted to shopping and the retail environment, both traditional and modern outlets will benefit and are expected to grow by 42% in the next five years. Most of the *Kirana* stores have survived. But growth has been very slow for them and no new kirana stores are opening up in neighbourhood where big retailers have opened shop. *Kiranas* and organised retail will co-exist.

Recommendation

- Survival of fittest & fastest is the mantra of today's business game. To compete in this business era, the retailer must focus on the customer's buying experience. To manage a customer's experience, retailers should understand what "customer experience" actually means. Customer Experience Management is a strategy that focuses the operations and processes of a business around the needs of the individual customer. It represents a strategy that results in a win-win value exchange between the retailer and its customers, irrespective of their size... a small or mall.
- For maintaining the core competency of their business, the small retailers should continue concentrating on the personalized attention.

Conclusion

From the above conceptual paper it can be concluded that the

- Single shop-owners and small retailers are becoming increasingly aware of customers needs, and varied requirements. They try to provide their best of deals to the customers, with their own resources and face competition from the malls.
- Both the malls and *Kirana* stores can play simultaneously in India; so small retailers do not need to get afraid due to the malls. Small retailers should adopt possible characteristics of malls along with maintaining their core competence.

Big retail chains won't kill small shops. Small is beautiful. Malls are all very good for one-day shopping, but the *Kirana* stores for the odd quantities in life...will always be in demand!

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Quality of work life of GSRTC employees

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Abstract

In the Gujarat State Road Transport Corporation (GSRTC), the drivers and conductors are the ones who directly come into contact with the passengers on a daily basis; and thus their behaviour, courtesy, politeness, regularity and such other soft aspects become very important. Even the mechanic staff, who never come in face-to-face contact with the passengers, but they are the people who keep on ensuring that the duo of 'driver and conductor' on a particular bus would be able to justify the slogan of GSRTC *"Salamat Savari, ST Amari"*, meaning thereby "Safe Journey in Our ST"; by ensuring timely maintenance, up-keeping of the buses – a prime resource of GSRTC. So, these operative level employees are the real faces of GSRTC, as the passengers need to spend their active journey time relying on their commitment only. So, this single largest cohort of GSRTC needs to be motivated, dedicated and committed to GSRTC's noble objective of serving the public. But, the motivation, commitment, dedication certainly depends on the Quality of Work Life (QWL) experienced by them at GSRTC. This empirical research study, by analyzing the opinions of 400 Drivers, Conductors and Mechanic Staff of the GSRTC, assesses the QWL of these employees. The study highlights the constituents of QWL among these employees, its availability and the concern areas.

Key Words : Passenger Road Transportation System (PRTS), State Transport Undertaking (STU), GSRTC, Quality of Work Life (QWL), Operative Level

Introduction

In the Passenger Road Transport Industry; the operative level occupies more than 85% of the total manpower strength of a typical transport unit. Hence, in a typical Public Road Transportation Unit, the Operative Level Staff – the real revenue generators – the frontline staff – represent the single largest cohort.

In India, as we have adopted the practice of treating Public Road Transport Service as a part of Social Welfare; we have "State Monopoly" in operating Public Road Transport through Bus services. Hence, the Passenger Road Transportation System (PRTS) in India has been organized under the broad category of State Transport Undertaking (STU), also known as State Road Transport Undertaking (SRTU). These STUs or SRTUs are typically the Government owned and operated or Public Sector organizations.

In the recent times, due to open, loud and frequent criticisms of inefficiency of government sector organizations in general, and various STUs in particular, these government organizations are also under pressure to control their operational costs and improve productivity (Williamson & Alexander, 1986); and thereby justify their existence itself. So, without exception, top management, in both – the public and private sector organizations have been searching for a new palatable "panacea" that could achieve these diverse ends. And Quality of Work Life (QWL) is seen by many as this much needed remedy (Macarov, 1982).

Considering this, the present study is focused on assessing the Quality of Work Life (QWL) of the Class-III-operative staff (Drivers, Conductors, Driver-cum-Conductors and Mechanic) of the Gujarat State Road Transport Corporation (GSRTC). Out of GSRTC's total staff strength of 40,670; these Drivers, Conductors, Driver-cum-Conductors and Mechanics occupy nearly 87% (35200). Their Quality of Work Life requires a careful study, as they are the "real on and off-the road soldiers" fighting for the glooming bottom line leading to economic wellbeing of GSRTC. They are the real revenue generators by executing various schemes, policies and decisions in the best possible way. Hence, there is a need to assess the QWL among these employees, and ensure at least a satisfactory level in it, as research studies have suggested that improvement of QWL seems to be an indispensable ingredient to increased productivity and profitability.

Conceptual framework of Quality of Work Life (QWL)

The historical origin of the term "Quality of Work Life" can be traced back to the early 1970s, when Davis and Cherns used this term to describe job and organizational redesigning to achieve democracy at the work place (Davis & Cherns, 1975). The term gained international status and wide scale recognition when the United Auto Workers and General Motors used it as the umbrella concept for the work reforms they would jointly sponsor (Beer et al., 1985).

The notion of Quality of Work Life, popularly abbreviated as QWL, seems to be standing at the confluence of two separate streams of thought, i.e., ensuring humanization of the work place without compromising productivity and profitability. So, QWL seems to be a balancing approach – trying to gain a balance between the needs of the employees and the needs of the organization. While many other approaches to resolving productivity crisis are uni-dimensional in nature; QWL seems to be taking care of both – the employees' interest as well as the organizational interest (Martell & Tyson, 1983). Martell & Kunselman (1984) goes a step further by emphasizing that organizations need to unlock the potential of their human resources by taking due care of the factors that constrain their commitment. QWL, being a measure of favorableness of an employee's work life, seems to be a measure to accomplish this.

There is a growing recognition of QWL as a "multidiscipline" construct (Pettman, Newton & Leckie, 1980), and there is no general consensus regarding its meaning (Ledford & Lawler, 1983).

In general, QWL can be understood as a generic term for a range of techniques and processes that are designed to give employees greater discretion and control over their work. The basic idea behind any QWL initiative is that greater participation and involvement in decision making by employees will lead to improvements in satisfaction, motivation and commitment.

The present research study has utilized two conceptual perspectives of QWL – one is of Carlson (1978) and the other is of J. Richard & J. Loy, as follows:

As per the opinion of Carlson (1978), QWL can be studied and analyzed in any of the following three ways:

- as a movement;
- as a set of organizational interventions, and
- as a type of working life felt by employees.

This study utilizes the third perspective of QWL, that is, studying and analyzing QWL as a type of working life felt by employees of GSRTC. So, here, the main focus is on finding out what constitutes a QWL experience among the employees of GSRTC, and what is the availability of various QWL attributes at their work place. This is measured by relying on the fact quoted by J. Richard & J. Loy in the book "Human Resource Development – Concept and Practices" by Gupta & Gupta (2008) that QWL refers to the degree to which members of a work organization are able to satisfy their important personal needs through their experiences in the organization.

Review of literature

Plethora of literature is available for QWL as many researchers across the globe have studied and analyzed this concept among employees of different industries and reported valuable findings. But, since this research is targeted to the QWL of employees of GSRTC – one of the State Transport Undertaking (STU); the essence of researches conducted in Transport Industry in general, and the STUs in particular is only presented here.

Considering the fact that out of the drivers, conductors and mechanics, the drivers need to be virtually on their toes – active and alert all the time during the duty hours, several researches have focused on the physical and psychological health of the bus driver, as it is a critical factor in the driving performance. Any problem in this can lead to undesirable consequences for the passengers. It could be due to the lack of driver's decision-making authority, fatigue, fear of assault, social isolation, tight running schedules, vehicle mechanical faults, reduced rest breaks, poor cabin comfort, continually rotating shift patterns, adverse weather conditions, traffic congestion, the sedentary nature of the job, noxious air from other vehicles, pressures of ensuring safety of passengers, and demanding passengers (Duffy & McGoldrick, 1990; Evans & Carrère, 1991; Bovenzi & Sadini, 1992; Kompier & di Martino, 1995; Evans & Johansson, 1998; Carty, M., et al., 1999; Hennessy, Wiesenthal & Kohn, 2000; Matthews, 2001).

In the empirical study of Naik (2006), reviewing the performance appraisal system in Andhra Pradesh State Road Transport Corporation (APSRTC), it was found that performance appraisal reports are used as a threatening tool and not a development tool, and the personnel policies adopted in the corporation are not very conducive to employee development. The ratings are based on their personal relationship with the immediate superiors. The rating yardsticks are not clearly defined and this gives ample room for subjectivity in rating. The study reveals that a very important HR mechanism like performance appraisal has; contrary to its philosophy, adversely affected the morale and motivation level of the employees; and thereby lowering their QWL.

Smallwood (2006) indicated that work-life issues are key determinants for the drivers in the transportation industry. Ravichandran & Surya Prasad (2007) in their study entitled "Reviving Gujarat State Road Transport Corporation (GSRTC): An Agenda for Action" examined in detail the reasons related to the declining operational and financial performance of GSRTC. While trying to diagnose the problem, the researchers found that the non-participative employees and their indifferent and detached view to the operating and financial health of GSRTC is a major concern. Hence, the stakeholders' contribution in the proposed revival plan has been emphasized. The researchers have specifically pointed out that the changes at the government and the management level in GSRTC for revival should be supported by appropriate responses of GSRTC employees. Keeping this in the background, a set of initiatives at the employee level that would contribute to the revival of GSRTC was presented:

- The employees need to prepare themselves to be outstanding professionals. Their attitude, approach, and action should be driven and influenced by professional considerations rather than inherited bias within or outside the organization.
- Preparing for change would be an important mindset that the GSRTC employees would need in the near future. This change may be in adopting technology, developing new skills, adopting a set of new performance measures, professional orientation to work, and innovating way of conducting business, etc.
- GSRTC employees should learn to keep pace with the environment (market, social, and competition), in terms of their day-to-day working life schedule, pricing and customer focus, quality of services, flexible working hours, and variable compensation, etc.
- Employees may have to reposition their role as change agents for achieving the social objective of providing safe, convenient, and affordable transport to the general public of Gujarat.
- Employees should develop a reorientation to their occupation, viz., an occupation based on Government grants and subsidy to an employment by contributing to an organization with social objectives.

In a nutshell, the whole proposed revival plan emphasizes on increasing/improving the job involvement of these employees, so that they really care for their work/job and serve the customers (passengers) in the best possible way. And the best way to foster their job involvement is to provide them the expected QWL.

The study of Ramanayya, Nagadevara & Roy (2007), consisting of drivers, conductors and cleaners from Kerala State Road Transport Corporation (KSRTC), concluded that the working environment, compensation package and future prospects would make a significant difference in their motivation levels and consequently the quality of service rendered to the passengers.

The pioneering study of Dhar (2008) assessed the Quality of Work Life of bus-drivers of Municipal Corporation of Pune; by focusing on four main themes: (a) Work demands and Quality of Work Life, (b) Coping strategies to reduce stress, (c) Organizational initiatives to reduce stress and (d) Humour, team work and work-life balance. It was reported that the quality of their life at work was mainly hampered due to time pressures, deteriorating condition of the buses and increasing pollution. Other types of stressors relate to their professional relationship, temporary nature of their job, lack of recognition and appreciation. It was also found that team working increased QWL & consequently quality of service also.

Some of the recommendations of this pioneering study for improving the QWL of the drivers are mentioned as under:

- There is a need to provide an opportunity for staff to interact socially with other members both formally as well as informally; and for this get together parties and related activities should be arranged.
- There is a need to train bus drivers to enhance stress coping strategies.
- Employee Assistance Programmes (EAPs) should be provided to manage their personal problems and to assist drivers to ensure good psychological health.
- Health promotion on-site - educating drivers of the benefits of a healthy lifestyle would also be justified; motivating drivers to engage in regular physical exercise, adopt a healthy and balanced diet, and reduce tobacco and alcohol intake. Need for free and regular medical check-up of the drivers to keep them fit was also advocated.
- Realistic Job Previews (RJPs) to potential employees outlining positive and negative job related information should be given during recruitment; so that individuals can form more accurate expectation from their jobs.
- Fixed work schedules should be implemented to minimize fatigue and also to establish regular meal times discouraging meal skipping, which would further lessen fatigue.
- There is also a need to recruit more drivers to relieve existing drivers from working for extended hours.

Studies of Rao and Chandra Mohan (2008), and Rao and Venugopal (2009) focused on identifying the perceptual factors in Quality of Work Life of Indian Employees with 332 employees predominantly from Financial Sector and Transport Business. Lending a big support to Saklani's (2004) findings, four main factors were derived namely Favorable work environment, Personal growth and autonomy, Rewarding nature of the job, and Stimulating opportunities and co-workers; as important for better QWL at work place. While this study helps us to have an insight into the major factors of importance for QWL among the Indian employees, to what extent these findings will be applicable to the frontline staff of a State Government owned and run State Transport Undertaking (STU) like GSRTC; is to be determined.

The empirical study of Saklani (2010) concluded that the non-managerial employees in India are more concerned about satisfying their lower order material needs. The "most important" QWL factors reported by this class of employees are predominantly having financial implications. Interestingly, the present research is also conducted on non-managerial employees of GSRTC – the Class-III-Operative staff. So, it is interesting to see how far these findings are applicable to GSRTC employees.

Research methodology

Research problem statement

The present research study focuses on assessing the importance and availability of various constituents of Quality of Work Life among the drivers, conductors, driver-cum-conductors and mechanic staff of GSRTC and suggesting measures to improve the same. Specifically, this study is focused on the following research question?

> *"How to ensure better QWL for the Drivers, Conductors, Driver-cum-Conductors and Mechanic Staff of GSRTC?"*

Sub-questions of this overarching research query were as follows:

- What constitutes QWL experience for the Drivers, Conductors, Driver-cum-Conductors and Mechanic Staff of GSRTC?
- How do the Drivers, Conductors, Driver-cum-Conductors and Mechanic Staff of GSRTC perceive their work environment in terms of availability of various constituents of QWL?
- Whether there is any gap between the importance and existence of various QWL constituents in GSRTC?

The Operational Definition of various constructs are as follows:

Herein, **"Quality of Work Life"** refers to the degree to which employees are able to satisfy their important personal needs through their experiences in the organization.

"GSRTC" is the popular abbreviation of the Gujarat State Road Transport Corporation.

"Employees": The present research study is undertaken on the permanent on pay-roll Class-III-Operative (frontline) staff of GSRTC – the Drivers, Conductors, Driver-cum-Conductors and Mechanics (Workshop & Maintenance staff).

Research objectives

- To study the factors of importance for Quality of Work Life of employees of GSRTC.
- To study the perceptions of employees regarding the availability of Quality of Work Life attributes at the work place.
- To find out the gap, if any, between the importance and availability of various QWL attributes in GSRTC.
- To make recommendations to improve the QWL of these employees of GSRTC.

Research design

This study is undertaken by adopting Descriptive Cross-Sectional Research Design, as it describes the views/opinions of GSRTC employees regarding various factors of importance for their QWL and its availability in GSRTC (Descriptive) at a specific point of time (Cross Sectional). Initial exploration stage focused on careful review of relevant literature and in-depth interviews and discussions with the key informants to have inputs for structuring the contents of the questionnaire by including the relevant issues.

Data collection

1. Primary Data: Primary Data have been collected from the Drivers, Conductors, Driver-cum-Conductors and Mechanic staff of GSRTC through a Structured Pre-coded Interview Schedule; framed in English as well as in Gujarati. For framing the relevant items/statements of QWL, the 13 factors identified in the pioneering work of Saklani (2003) have been taken as a base. Then, based on the insights from the in-depth interviews and discussions with the key informants; these 13 factors were given operational meaning by identifying the real life practical indicators. Thus, an effort is made to include only contextual items relevant to the QWL of the targeted employees of GSRTC. Finally, before administering it to the respondents, it was pilot tested with 25 respondents.

2. Secondary Data: Secondary data have been collected from books, journals, periodicals, and electronic databases. Published and unpublished documents of the GSRTC have also been used.

Sampling design: By using Convenience-cum-Quota Sampling method of Non-Probability Sampling, 400 respondents - Drivers, Conductors, Driver-cum-Conductors and Mechanics were selected from 16 depots of GSRTC as shown in Table 1.

Table 1: No. of respondents in various categories

Drivers	Conductors	Driver-cum-Conductors	Mechanics	Total
150	150	10	90	400

Data analysis & interpretation

- **Demographic profile of the respondents:**

Table 2: Classification of respondents based on demographic particulars

Demographic Particulars	No. of Respondents (N = 400)
Age Group	
21 – 30 years	29
31 – 40 years	79
41 – 50 years	207
> 50 years	85

Education	
< SSC	63
SSC	139
ITI/Diploma	30
HSC	120
Graduate	40
Post Graduate	02
> Post Graduate	06
Experience	
Up to 5 years	51
6 – 10 years	56
11 – 15 years	174
16 – 20 years	69
> 20 years	50
Designation	
Driver	150
Conductor	150
Driver-cum-Conductor	10
Mechanic	90

In terms of Age Profile, GSRTC seems to have a good mix of young, energetic and aged experienced workforce with the highest number of respondents – 51.75% belonging to the age group of 41-50 years, the second highest 21.25% belonging to the age group of >50 years, followed by 19.75% in the age group of 31-40 years and 7.25% respondents in the age bracket of 21-30 years. In Educational Qualifications Segment, the respondents present a wide variety; wherein 34.75% respondents are SSC qualified, 30.00% are HSC Qualified, 15.75% have less than SSC qualification, 10% respondents are Graduates, 7.5% respondents are ITI/Diploma holders, 0.5% are Post Graduates, and surprisingly, 1.5% of them are having more than Post Graduation qualification. In terms of Work Experience, it seems that the respondents are well experienced ones as 43.5% respondents have 11-15 years experience, 17.25% have 16-20 years experience, 14% have 6-10 years experience, 12.75% have less than 5 years experience, and 12.5% respondents have more than 20 years experience. In and all, the Class-III employees of GSRTC presents diversity in terms of their demographic particulars.

- **Constituents of QWL among the employees of GSRTC**

Based on the frequency analysis of the responses of 400 respondents regarding the factors of importance for their QWL, Table 3 provides interesting insights into the importance of various QWL Components for the Class-III-Operative level employees of GSRTC. It can be seen that the 4 Top Most Important QWL Components include Participation in Decision Making (99.75%), Opportunity for Continued Growth (98.25%), Reward and Penalty System (90.00%), and Opportunity to Use and Develop Human Capacity (78.50%). Amazingly, out of these 4 Most Important QWL Components, 3 components are typically linked to the higher order needs of the employees. This is in sharp contradiction to the popularly held stereotype about the nature and mentality of typical Indian employees, particularly the non-managerial employees at lower levels; that satisfaction of lower needs is of paramount importance to them. The findings of this study conclusively proves that the employees at lower levels need not be thinking in terms of satisfying only their material or physiological or financial needs all the time. The time has changed. Even employees at lower levels of the organizational hierarchy looks for satisfying their higher order needs like Esteem (Ego) Needs, Growth Needs, and Actualization Needs. Interestingly, these 4 Most Important QWL Components are 'intrinsic' in nature, i.e., they are allied to 'job content' and are psychological in nature.

This is contrary to the findings of several earlier studies, which revealed that, in the Indian context, 'Environmental Factors' like physical work environment, safety and working conditions; and 'Relational Factors' such as work group relations, and labour-management relations; are more important in regard to QWL of employees. Several researchers reported that in Indian context, lower order needs like physiological (biological), safety/security and social needs have still remained more important in comparison to the higher order needs like esteem need and self actualization need (Singhal, 1975; Mehta, 1978; Kalra & Ghosh, 1984; Saklani, 2010).

Table 3: Importance of 13 QWL components in descending rank order

13 QWL Components	Preferred by (N = 400)		Priority Rank Order
	Number	% Score	
Participation in Decision Making	399	99.75%	1

Opportunity for Continued Growth	393	98.25%	2
Reward and Penalty System	360	90.00%	3
Opportunity to Use and Develop Human Capacity	314	78.5%	4
Adequate and Fair Compensation	270	67.50%	5
Equity, Justice and Grievance Handling	219	54.75%	6
Human Relations and Social Aspect of Work Life	201	50.25%	7
Fringe Benefits & Employee Welfare Measures	172	43.00%	8
Work Load	168	42.00%	9
Safe and Healthy Work Environment	136	34.00%	10
Work and Total Life Space	75	18.75%	11
Image of Organization in the Society	53	13.25%	12
Job Security	40	10.00%	13

- **Availability of QWL among the employees of GSRTC**

To have insights regarding the reported availability of the 13 QWL components among the respondents, their opinions were analyzed using the t-test at 0.05 Significance Level with Test Value 4 (Poor). Table 4 provides statistical evidence about the existing level of QWL (Overall as well as Component-wise) among the Drivers, Conductors, Driver-cum-Conductors and Mechanic Staff of GSRTC.

The findings from Table 4 reveal that the overall status of QWL in GSRTC, as reported by the Drivers, Conductors, Driver-cum-Conductors and Mechanics, is near to the average standard as indicated by the score of 3.02 on a Five-point scale (where 1 = Excellent, 2 = Good, 3 = Average, 4 = Poor, 5 = Unsatisfactory). Component-wise also, none of the 13 components portrays excellent QWL. The findings from Table 4 indicate that out of 13 components of QWL, 2 components are near to the position of 'Good' QWL, 3 components are above average, 3 components are average, while the remaining 5 components are indicating 'Below Average' existence of QWL. So, it is far away from the ideal position.

Table 4: Existing Level of QWL (Overall as well as Component-wise) in GSRTC

QWL Components	Mean Value (N = 400)	S. D.	Std. Error Mean	Mean Difference	T-value	Sig. (2-tailed)
Adequate and Fair Compensation	3.27	0.96	0.04	-0.72	-14.99	0.000
Fringe Benefits & Employee Welfare Measures	3.43	0.96	0.04	-0.56	-11.59	0.000
Job Security	2.49	1.08	0.05	-1.50	-27.89	0.000
Safe and Healthy Work Environment	3.45	1.11	0.05	-0.54	-9.803	0.000

Work Load	2.95	0.99	0.04	-1.04	-20.97	0.000
Opportunity to Use and Develop Human Capacity	2.67	0.85	0.04	-1.32	-31.08	0.000
Opportunity for Continued Growth	3.06	0.85	0.04	-0.93	-21.92	0.000
Human Relations and Social Aspect of Work Life	3.03	0.87	0.04	-0.96	-22.24	0.000
Participation in Decision Making	3.26	1.18	0.05	-0.73	-12.36	0.000
Reward and Penalty System	2.89	1.10	0.05	-1.10	-19.96	0.000
Equity, Justice and Grievance Handling	3.48	1.08	0.05	-0.51	-9.47	0.000
Work and Total Life Space	3.09	0.91	0.04	-0.90	-19.75	0.000
Image of Organization in the Society	2.38	0.74	0.03	-1.61	-43.62	0.000
Overall QWL	**3.02**	**0.68**	**0.03**	**-0.98**	**-28.79**	**0.000**

The 2 components indicating near to 'Good' existence QWL include Job Security (Mean Score 2.49) and Image of Organization in the Society (Mean Score 2.38). Now, being a Government Organization, Job Security is certainly going to be there and the employees need not to worry about losing their jobs on flimsy grounds.

Further, these Class-III-Operative level employees perceive GSRTC to be ethically and socially responsible in the matters of public interests and therefore, commanding good image in the society. Near to good existence of this component may be due to the fact that the employment practices of GSRTC are fair and without any bias or prejudice towards any section of society based on caste, creed, age, etc. Further, GSRTC has been granting various concessions to students, disabled, freedom fighters, etc., which positions it as a "Socially Concerned Organization". In a way, GSRTC provides extensive support to the institutions involved in the noble cause of education, culture, sports, medical, patriotism, etc. Having such societal orientation appears to be a strong reason for perceiving the near to good image of GSRTC in society. So, being a "Mass Centric Organization", it is likely that these employees perceive its near to good image in the society. Amazingly, this image of organization in the society has emerged as the highest contributing component (Mean Score 2.38) to the existing state of QWL in GSRTC.

The 3 components indicating 'Above Average' existence of QWL include Work Load (Mean Score 2.95), Opportunity to Use and Develop Human Capacity (Mean Score 2.67), and Reward and Penalty System (Mean Score 2.89). Existing only 'Above Average' state of QWL on Reward and Penalty Administration System component perhaps is explained by the prevailing cultural milieu in India, especially in the bureaucratic setup. Rewarding the flatterers and those with right contacts at the cost of merit, efficiency, discipline and good conduct is the order of the day. In GSRTC, the employees in very high proportion reported that employees having union contacts, or those who are union office bearers, are the ones enjoying all the undue favours, at the cost of meritorious ones. Added to this, contrary to popular misconception that GSRTC, being a Government organization, it must be overstaffed; in reality, GSRTC is an under staffed organization. The 'real revenue generators' – the Drivers, Conductors and Mechanic staff are always in shortage in comparison to the sanctioned and required number of positions. This coupled with indifference to streamline the jobs demanding attention continuously for longer durations, increases workload and becomes a major source of stress to employees. This also impinges on their ability to discharge family and other social obligations and pursue other life interests and hobbies. This certainly leads to increased work load in terms of doing 'double' duties, working in odd hours, compulsory overtime etc; which is probably the reason behind lower existence of Work Load component of QWL in GSRTC. Ironically, the availability of one of the very crucial component, that is, Opportunity to Use and Develop Human Capacity (Mean Score 2.67) is also reported only 'Above Average'.

The other 3 components indicating 'Average' existence of QWL include Opportunity for Continued Growth (Mean Score 3.06), Human Relations and Social Aspects of Work Life (Mean Score 3.03), and Work and Total Life Space (Mean Score 3.09). This indicates that GSRTC has failed to devise mechanism to enhance these vital components of QWL having long-term implications on the health, feelings and emotions of employees; and consequently on the health of organizations. In the state of lower existence of these components, the working climate at GSRTC is usually characterized by mutual distrust. Employees do not see their peers and seniors as a source of Socio-emotional support; which is considered to be of paramount importance by Mayo (1960) for improving organizational efficiency and effectiveness. A working climate filled with suspicion, 'leg pulling tendencies', distrust, etc. ultimately kills the charm associated with one's working life. Heavy dependence on bureaucratic channels of communication and status differentials emanating from the organizational hierarchy add to the problem. Further, except the Mechanic staff, these employees have odd duty hours. So, a very vital component of one's QWL, i.e., Work and Total Life Space (Mean Score 3.09) is also with 'Average' existence. Even the existence of Opportunity for Continued Growth is also reported 'Average' only.

The real concern areas are the 'Below Average' existence of 5 components of QWL viz. Adequate and Fair Compensation (Mean Score 3.27), Fringe Benefits and Employee Welfare Measures (Mean Score 3.43), Safe and Healthy Work Environment (Mean Score 3.45), Participation in Decision Making (Mean Score 3.26), and Equity, Justice and Grievance Handling (Mean Score 3.48) components.

The lower order need satisfiers and which are very important components at the lower levels of organizational hierarchy, like Adequate and Fair Compensation (Mean Score 3.27), Fringe Benefits and Employee Welfare Measures (Mean Score 3.43), and Safe and Healthy Work Environment (Mean Score 3.45) are also reported 'Below Average'. Added to this, with 'Below Average' – much less than desirable existence of the crucial component of Equity, Justice and Grievance Handling (Mean Score 3.48); the working culture in GSRTC encourages the culture of unionism. In absence of such open, non-threatening mechanism to ventilate out their feelings at the work place or to express any sort of inequity, injustice or grievance; it is likely that these lower level employees resort to unions for solving their issues.

Ironically, 'Below Average' existence of the Participation in Decision Making component (Mean Score 3.26) is indicative of limited nature of the scope these lower level employees have for influencing decisions affecting their service conditions, monetary gains and other important aspects of work life.

So, it appear that the Class-III-Operative level employees of GSRTC are not having 'Good' or appreciable QWL condition.

Table 5 highlights the gap between the importance and existence of various components of QWL in GSRTC.

Table 5: Gap between Importance and Existence of QWL Components in GSRTC

13 QWL Components	Preferred by (N = 400)		Reported Existence by (N = 400)		Difference
	% Score	Priority Rank Order	Mean Value	Existence Rank Order	
Participation in Decision Making	99.75%	1	3.26	9	-8
Opportunity for Continued Growth	98.25%	2	3.06	7	-5
Reward and Penalty System	90.00%	3	2.89	4	-1
Opportunity to Use and Develop Human Capacity	78.5%	4	2.67	3	+1
Adequate and Fair Compensation	67.50%	5	3.27	10	-5

Equity, Justice and Grievance Handling	54.75%	6	3.48	13	-7
Human Relations and Social Aspect of Work Life	50.25%	7	3.03	6	+1
Fringe Benefits & Employee Welfare Measures	43.00%	8	3.43	11	-3
Work Load	42.00%	9	2.95	5	+4
Safe and Healthy Work Environment	34.00%	10	3.45	12	-2
Work and Total Life Space	18.75%	11	3.09	8	+3
Image of Organization in the Society	13.25%	12	2.38	1	+11
Job Security	10.00%	13	2.49	2	+11

Table 5 reveals that the importance of seven components out of thirteen QWL components is more than their existence in GSRTC. These include Adequate and Fair Compensation (Existence lagging behind by 5 ranks than Importance), Fringe Benefits and Employee Welfare Measures (Existence lagging behind by 3 ranks than Importance), Safe and Healthy Work Environment (Existence lagging behind by 2 ranks than Importance), Opportunity for Continued Growth (Existence lagging behind by 5 ranks than Importance), Participation in Decision Making (Existence lagging behind by 8 ranks than Importance), Reward and Penalty System (Existence lagging behind by 1 rank than Importance), and Equity, Justice and Grievance Handling (Existence lagging behind by 7 ranks than Importance).

Out of the above 7 components of QWL, 4 are typically the 'Job Context' factors, allied to lower order needs of the employees – they are Adequate and Fair Compensation, Fringe Benefits and Employee Welfare Measures, Safe and Healthy Work Environment, and Reward and Penalty System.

On the basis of these findings, it can be contended that in order to enhance QWL and motivation of the Drivers, Conductors and Mechanic staff of GSRTC, the government and the management of GSRTC must address these four issues having financial implications. GSRTC may enlarge the scope of various fringe benefits and welfare schemes available to these employees like free and subsidized canteen (in real spirit), conveyance, medical, children education, housing and such other programmes. Further, being a Government organization, salary should not have been the problem. But, the gap of 5 ranks in terms of existence vis-à-vis importance is perhaps due to the delay in implementing the 6th pay commission guidelines, overdue arrears amount, much delayed payment of gratuity, PF and such other dues etc.

But, a major concern area is the other 3 components of QWL, the existence of which is also reported as lagging behind their importance. These 3 components are Opportunity for Continued Growth (Existence lagging behind by 5 ranks than Importance), Participation in Decision Making (Existence lagging behind by 8 ranks than Importance), and Equity, Justice and Grievance Handling (Existence lagging behind by 7 ranks than Importance).

These 3 components are typically the 'Job Content' factors, allied to higher order needs of the employees. Ironical to note is that these 3 components have emerged as the most relevant components, as indicated by the magnitude/size of negative gap between their importance and existence. This clearly means that the Class-III-Operative level employees of GSRTC certainly place high value on the satisfaction of higher order needs as the most important 3 components are related to their higher order needs. But, ironically these components are not dealt with enough care and concern in GSRTC.

The most relevant component of QWL is found to be Participation in Decision Making (Existence lagging behind by 8 ranks than Importance). This particular component is lagging behind its importance by 8 ranks, which is the highest negative difference. Further, Participation in Decision Making component is reported as the 'Most Important QWL Component' by 99.75% Class-III-Operative level (non-managerial) employees of GSRTC; and it has been ranked as No. 1. But, its existence is at No. 9 with a mean score 3.26 (Below Average).

Conclusion

This study reveals that the present status of qualitative aspects of work life of Class-III-operative staff (Drivers, Conductors, Driver-cum-Conductors and Mechanic) of GSRTC is far away from the ideal state. Availability of 7 components out of 13 QWL components is found lagging behind importance. In STUs like GSRTC, these lower level employees comprise nearly 87% of their manpower strength; and their average QWL is a serious concern. Being the real revenue generators – the on & off-the-road soldiers of GSRTC, they represent single largest cohort, responsible for glittering bottom line of GSRTC. The given recommendations, if implemented in the right spirit, will certainly help GSRTC to foster better Quality of Work Life (QWL) for these employees; and thereby improve the overall efficiency and effectiveness of GSRTC.

Recommendations

GSRTC need to concentrate on the following recommendations to foster better QWL for their employees:

(1) As it has been found that the Drivers, Conductors, Driver-cum-Conductors and Mechanics of GSRTC, place greater importance on their higher order needs; the higher ups of GSRTC need to acknowledge this promising and positive finding. With changing times, even these employees' mindset have undergone a change, and they increasingly look for satisfying their higher order needs like Esteem (Ego) needs, Growth needs, Actualization needs etc. So, gone are the days when the higher level officials (typically termed as '*Adhikari Varg*' by these employees) used to talk in rough abusive language with these employees. They want to be respected, to be seen as an important person making meaningful contribution to the ST Nigam and above all should be treated with human dignity. So, the superior-subordinate relationships need to be made more harmonious. For this, a complete transformation of heart, in the real spirit, is required on the part of the higher cadre employees – the Adhikaris. If required, they can be trained. If required, they can be given clear instructions in this regard.

(2) Further, Participation in Decision Making component is found to be the 'Most Important QWL Component' by these employees. High relevance of this component can also be gauged from the suggestions in the open-ended section of the Pre-coded Interview Schedule, wherein most of them have invariably reported that they know the roads, buses' conditions, passengers' mentality, route potential, route traffic pattern etc.; and therefore, the *"Adhikaris"* (the higher level officials – the decision making authorities) should consult them, involve them, take their opinions/ suggestion/views before initiating/implementing any new scheme. They even quoted the on-field implementation issues associated with GRSTC's new schemes like 'Raise your hand and take a ride initiative', 'Charging same fare in Express Bus (up to 30 Kms) as that of Local Bus' and many more. These employees even commented that the higher level officials keep on introducing new schemes by sitting in their AC cabins, without consulting us; and that has been the main reason for the fact that most of these schemes do not get sounding success. So, it signals the need for fostering participative management practices even at the lower levels of the hierarchy. So, participative/ collaborative bodies should be formed at the Depot level as well as Division level, but must be in the right spirit, on voluntary basis; through which these employees can be involved in the decision making process at various levels.

(3) Efficient administration of a system enforcing discipline strictly is probably of high relevance in the context of the suggestions of most of these employees that in GSRTC, the disciplinary norms and other regulations are not equally followed for all. So, such biasness or prejudices in favour of some people should be strictly removed. Dress Code, Attendance, Punctuality, Leave Rules and associated Approvals etc. should be enforced uniformly.

(4) GSRTC may think of initiating 'Quality Circles' on voluntary basis, on experiment basis at the Depot and Division level. Successful application of QCs in Transportation Sector has been reported to generate promising gains like improved employee relations, coordinal and healthy superior-subordinate relationships, better working environment, organizational image building, participative decision making etc. (Curtis, 1984).

(5) Burden of excessive work load in terms of doing double duty, staying at work beyond stipulated work hours etc. is basically the result of under staffed manpower position of GSRTC. So, systematic Manpower Planning Process must be initiated by GSRTC to ensure the availability of the right number and right types of people at the right places to perform the right duties, and thereby relieving these employees of the unnecessary burden of additional duties.

(6) The existence of lower order need satisfying QWL components like Adequate and Fair Compensation, Fringe Benefits and Employee Welfare Measures, and Safe and Healthy Work Environment are also found 'Below Average'. If the management feels that this is misperception, they must communicate with the employees and make them understand how hard GSRTC has been trying to provide them the best compensation, fringe benefits and welfare measures as well as the safest working conditions. But, if the situation is really alarming one, GSRTC must immediately take appropriate steps to improve these dimensions. This will

certainly reduce the pro-union attitude among the employees, and consequently the hassles of unions.

(7) Further, 'Below Average' – much less than desirable existence of the crucial component of Equity, Justice and Grievance Handling (Mean Score 3.48), indicates that the basic constitutional rights are not respected in GSRTC. It also reflects that the GSRTC itself encourages the culture of unionism. In absence of such open, non-threatening mechanism to ventilate out their feelings at the work place or to express any sort of inequity, injustice or grievance; it is likely that these lower level employees resort to unions for solving their issues. Long term and very strong visible existence of three powerful unions in GSRTC is certainly indicative of this. So, GSRTC has to establish sound HR department with a clear mission and vision of doing good to the employees and taking care of their concerns with open-non-threatening grievance handling mechanism. If this component of Equity, Justice and Grievance Handling is not taken care of, it may lead to severe consequences, as the employees will ventilate their accumulated ill feelings somewhere, may be on passengers with odd behaviour, may be through rash driving, may be by damaging organizational property, or may be by developing detached/unconcerned attitude towards GSRTC. So, a clear, concise, unambiguous, prompt, open and employee friendly grievance handling system must be initiated at the earliest.

(8) Ironically, even though the high felt importance of Participation in Decision Making component has been acknowledged by almost all the employees (99.75%), this component is found missing with below average availability. So, the higher-ups must device mechanisms to involve these employees in the decision making process. The higher level officials must come out of their Theory-X mentality and encourage participation of these employees at various levels, as they can be potential source of excellent suggestions. Suggestion box scheme can also be initiated. Prior to that, these employees need to be trained about how to give constructive suggestions, how to participate etc.; so that there would be participation in its real sense.

(9) Social get-togethers should be organized to involve the family members of these employees, as many employees have indicated complete absence and the high felt need of having such schemes/initiatives. This will certainly improve the social relevance of their job environment. This will improve the sense of belongingness and emotional attachment of these employees with GSRTC, with their jobs as well as their co-workers. This was also signalled by George Elton Mayo (1960), as the outcome of the pioneering Hawthorne Experiment, by indicating that the employees should not only have positive attitude towards their work/job; but also have positive attitude towards their organization and co-workers.

(10) Opportunity for Continued Growth and Opportunity to Use and Develop Human Capacities are also found problematic in case of these employees. So, regular training programmes, not necessarily on technical areas, may be organized, wherein eventually these employees may be invited with their family members. Even, the superiors should immediately start career counselling, may not be in formal terms, but at least informally, at departmental levels; so that the employees feel a sense of value-addition. This will further improve superior-subordinate relationships, as they may start viewing their superiors as 'coach-mentor-counsellor' instead of typical 'judge-evaluator'.

(11) Further, performance-linked pay or at least additional rewards/incentives for superior performance can be initiated. In absence of such incentives, these employees have developed an impersonal detached view. They are not inclined to achieve benchmark results in terms of increased route income, reduced accident and breakdown rates, higher KMPL, higher EPKM, lower CPKM etc. So, appropriate scheme for rewarding their efforts with monetary incentives must be initiated. This has been indicated by many respondents in the open ended section of the data collection instrument.

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Reliability Quotient - Mirage in the World of Business

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Abstract

When a person bonds himself with an organization, he not only connects himself with the segment or chunk of organization but connects and sets himself in motion with the entire organizational hierarchy. He joins a family and there are no clandestine amid family members. As hierarchies break down and organizations adopt a culture of transparency and precision, even lower-rung employees are privy to secrets that could potentially threaten the company if pilfered or sold. It thus becomes indispensable and essential for HR to make certain and assure that the new candidate/employee is elevated on quotient of conviction and reliance.

Since time immemorial the words like 'Trust, Reliability and Trustworthiness' have been tried to define in many connotations by many men of letters, thinkers, business personnel, yet the unanimous meaning/s has/ve not reached to consensus. In recent years also, the notion of trust has gained an imperative and key position in management research and organizational behaviour. Reliability Quotient facilitates relationships between and within organizations, reducing transaction costs and potentially becoming a source of competitive advantage. The benefits of trust are extensively acknowledged within the literature, though there is only scarce and very limited empirical research and resources about how trust can be built within organizations still, the researcher has tried his best to get through the definition of trust, the significance of bond of reliability, issues pertaining to appointment/hiring, and a few measures that sets assurance of trustworthiness.

At the end it can be inferred that the issue of trust in the workplace can make or break an organization's culture. And the researcher's attempt will help the readers, users to contemplate some of the key suggestions to be taken care of for setting up concord in the entire organization and that too irrespective of status, position or rank of a person for the reason that here is nothing more stressful and damaging than working in a ministry or organization when there is little to no trust between management and other employees. No trust means a hostile, unfriendly, or toxic work environment where productivity and desired end results are severely inadequate. No trust also means milieu where people are not living up to the standards of Christ-like attitudes and interactions. So above articulated viewpoints would undeniably en-route our way to comprehend reliability, credence and reliance in detail in realizing organizations set targets with recommended recommendations.

Key Words

Reliability, Ethics, Principles, Concord, Contemplation, Workplace Ethics

Prologue

When a person bonds himself with an organization, he not only connects himself with the segment of organization but connects himself with the entire organization. He joins a family and there are no secrets amid family members. As hierarchies break down and organizations adopt a culture of transparency, even lower-rung employees are privy to secrets that could potentially threaten the company if pilfered or sold. It thus becomes indispensable and essential for HR to make certain that the new candidate is elevated on quotient of conviction and reliance.

In recent years, the notion of trust has gained an imperative position in management research (Kramer and Tyler, 1996; Rousseau, Sitkin, Burt, and Camerer, 1998). Trust facilitates relationships between and within organizations, reducing transaction costs and potentially becoming a source of competitive advantage (Chiles and McMackin, 1996; Barney and Hansen, 1994). The benefits of trust are extensively acknowledged within the literature, though there is only scarce empirical research about how trust can be built within organizations (Mayer and Davis, 1999).

A Few Articulations

When the nature and the antecedents of trust have been analyzed in the social sciences, the differences in approaches are striking. For instance, psychologists have studied trust as a fundamentally chronic personality trait (Rotter, 1971); economists have focused on the calculative process that captures the decision to trust others and they have attempted to design organizational arrangements that will yield 'trust-like' behavior (Dasgupta, 1988; Williamson, 1993); while sociologists have emphasized the importance of social relations beyond individual characteristics and formal organizational arrangements (Granovetter, 1985).

Research on trust has been characterized by a substantial diversity in disciplinary background, methodologies, and definition (Bigley and Pierce, 1998). Among other approaches, trust has been defined as a general disposition toward others (Rotter, 1971), a rational decision about cooperative behaviour (Dasgupra, 1988), an affect-based evaluation about another person (McAllister, 1995), and a characteristic of social systems (Barber, 1983). Rousseau et al. (1998) argue that the differences among scholars in the definition and levels of analysis are less divergent than what may appear at first sight. Based on their analysis of the trust literature, these authors suggest that trust is a 'psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another'. (Rousseau et al. 1998: 395).

In his excellent book *The Speed of Trust*, Stephen MR Covey describes trust in basic terms: 'Simply put, trust means confidence. The opposite of trust- distrust- is suspicion. When you trust people, you have confidence in them- in their integrity and their abilities. When you distrust people, you are suspicious of them- of their integrity, their agenda, their capabilities, or their track record. It's that simple'. Trust is a feeling one person has for another person's capability and reliability supported by their past actions.

The Bond of Trust

The Trust is an inherent quality. Trust is the foundation of any relationship. Skills can be developed, but trustworthiness is a value, which a person either has or does not have. Rotter (1971) claims that an individual's propensity to trust should influence his/her level of trust in specific others, but mainly when the trustor has little knowledge about them. Thus, if there is little contact between trustor and trustee within an organization, the level of trust can be expected to depend largely on the trustor's own characteristics and position within the organization. Similarly, the effect of the individual characteristics and the organizational context of the trustee would be expected to be smaller, since limited contact would make these characteristics barely observable to the turstor.

In contrast, with greater frequency of communication, the trustee's individual characteristics as well as context within the organization would become more visible to the trustor and can be expected to play greater influence in his/her evaluation of the trustee's trustworthiness. In this case, the trustor can be expected to rely more heavily on the larger amount of information directly available to him/her about the trustee's intentions and behaviour in their relationship. Thus, when the amount of communication between them increases, we would anticipate a transfer in the extent of influence from the trustor's perspective to the trustee's individual characteristics and position within the organizational network.

Any competence or skill is valuable only in conjunction with the basic value of trustworthiness. So a statement about trust, therefore, always concerns at least two parties – be they individuals, groups, organizations, institutions, or entire societies. The analysis of trust ultimately needs to build on how individuals trust and are trusted by other sets of individuals. From our perspective, this distinction between the **trustor** (who holds certain expectations about another party and may or not be willing to be vulnerable to the actions of the other party) and the **trustee** (who is assessed by the trustor) is critical to any analysis of the antecedents of trust. This attribute is such a basic requirement that it is never even stated in any job description. A person might not get hired for just being trustworthy, but (s)he will certainly get rejected if found untrustworthy. This is where the referral system comes in.

Issues of Appointment/ Hiring

Hiring through reference is preferred as there is insight into the personality and nature of the employee and hence, the trustworthiness factor is higher. It is also a less expensive exercise to hire through referrals. Leaders prefer working with people who they have worked with in the past as the rapport is established and the level of trust is higher in terms of attitude and aptitude.

No matter what you are doing for your business or where it is based out of, chances are very good that you are going to have to hire employees and chances are good that you are going to have to worry about finding those that you can actually trust. This is an issue that comes up again and again because often people do not realize they need to be able to trust their employees much more than they do and they find themselves with serious issues regarding trust before they even know it. So, finding employees that you can trust; is something that you find intricate exercise. Group makes an important point that 'trusting one's employees is as crucial as trustworthiness'. The Chinese proverb 'Don't employ someone you suspect, nor suspect someone you employ' sums up that 'employee motivation can only be built on a strong base of trust'.

Assurance of Trustworthiness

Research in psychology has shown that individuals have different propensities to trust others, which results from their early childhood, their personality, and their experiences through life (Erikson, 1953; Rotter, 1967; Wrightsman). Are there any means through which HR can judge a candidate's credibility other than indispensable instincts and impulses? Are there any methods or techniques to judge the loyalty of candidate? Answers to these questions do vary. It is mandatory for HR department, that at the time of employing the candidates, it is imperative to be very conscientious and diligent. Initially, before or during the interview process, the interviewer needs to be careful and pick up on cues if any. Interviewers can make use of the references cited by the interviewee to get into the behavioural pattern of the prospective aspirant. It is also a good idea and equally important for the employer to carry out absolute background verification. Maintaining and following a thorough employee referral programme is another mechanism through which we can ensure whether an employee is trustworthy. These are a few very good manners through which HR can seek trustworthy employees.

Well thought-out interviewing process and structure by using techniques like Behavioural Event Interviewing (BEI) bring out opportunities to assess and evaluate a range of characteristics and attributes of an individual. Throughout a BEI, questions are asked to elicit real-life incidents where the candidate would have exhibited a certain trait and mannerism. Such questions give the interviewer the chance to look into the societal mind set of a person that in turn reveals the psychological makeup of the personality. This can further be expanded by probing technique where questions are asked and issues are raised to get the logic and belief underlying an action or personality trait. Nonverbal cues are also of immense assistance in getting useful picture of a candidate like suddenly becoming shifty and fidgeting, nervousness, uneasiness, apprehension, anxiety and so on are signs to watch out for. Most companies, as a routine practice, conduct a background check on potential candidates. HR could do a lot more by conducting thorough background checks and verifications from previous employers as they are vital to getting the right fit. These activities assist in finding the right candidate for the right place for generating right impact in the organization and who is trustworthy.

We can infer and quote Robert Shaw who describes three key elements to create trust in his book 'Trust in the Balance'.

1.Achieving Results.

In order to receive organizational conviction, the leadership needs to fulfill its obligations and commitments. Promises and good intentions are not adequate; trust necessitates proficient feat that fulfills expectations. I have a friend who is a great example for this. He lives far enough away from me that it takes an effort to meet. Every time we talk on the phone, he expresses an intention to come out and see me. After four plans made and then postponed, I don't trust him to actually what he says. His track record is tarnished.

The same is true for organizations: the track record of achieving results and following through is crucial. Covey gives three ideas on how to improve results and develop trust through actions. First, he recommends that the leadership shifts the focus from 'doing activities' to 'achieving results.' The language people use should not be "I called the customer' but 'I made the sale'. Allow employees to come up with creative solutions to achieve results. Whether the results are good or bad or unintended, always take responsibility. Secondly, expect to win. Then the self fulfilling prophesy will work in your favor. 'The principle is simply this: We tend to get what we expect- both from ourselves and from others. When we expect more, we tend to get more; when we expect less, we tend to get less'. Thirdly, develop the strength and the stamina to finish strong. Even if something looks like its heading south, or in a direction you did not intend, stick with it to the end and see it through.

2. Integrity

The key to integrity is consistent honesty in actions regarding everything a person or organization does. Integrity is characteristic, one that inspires trust. Key to integrity is transparency in communication. A great example of transparent communication is Howard Publishing. John Howard, Executive VP, describes how he communicates with employees. He keeps employees informed right away, as soon as there is a whiff of something coming down the pipeline employees know about it. Employees know that they can always come to him with questions and get a straight answer. He encourages different departments to report to each other at monthly staff meetings. He also keeps the communication going both ways: collecting feedback at monthly meeting and having department heads collected suggestions and ideas from their people. All of this communication allows employees the freedom to voice their opinions and see their ideas being acted upon. This creates a strong sense of trust in the organization and allows them to increase their productivity.

3. Demonstrating Concern

Employees are not mindless automations. They need to develop positive relationships with their coworkers and superiors. Employees must have faith that the people they trust are taking their best interests to heart. Leaders especially need to express care and concern for each individual employee, for the interdependent work group or department, and for the organization as a whole. Leadership has a large responsibility to make sure everyone feels genuinely cared for.

In order to create trust in an organization, all three of these categories must be developed and cultivated with intentionality and determination. Let us be clear: creating a culture of trust does not mean that conflict will not happen. There will be conflict, but it will be done in a healthy way that will not tear down what has been built and it will not become a personal attack. Healthy trusting environments have conflict and encourage different opinions to help develop more effective ideas. This will create higher levels of productivity and do wonderful things for your company.

Epilogue

The issue of trust in the workplace can make or break an organization's culture. There is nothing more stressful and damaging than working in a ministry or organization when there is little to no trust between management and other employees. No trust means a hostile, toxic work environment where productivity is severely limited. No trust also means an environment where people are not living up to the standards of Christ-like attitudes and interactions. So above articulated viewpoints would definitely en-route our way of trust, credence and reliance in achieving much desired results.

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How do small closely controlled SMEs grow beyond smallness: An experience of Indian Chemical/ Pharma industries

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Abstract

Chemical industry is one of the very oldest industry in India. The emerging sectors under Chemical industries are specialty chemicals, petrochemical, pharmaceutical & agrochemical industries. The Chemicals Industry consist of both small and large scale units. On account of the increasing demand of chemical products within the country and in international market, the chemical industry sector provides a tremendous scope to grow the Small and Medium Enterprises.

SMEs have been playing a pivotal role in country's overall economic growth, and have achieved steady progress over the last couple of years. SME Entrepreneurs need to develop 'creative attitudes' that will help them to create new ideas and bring them to the market in an appropriate way that can create value. Entrepreneurial attitude is an important success feature for SMEs. Small & Medium Entrepreneurs/ individuals with an entrepreneurial attitude see needs, problems and challenges as opportunities and develop innovative ways to deal with the challenges. The central theme of this article is how to create attitude and expertise for the development and growth of SMEs in this sector.

Objective

This study suggests that closely held firms may be able to survive by making suitable organizational changes that improve their competitiveness while retaining close control. One means of achieving this occurs when controlling shareholders draw upon prior knowledge of a specific area within the family firm's expertise. One such important area of expertise was its long-standing relationships between controlling business and the firm's core managers and customers. We explore how that expertise became central to the development of an internal system for funding and managing the firm, which then generated growth without external intervention. This observation forms the basis of our argument, namely, the manner in which tipping points in closely held firms may be negotiated by key stakeholders for the principal purpose of retaining the firm's closely controlled form of organization.

On the growth of small, closely held businesses that explore how such firms in competitive industries may have to alter their family-centred management style, in order for the business to be able to grow and survive.

Overview of Indian chemical industry

The Indian chemical industry supports enormously for the industrial and agricultural development of India. Chemical industry is very old in the history of Indian industries. The industry has grown rapidly beyond everybody's expectation. Growing interdependence of economies due to increasing international trade is resulting in a chemical industry that is highly globalized in terms of production and supply.

Chemical companies are increasingly working towards reducing energy intensity of their operations, minimizing effluent discharge and minimize the pollution, increasing the share of recyclable products in their portfolio and diversifying their raw material base to include bio-feed stock.

The Chemical Industry comprises of both small and large scale units. The fiscal concessions granted to small sector in mid-eighties led to establishment of large number of units in the Small Scale Industry (SSI) sector. The chemical sector in India is mainly based in the small and medium scale sector and more than 60% of the production of the sector comes from these SMEs.[1]

The wide and diverse range of products can be broken down into a number of categories, including inorganic and organic (commodity) chemicals, drugs and pharmaceuticals, plastics and petrochemicals, dyes and pigments, fine and specialty chemicals, pesticides and agrochemicals and fertilizers.

In the recent years, import and export trade of chemicals have increased substantially. Though earlier the exports were to countries of South East Asia, Africa and Japan, this has now changed. Currently the chemicals manufactured in India have good markets in USA, UK, Germany and France.

Due to the increasing demand of chemical products within the country and in international market, the chemical industry offers tremendous scope for Small and Medium Enterprises to grow. In fact global companies are also looking at India for future business deals because India provides good quality of products and services. Many associations as well as the State and Central governments are taking measures to promote chemical sector and helping finance to improve infrastructural facilities for Small and Medium Enterprises. The Central government with a special focus on modernization takes an active role in promoting and advancing the domestic chemical industries. Also India is becoming favored destination for global and regional chemical & pharma majors due to its manufacturing capabilities, availability of man power and low labour cost.

Growth of small organisations is also influenced by the nature of the firm, background and resource of the entrepreneur, and the strategic decisions taken by the entrepreneurs. Entrepreneurs of the small businesses are the sole strategic decision makers and their close control supports easy translation of entrepreneurial vision into action. Their ability, conviction, need and opportunity are the main determinants of growth. Small business entrepreneurs have different motives and have different idea and inspiration for their growth.

Today, the Chemical industry is leading the change towards bringing a cleaner, greener, brighter future of the environment. Many technology or service are accessible for promoting greenness. It is too much, that green chemistry is becoming an industry in itself. Green chemistry will force future growth of the chemical industry. Indian chemical industry to promote sustainable development by investing in green technologies, adding that the industry must ensure increased adherence to safety and international health & environmental standards. For the green chemistry development measures chemical manufacturing plants are being designed to maximize energy efficiency, like waste heat from one process is the warm-up for the feed stock for the next step.[2]

Overview of Indian Pharmaceutical industry

The Pharmaceutical industry in India is the world's third-largest in terms of volume and stands 14th in terms of value. The demand for pharmaceutical products in India is significant and is driven by many factors like low drug penetration, rising middle-class & disposable income, increased government & private spending on healthcare infrastructure, increasing medical insurance penetration, changing demographic pattern and rise in chronic lifestyle-related diseases, adoption of product patents, and aggressive market penetration driven by the relatively smaller companies. There are approximately 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India. The Pharmaceutical industry in India meets more than 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectables.[3]

Government initiatives in the public health sector have recorded some remarkable successes eventually with focus on investments related to better medical infrastructure, rural health facilities etc. 100 per cent FDI is permitted for health and medical services under the automatic route. Besides, the drugs and pharmaceuticals sector had attracted Foreign Direct Investment worth US$ 5.0 billion between April 2000 and November 2011. Union Budget 2012-13, as expected, is positive for the pharmaceutical sector.

The government has again increased budgetary allocation for healthcare spending, which would be an overall positive factor for the sector. Indian pharmaceutical companies have been investing on the R&D front to tap opportunities in the domestic and global markets. To encourage the same, the weighted deduction on R&D expenditure to 200% (in-house research) was extended for a further period of five years. R&D sops would continue to be positive for the sector in total. Due to the lack of proper patent protection, the Indian market is adverse to the multinational companies that had dominated the market, and while they streamed out. For manufacturing drugs at low costs Indian companies carved a slot in both the Indian and world markets with their expertise in reverse-engineering new processes. India gained its foothold on the global scene with its innovatively engineered generic drugs and active pharmaceutical ingredients (API), and it is now seeking to become a major player in outsourced clinical research as well as contract manufacturing and research.

Green Technology in Chemical Sector

Green always symbolizes money in any economy. To preach and practice, the sustainability is a tough anthem. As sustainable solutions, R&D efforts are now being directed towards cost-effectiveness thereby expecting seamless adoption in the chemical industry. Maximum use of natural resources, making more efficient use of energy, minimising discharge of effluents, reducing renegade emission, release of volatile organic compounds during storage, handling & use, reducing carbon footprint and minimising outflow of greenhouse gases are key focus areas for sustainable manufacturing.

In the long run, profits in all businesses including chemical industries are sustainable only when associated with stakeholder value combined with enterprise value and those who follow unsustainable business practices will ultimately fail. Therefore, long term benefits of sustainable solutions are being identified and adopted. All our operations should be focused on achieving reduced levels of energy & water consumption, materials, man power, emissions and pollutants using the state of the art technologies with revamp and retrofit in the existing facilities.

Growth strategy in SMEs

The growth strategy in small entrepreneurial organisations is more favourable. For better performance three propositions like strategy, structure and processes along with following theoretical framework will be important.

Depending upon the entrepreneur's personal ambition and vision small organisations will grow.[4] SME leaders within Chemical or Pharma industries face significant challenges today amid market volatility and growing competitions. Every year the SME leaders have to set time aside for an annual planning review to assess the current growth stage of the company as well as for planning the next growth stage.[5]

Rather than allowing crises to dictate events, foresee and be well prepared for the growth challenges that all companies experience. Also change the company's course and direction, if, that is what is required to meet these challenges. Some of the strategies which can help SMEs are discussed below:

- Groom leadership at every level of the company. Entrepreneurs should ensure that at least once a year, professional development and upgrading occurs for all managers.
- To assess the company from a broader perspective, encourage managers to step back from day-to-day operations.
- At critical transitions between growth stages, set aside resources for professional advice.
- Through case studies and advisory groups, learn about best practices in organizational development.
- Throughout the organization, promote, communicate and manage changes.
- Promote discussion about the evolution and growth of the company through open communication lines across all levels of staff.
- Growth firms also put more emphasis on knowledge sharing and are more likely to seek knowledge and experience from outside the business, deriving value from in-house training, group meetings, one-to-one guidance and external courses to a greater extent.
- Management has to set goals for the organization and by taking actions and adaptation try to reach the goals. The unique capabilities of the strategic leaders to articulate a strategic plan and communicating the vision throughout the organization will help to empower organizational members to realize that vision.

How the unique ability beneficial for firm-environment relationship can be developed?

The physical resources, organizational capital resources, human resources, knowledge, skills and capabilities enable a firm's transformational processes.[6]

Transformation: Organizational capabilities required to advantageously convert inputs into outputs. This includes harnessing innovation and entrepreneurship, promoting organizational culture and fostering organizational learning.

Output-Based: Physical outputs and all knowledge-based, invisible strategic assets such as corporate reputation or image, product or service quality and customer loyalty.

Many SMEs in chemical sectors in emerging markets lack the technological and operational expertise required to fully capitalise on the growing demand in their markets. By adopting new technology and investment in more research and development activity SMEs will grow easily.

Successful SME leaders identified a number of important lessons about partnering:

- Building and demonstrating trust are critical to the success of partnership SMEs.
- Involve employees who have strong capabilities in initiating and managing partnerships.
- Inside the business build strong partnerships. Teams that bring people together from across the business are a major tool for promoting learning and innovation. Also, strengthen relationships between business functions strong cross-functional teams.
- The impact of skills shortages is greatest within SMEs and many firms are using skills as a key strategy to overcome these shortages. Current skills shortages are affecting upon the profitability.
- In-house training sessions are the most highly important which will benefit the SMEs to introduce new skills to existing workers. In-house training is the key tool in building better leaders in business for tomorrow.

Development of the next generation of SME leader for their future survival.[7] The key concern for the SMEs is the maturity of future leaders. Present leaders therefore need help for the selection and identification of potential leaders, the 'fast-tracking' of such individuals to help them swiftly acquire the necessary skills, and exposing future leaders to situations where they can acquire the experience and credibility to be accepted by subordinates.

SMEs have to tackle different levels of requirement: New generation leaders should be offered support and opportunities which will help them to respond to current challenges, whilst future leaders should be given the skills, knowledge and experience that will help them to develop within the organisation. Increased competition developing new markets are the major apprehensions for small businesses leaders.

Many SME entrepreneurs are 'home-grown', they have considerable company-based knowledge but limited formal experience about broader management competencies and it is this skill, particularly people management, that they would like to receive further training and support on.

SME leader must be motivated to participate through recognition and have to use their existing skills and experience.

Successful business owners identify four key factors behind their success in building innovative SMEs:

- Provide failure-tolerant leadership
- Establish the right business culture
- Promote teamwork and collaboration
- Access financial and business support

The right leadership and management are required at different stages in the growth of the business. 'Without good leadership, a business cannot go far initially, as leaders bring people together and provide the direction for the business.'

Importance of Leadership Quality in SMEs

Leadership is really important; SMEs need internal leadership from within the company to drive the direction and to make sure that things are going in the right direction. Few SMEs actually know how to deal with the large number of new ideas that originate from their employees. That's why the challenge is how to select and handle the best of them. New ideas will not prosper without strong screening mechanisms and access to funding.

A business needs to send clear signals that innovation is valued, rewarded and critical for its success and growth. How business leaders provide the time to their people to innovate is one part of this strategy to reward and support innovators. Providing opportunities to learn about risks and to learn what can go wrong-why, and what can be done about it... requires good supervision. The idea is...that if you don't make some mistakes, you are not learning in the business.

The leader should provide an opportunity to learn and to develop special expertise. The employee needs to be supported with access to advice and possibly additional training. Provide an opportunity for leaders to share their knowledge and experience with each other. The business needs to be managed in a way that promotes openness, sharing and active listening of others' views. Assisting new or less experienced business leaders to learn specific skills quickly through information sharing goes a long way.

Successful succession of CEOs is a crucial goal for these firms; without the next generation's leadership and direct management, the firm cannot survive as a family-owned firm. The issue of business succession planning will be more important for larger SMEs than for smaller ones. Succession planning becomes imperative for SME's because it enables the organization to identify talented employees and provide the necessary mentoring and training to develop them for future higher level and broader responsibilities and execute them smoothly.

A successful firm usually takes care of routine accounting needs. When a business is successful and grows rapidly, management is almost always operating with limited resources and one of those is limited financial management expertise, because owner does not have sufficient financial knowledge and training. Most of the SME Entrepreneurs weakness areas are finance, human resources, marketing or any area where the current management does not have the expertise, or the time to deal with the issues.

The solution is to determine what those areas of weakness are and then to develop a plan for dealing with those challenges. Once you spend the time to recognize a weakness- as long as it is not in a core area for the specific business- it often can be compensated for without a lot of time, effort or money or assigning the responsibility to an existing manager with a requirement to watch for the obvious pitfalls, to hiring a person part-time or a consultant.

Lack of information in the business is an issue...that is, the know-how of what is working, and what is not working for the enterprise. Often companies have to measure their results and when something specific causes a failure (positive or negative) in results this will help to assign what has caused the success or problem.[9]

Implementing a procedure for measuring and tracking the key performance indicators on a weekly, or monthly, basis is essential for enabling management to react to similar challenges and opportunities. The old saying is so true that you cannot manage what you do not measure. If nothing else, it often alerts you to a change from the norm much sooner than waiting until you otherwise become aware of it. Solutions are easier to find once awareness is established.

Importance of Advance Planning in SMEs

One of the main problems for SMEs is also lack of a planning. For implementing a planning process, there are three very fundamental reasons:

1. Advance planning will enable an SME entrepreneur to often think all through and implement the steps; this will help to achieve that plan;
2. Most of the SME Entrepreneurs are spending the maximum time in dealing with the 'alligators' that are snapping at their rear end and it is difficult to recognize the steps necessary to achieve the long-term objectives. Therefore, from time to

time, a plan disciplines you to look 'beyond the weeds'; and

3. A plan can often alert SME Entrepreneurs to inconsistencies that need to be managed like, lack of capital or other resources necessary to fund the growth projected and planned. Once recognized, SMEs are in a position to better manage the limiting factor.

Poor procedures are a regular challenge for any SMEs trying to manage with limited resources. For managing, the business needs to be well designed to reduce the incidence of errors but most entrepreneurs do not realize the existence and importance of procedures. Particularly management time error correction is often a major waste of time. Good procedures with a little time and effort invested up front will usually pay enormous dividends in time and cost and would lead to savings on an ongoing basis.

The characteristic distinction of small firm V/s larger firms

The characteristic distinction of small firm V/s larger firms are as follows:[10]

1. Due to shortage of cash small firms have to limit their strategic options;
2. Small entrepreneurs require business options to provide a quick payoff to offset the cash limitations and majority of their decisions are short-term decisions;
3. Small firms' approach to risk and uncertainty is not reasonable;
4. The small entrepreneurs characteristics basically influences the firm;
5. The small firm is seen as a social entity and often revolves around personal relationships;
6. Small firms generally operate in a single market, offering a limited range of products and services therefore they become over-reliant on a few customers which makes them helpless to failure...should a key customer/s discontinue doing business with the small firm;
7. Small firms' decisions are more judgmental because judgement usually involves fewer people and are taken much quicker;
8. Small firms are more responsive to changes in the marketplace.
9. Small firms are less likely to influence development in the marketplace but can respond or adjust to changes in the marketplace much quicker than larger firms.

Many entrepreneurs do not take into account their assessment of alternatives and opportunities. A business is about taking managed risks and one cannot ensure for or avoid risk in the business. As soon as SMEs have chosen an option, pause to deliberately think of ways to manage the risk and determine procedures or steps that can be taken which will reduce the risk and increase the chances of success. Regular follow-up on an issue so that it does not get forgotten or having a second person/consultant's review sometimes helps to reduce the risk of a mistake.

For the SME entrepreneur lack of focus is often a real challenge as there are constant changes in priorities, issues that need attention and other fires to be extinguished. It is difficult to say 'no' to a short-term opportunity. If so that will distract SME entrepreneur from their long-term goals. Therefore, be clear on the long-term objectives and the opportunities that will make achievement easier. Then assess other opportunities to get those long-term goals by the extent to which they draw resources away from your ability.

Firms as they develop pass through different stages. Managers have to react to changes and crisis that are inherent to the typical and developmental stages of the companies (sequential and reactive). Managers must constantly scan their environment for opportunities and search for competitive advantage by creation, acquisition and utilization of unique firm resources (proactive). Management capacity can be a barrier to grow. All SMEs are not visualized with equal potential for survival or growth. The potential value of the knowledge imparted to the entrepreneur also varies from one venture to the other. Individuality, strategy and the firm structure directly influence the performance of small organisations. The entrepreneurs should act consciously both collectively or individually to further their political, social or economic goals. SME entrepreneur's ambitions are not restricted to their individual interests but also to the class or social group.

Nirma was started in 1969 with just one man who used to deliver his product from one house to the other. Today Nirma went on to become the largest detergent and the second largest soap company in India and one of the largest volumes sold in the world- under a single brand 'NIRMA'. Starting as a one-product, one-man outfit from a small room in 1969, Nirma became a very successful company within a short period. The company today has multi-locational manufacturing facilities, and a large product portfolio under an umbrella brand – Nirma. The company's mission to always provide, 'Better Products, Better Value, Better Living' contributed a great deal to its success.

Cadila Laboratories was founded in 1952 by Ramanbhai Patel (1952–2001), formerly a lecturer in the L.M. College of Pharmacy, and his business partner Shri Indravadan Modi. The company evolved over the next four decades into one of India's established pharmaceutical companies. In 1995 the Patel and Modi families split, with the Modi family's share being moved into a new company called Cadila Pharmaceuticals Ltd. and Cadila

Healthcare became the Patel family's holding company.

Cadila Healthcare has grown almost 18-fold in 15 years through smart acquisitions and time-honored management practices. This strong research and manufacturing base has helped Cadila capture a sizable share of the market both within India and globally. Though Cadila Healthcare was basically a pharmaceutical company at its inception, its management realised somewhere along the way that consumer health products, cosmetic items and nutritional products would grow rapidly over many years into the future. This gave rise to a series of 'wellness' products.

Innovation is very important in SME business, Innovation is developing new products, new services and new ways of doing business. With the technology-driven world and increasingly competitive global economy, it is becoming increasingly more difficult to differentiate products and to keep up with new and changing markets. From top to bottom, creating a culture of innovation is going to take a while, but it really is the key. Developing a strategy also involves determining how the innovation will fit culturally into the organization and then how it will be assimilated into that culture.[11] Successful organizations have to embrace innovation and realize, it can lead to faster growth, increased market share and better corporate positioning. A major key to being innovative lies in creating a culture that's able to take risks at all levels of the company, not just at the top level, but all the way to the bottom and particularly at the middle-management level.

All small businesses aim for growth and sustainable profit, but how you get this is important, too. The company's culture can reflect their values-or it can spin out of control, creating a toxic environment. The decisions they make early in the life of their business, and in running it day by day, play the largest role in establishing their business culture.

Important steps required for SMEs growth

Following steps are important for the growth of small, closely held businesses that explore how such firms in competitive industries can grow and survive:

1. Start the business with specific goals in mind. Set up short term and long-term goals, which lead the organization step-by-step towards the accomplishment of the long-term goals. With a specific goal in mind we have a set target and are also conscious of our business. If we don't know our ultimate goal, we will never get there. Keep yourself constantly reminded of your goals by reviewing them at a regular interval. If our decisions show that we have little respect for the goals we claim to espouse, it will lead to a cynical and opportunistic business culture. If we do not know, our direction that where are we going and what we are doing we will end up in some other place.
2. Our vision is our dream and we have to create a brief mission statement. An inspiring sentence or paragraph that clearly communicates our goals, specifically defines where we want our company to go, and how we plan to get there.
3. For developing new products, new services and new ways of doing business 'innovation' is every important as well as for a better and sustainable future. With our technology-driven world and increasingly global economy, it is becoming more and more difficult to differentiate products and to keep up with new and changing markets. Successful organizations have to embrace innovation. This will lead to faster growth, increased market share and better corporate positioning in the global arena.
4. Involvement of employees in the developmental as well as establishment of the company goals is very essential. If we want our employees to be fully committed to the organisation, then we will need to hear, understand and respect them. In brief, the goals need to be mutually acceptable by all to be attainable. Thus, the next step is to clearly communicate to employees exactly what need to happen at each step of the organization. Everyone should know their assignments, their level of authority, their resources, when and how to report on progress. They should also know how their duties fit within the full enterprise' progress.[12]
5. Be clear about what we stand for, inside and outside our enterprises. Our personal priorities, values, and principles set the culture. This is the best way to be clear about them and we have to regularly engage team members, customers, and suppliers. People follow what you do instead of what you say.
6. Design the organization for what it needs to 'win'. This includes, the specific work we start-up and must do, the capabilities we need to build-up for competitive advantage, and the career path for team members to bring this to day-to-day life. 'Conventional' marketing, sales, and product management organizations often lead to unevenness.
7. Get the team right and do it swiftly. For start-ups, this means knowing where we need help and where we need helpers, and hiring carefully. For help, hire people who are smarter and better in the domain we know, while helpers give you arms and legs, but need you to dictate the tasks and make all the decisions. The portfolio should be much more than just product improvements, and should include better business models, customer service improvements, as well as continuous process improvements.
8. We have to set our standards very high and stick to them. Tell

our people every day what meets our standards when we agree or disagree with recommendations from our team. A good team will step up to the challenge, and our customers will notice and respond to the culture of excellence.

9. Every day interaction is a training event, and we can capitalize on it or not. Training is a coaching, rather than criticizing, which helps to improve the outcome next time. Training is a hallmark of great leaders and great companies.

10. Do a few symbolic things to create excitement about what is important. Focus on one or two symbolic events a year, major actions that will be meaningful to your team and other stakeholders, which will help to create fun as well as be directional. Pick your heroes carefully, both customers and team members.

11. The right business culture does not require a cult atmosphere, except it does require a disdain for ideas like conventional wisdom and status quo. It has to be built around ideals, be creative and not just existing to make profit. Customers can sense how motivated a business' people are in presenting the products instead of just seeing the product. Customers want to buy into a winner, so make sure your people never apologize for price or quality, and never back away from an opportunity to delight a customer. In short, we have to think and act like a winner instead of looser.[13]

Over and above, collecting cash and fulfilling payment obligations on time will help to maintain close working relationships with customers and suppliers. Ultimately, businesses should aim to align the number of days that it takes to collect cash and settle debts to ensure there is not an unexpected shortfall, which has to be covered for an extended period. For many companies in the small and medium-sized enterprise (SME) sector, the post-global financial crisis era has delivered a strong sense of optimism about the short to medium-term future for their business.

The current growth prospects of the country, driven by industry and services, with focus on agriculture as well, ensures a sustained demand for chemicals. SMEs in the chemical sector will need to focus on improving production methods, marketing strategies and modern scientific management capabilities to sustain and strengthen operations in order to leverage the opportunities.

It is natural that every business owner aims to grow his or her business. While larger companies can leverage their financial strength and capacity to grow but small and medium enterprises, (SMEs) may not have it as easy expanding their businesses, given their limited resources. The growth pattern depends on the ambitions of the firm and the goals it sets. However, economic downturns may stimulate entrepreneurial spirit, product innovation and ideas for new production methods, encourage risky investment and diversification, and provide opportunities for small enterprises to strengthen their competitive positions.

The process of liberalisation and market reforms has created extensive opportunities of the development of small-scale industries. At the same time, changing world scenario has thrown up new challenges to the very existence of this sector. The need of the hour is to suitably strengthen the sector looking to the present need of the market, so that it could adapt itself to the changed environment and face the challenges bravely and efficiently.

Importance of Technology Advancement in SMEs

Technology has been identified as a crucial ingredient for the development of small and medium size enterprises (SMEs). For SMEs to become real growth-engines and development poles for the nation, SMEs must begin to mainstream technology at all levels of their operations, for instance production, processing, management, selling, and debt collection etc.

The nature of problems faced by exporting units and non-exporting SME units are different. For the exporting units, the major problems are faced in technological upgradation, negotiation on terms of payment and marketing incompetence. The output of the exporting units has to be sold in the overseas market and have to match with the international standards. Therefore, the exporting units have to adopt and implement the latest technology. Many SMEs seems to lack awareness among the managers on technological upgradation and its related issues. Therefore, these come out as major impediments of the SMEs engaged in export. The terms of payments in export involve long operating cycle, some times extending up to 6 months. This increases the working capital requirements and also the profitability of these SMEs.

Alternatively, non-exporting units have to face finance problems, technological delay and alteration in terms of payment. Since Indian domestic non-exporting units SMEs have to face severe competition from large industries in marketing, technology, R&D and financial front. Due to liberalization and globalization many multinational companies are coming in Indian market and Indian SMEs can survive only by matching their products with these MNCs on quality and cost basis. So, non-exporting units also require technological up-gradation. Other problem faced by non-exporting units is delayed terms of payment, credit sales are also the major part of total sales of Indian small scale industries.[14]

Selection of market for their product is a crucial decision. Various factors such as socio cultural factors, market potential, per capita income, life style of consumer, extent of competition, political stability, government regulations etc. effect the selection of a market. Market potential and per capita income are then treated subsequently. On the whole, there is a significant difference in factors consideration by the manufacturers before entering in a new market between exporting and non-exporting SME units.

A large number of SME units continue with outdated technology and plant and machinery due to insufficient investment and lack of awareness of both, the quality standards and access to modern technologies. Due to liberalization of the economy as well as increasing competition, the survival and growth of the SME are seriously dependent on their modernization and technological up-gradation. When cheaper products are easily available in the global market to remain price competitive for the small enterprises, they need to reduce the cost of production as well as they have to upgrade both the process of manufacturing and corresponding plant and machinery.

Many SMEs' have limited information about the Quality and Technology Upgradation. They also have limited knowledge to access the funds for technology up-gradation. Therefore, they typically think short term by minimizing capital investment to keep the cost low. Therefore, to improve the competitiveness of the SME sector by increasing productivity, upgrading technology and conserving energy in the manufacturing process as well as to get sufficient information about the global markets for expanding domestic as well as global market share, The Ministry of Micro, Small and Medium Enterprises has launched the National Manufacturing Competitiveness Programme (NMCP). This provides information to the entrepreneurs on the available technologies which are considered as better, environment friendly and cost effective in the Indian context. Other such technological advancement measures need to be incorporated.[15]

Importance of Timely Finance for SME growth

Credit is the most crucial elements that controls all businesses... if adequate finance is not available at the right time the best of plans can come to void in any enterprise. SMEs need credit support not only for running the enterprise & operational requirements but also for every activities like diversification, modernization/ up gradation of facilities, capacity expansion etc. In respect of SMEs, the problem of credit becomes the most critical elements when ever any interrupted event occurs such as a large order, rejection of consignment, inordinate delay in payment etc. In general, every SMEs operate on tight budgets, often financed through owner's own contribution otherwise loans from friends or relatives and sometimes through bank credit.

Credit requirement of SMEs is basically of two types - long term loans and working capital. Commercial banks with their extensive network of branches operating nationwide are primary channel for working capital requirement. As classified by Reserve Bank of India, every Bank is required to compulsory ensure that certain percentage of their overall lending is made to priority sectors. These sectors include agriculture, small industries, export etc. The inclusion of small industries in this list makes them eligible for this earmarked credit. With the liberalization of the Indian economy, greater emphasis was placed on meeting the credit needs of SMEs. This was manifested through the many initiatives taken by RBI. The operational approach of government is primarily focused on industrialization, with special emphasis on small sector. With the intention to accelerate development of small industries, Government at the Central and State levels have set up a number of development agencies and financial institutions. For providing infrastructure and support services to small enterprises Government has implemented various other policies, programmes and schemes through its various attached office and other statutory bodies/organizations. In the early days of promotion of SMEs, Government of India recognised the need for a focused credit policy for SMEs and RBI has been instrumental in devising a multi-stage approach/ financial system for credit dispensation to different sectors including SMEs. Therefore Small and Medium Sized entrepreneurs have to take maximum benefit and have to utilize and experience various schemes offered by the State & Central Government as well as other financial institutions... thus small closely controlled SMEs should grow beyond smallness. Business success in the new economy is merely not a function of relevant skills; but also requires people who have entrepreneurial attitudes.

Also important is the fact that SME entrepreneurs need to develop a 'creative attitude' that will help them create new ideas and bring them to the market in an appropriate way that can create value. Important success factor for SMEs is an entrepreneurial mindset, without which a business will fail. Small & Medium Entrepreneurs/ individuals with an entrepreneurial attitude see needs, problems and challenges as opportunities and develop innovative ways to deal with the challenges. The attitude features are very important because: SMEs/ individuals that are keenly seeking new opportunities are alert and always look for possibilities to make profits based on changes and disturbances in the way business is done. This means SME entrepreneurs are not only alert enough to spot opportunities, maintain some form of register or unexploited opportunities, but also they act on the opportunities if they perceive them to be attractive and viable.

For the success of any business, as much as entrepreneurial attitudes are important, it is also very important to understand the current level of entrepreneurial attitudes. Each and every entrepreneurial community must identify which factors are lacking, and that needs to be improved as a means to foster the success of entrepreneurs.

Conclusion

The paper has tried to give a clear understanding of the importance of leadership and has helped to identify the loop-holes as well as the way-forward for SMEs to become growth engines in the economy...with special reference to chemical and pharma industries, based on the author's experience as well as literature review.

Rapid change and increased competition are making it increasingly necessary to develop a strategic approach and plan for effective succession in the organisation. As such, leadership development provision for SMEs, rather than teaching current managers 'how to lead', should instead build upon their current skills and prepare them for the development of the next generation of leaders. The way-forward lies in putting particular emphasis on the importance of skills such as training, innovation, technology management, time management, strategic thinking and training/education which should be delivered through an informal, flexible approach.

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In Favour of Ethics in Business: The Linkage Between Ethical Behavior, Performance, Work Evaluation and Auditing

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Abstract

Business ethics is a form of professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and business organizations as a whole. Applied ethics is a field of ethics that deals with ethical questions in many fields such as medical, technical, legal and business ethics.

In this paper we will consider the factor of 'business ethics' as an asset for the organization.

Form the business point of view each and every organization tries to achieve the main goal, which obviously is to 'maximize the profit'.

But while doing so these organizations should also consider their moral, ethical and social obligations. If these obligations are neglected, in the long run it would implicate many devastating results, while fulfilling those could prove to be a very valuable asset in the long run.

Key Words: Ethics, Values, Business Performance, Auditing, Work Evaluation

Introduction

Ethics Means:

- As per prescribed terms of human right, the well behaving standards of right and wrong.
- Obligation to cease the unsocial activities which are harmful to the people of the society like rape, stealing, murder, stabbing, slander, fraud.
- For different virtues like honesty, sympathy and loyalty.
- For rights like, Right to Live, Right to Freedom from Injury, Right to Privacy.
- To study and develop ones ethical standards to evaluate that all the standards are reasonable, valid and well established.
- Continuous focus on judging our moral beliefs and our moral conduct.
- Try to focus and get ensure that the organization in which we help to shape, have ethical standards which are reasonable and socially based.

Ethic has been a part of human nature from last many decades. Philosophers from the last many decades like Ved Vyas, Buddha, Mahavir, Kabir, Lao tse, Confucius, the writer of the Gospels, or the father of the church like Augustine or Thomas of Aquinas- all have discussed about the sustainable human existence and what is meant by the good and bad human manners. Ethical and unethical behaviour is a subject that concerns the individuals in a society, the rich and poor nation, international, multinational and national companies and public officials. Businesses of all sizes develop various strategies to bring their resources together to achieve their goals and objectives. Business ethic helps owners and managers to improve their business performance, profit maximization and contribute to the economic development of the nation and wealth maximization of the stakeholders. Business ethics aims to achieve the specific expected outcomes like, increasing awareness of ethical issues, improving decision making and reducing misconduct.

Recent scandals in India have shaken the nation's conscience and a need is felt to make ethical conduct compulsive rather than adopting persuasive approach. Corporate scandals are also been rocked by scandals like, CRB, Plantation Companies, Unit Trust, Siphoning of money by NBFCs, Satyam, etc.

1. **CRB's house of cards:** Chain Roop Bhansali's (CRB) cardboard empire is only the biggest and most audacious of many that were built and disappeared in the new 'liberalised' milieu of the mid-1990s. His Rs 1000 crore financial conglomerate comprised of a mutual fund, fixed deposit collection (with hefty cash kick backs), a merchant bank (he even lobbied hard to head the Association of Merchant Bankers of India) and a provisional banking license. Many of these licenses required adequate scrutiny by SEBI and the RBI, and the fact that they passed muster is another reflection of supervisory lethargy. Armed with these and favourable credit ratings and audit reports, CRB created a pyramid based on high cost financing which finally collapsed. The winner: C. R. Bhansali, who, after a brief spot of trouble with the authorities moved on to the dotcom business and the regulators who were never held

accountable. The losers: millions of small investors who lost through fixed deposits or the mutual fund. The CRB collapse caused a run on other finance companies causing a huge systemic problem and further losses to investors.

2.**Plantation companies' puffery:** These followed the same strategy as vanishing

Companies, and since they were subject to no regulation, could get away with wild profit projections. They positioned themselves as part mutual fund, part IPO and promised the most incredible returns- over 1000 per cent at least in seven years. High profile television campaigns, full-page advertisements and glossy brochures had the investors flocking for more. Almost all these project, with barely any exception have vanished. The cost: Rs 8000 crores plus!

3.**Mutual Funds disaster:** The biggest post-liberalization joke on investors is the suggestion that small investors should invest in the market through Mutual Funds. Yet, over the decade, a string of government owned mutual funds have failed to earn enough to pay the returns 'assured' to investors. Starting with the scam-hit Canstar scheme, most mutual funds had to be bailed out by their sponsor banks, or parent institutions. Then came the big bail out of Unit Trust of India. Since UTI is set up under its own act, it was the tax-payers who paid for the Rs 4800 crore bailout in 1999. Just three years later, it was back buying recklessly into the Ketan Parekh manipulated scrips and suffering big losses in the process. The record of the private mutual funds has also been patchy- after hitting a purple patch in 1999-2000, many of the sector specific funds are down in the dumps. It will be a long time indeed before small investors consider mutual funds a reasonably safe investment.

According to US Federal Reserve's chairman Alan Greenspan (2002), 'infections greed had simply gripped the business community.'

According to market and social trend analyst Daniel Yankelovich (2003), the public's widespread distrust toward businesses today is the third wave of public mistrust about corporations in the past 90 years. The first, set off by the Great Depression , continued until World War Second; the caused in part of economic stagflation and the Vietnam war, lasted from the early 1960s until the early 1980s. A survey by Booz allen Hamilton and the Aspen Institute in 2004 (Lee et al. 2005) of corporation in 30 countries and 5 regions based on opinion of 365 executives indicated that this time the response is different. The survey suggested that the companies have moved into introspection mode to understand what has gone wrong and attempting to find answers outwards. More and more companies are looking inward to see what has gone wrong and looking outward for answers.

Ethics in Business

Business ethic is concerned with the way firms conduct their operations.

It is concerned with truth and justice in conducting their affairs and with:

- The expectations of society
- Fair competition
- Advertising
- Public relations
- Social responsibilities
- Consumers
- Behaviour of companies

Figure 1: Levels of Business Ethics

(Source: Weiss p. 142)

Individuals and organizations act within a framework of laws. Their actions affect other individuals and organizations or the welfare of the society as a whole. To this degree individuals and organizations have to abide by the rules and values set by the legal system. Courts enforce these rules and regulations. However, laws do not regulate all actions of individuals and organizations.

There are areas where they have the free choice when making decisions. An individual's decision to buy 'x' brand of ice cream or car; an organization's decision to produce 'y' amount of refrigerators are not regulated by law. Outside of these two areas, there is a third domain where individuals and organizations have to abide by the norms of the society in which they operate. This is called the ethical domain. In this domain the standards of conduct are based on common principles and values of the society in general. An ethically accepted decision is also acceptable by legal and moral standards of the community as a whole (Daft, 1997, p.142).

Figure 2: Three Domains of Human Action

(Source: Daft, 1997, p. 142)

It is easy to make a decision when there is a law or regulation. However, when individuals and organizations are faced with ethical problems a difficult situation may arise. The individual or the organization is said to be faced with an ethical dilemma when it is difficult to distinguish right from wrong and all alternative choices and behaviours are considered undesirable because of the negative ethical consequences (Daft, 1997, p.142). And, in this case, individuals and organizations need guidelines to solve these ethical dilemmas. Then, it is natural that organizations develop some ethical criteria to help them solve the problems they are facing within the ethical framework. Different ethical criteria are translated into different basis of behaviour in individuals, in organizations or in the societal framework.

Chakarborty (2002) prefers 'Ethics in business' to 'business ethics'. He believes that 'Business Ethics' sends out the message that business is first and ethics is secondary rider. This mitigates against the genuineness of spirit. 'Ethic in business conveys a sense of priority. Ethic is first.'

Ethical Dilemmas in Business

There are many areas where ethical dilemmas arise. Here are five categories of common ethical dilemmas in business.

1. Human resource issues
2. Employee safety issues
3. Conflicts of interest
4. Customer confidence
5. Use of corporate resources

Case Study

Ethical business practices: A Cadbury Schweppes case study The importance of ethics in business

Ethics concern an individual's moral judgments about right and wrong. Decisions taken within an organization may be made by individuals or groups, but whoever makes them will be influenced by the culture of the company. The decision to behave ethically is a moral one; employees must decide what they think is the right course of action. This may involve rejecting the route that would lead to the biggest short-term profit. Ethical behavior and corporate social responsibility can bring significant benefits to a business. For example, they may:

- attract customers to the firm's products, thereby boosting sales and profits
- make employees want to stay with the business, reduce labour turnover and therefore increase productivity
- attract more employees wanting to work for the business, reduce recruitment costs and enable the company to get the most talented employees
- Attract investors and keep the company's share price high, thereby protecting the business from takeover.

Unethical behavior or a lack of corporate social responsibility, by comparison, may damage a firm's reputation and make it less appealing to stakeholders. Profits could fall as a result. Along with good corporate governance, ethical behavior is an integral part of everything that Cadbury Schweppes does. Treating stakeholders fairly is seen as an essential part of the company's success, as described here: 'A creative and well managed corporate and social responsibility programme is in the best interests of all our stakeholders - not just our consumers - but also our shareowners, employees, customers, suppliers and other business partners who work together with us.'

Ensuring that employees understand the company's corporate values is achieved by the statement of 'Our Business Principles' which makes clear the behavior it seeks from employees.

Cadbury Schweppes' good practice was recognized when it was voted one of the 'most admired companies for community and environmental responsibility' by Management Today magazine in

2003. It was also ranked second in the Food and Drink sector in the Business in the Community 'Per Cent Club' Index of corporate giving for 2003, with an investment in the community of around 3 of its UK pretax profits.

Ethics at work

The supply chain and distribution process

This describes the way in which raw materials are sourced and transformed into final products and delivered to customers. Cadbury Schweppes has direct control over what happens in the transformation stage of its own process and can also influence the behavior of suppliers and distributors. For example, it performs due diligence on potential suppliers by requesting them to complete a questionnaire prior to engagement.

This enables Cadbury Schweppes to monitor a supplier and check that they adhere to stringent standards in particular criteria. One criterion, for example, may be the environment, and the questionnaire allows the supplier to express whether they carry out audits or have an environmental policy.

a) Dealing with suppliers

Cadbury Schweppes deals with tens of thousands of suppliers around the world and aims to work closely with them to ensure they receive fair treatment.

In the case of cocoa farmers for example, Cadbury Schweppes is a member of a global coalition, which is comprised of industry, governments, non-government organizations and special interest groups created to improve working practices on cocoa farms. The coalition has funded independent surveys into cocoa farming in West Africa that have contributed to the development of programmer to help local communities. In 2003, the coalition also established a foundation, the International Cocoa Initiative - Working Towards Responsible Standards for Cocoa Growing, which aims to support field projects and will act as a clearinghouse for best practices to ensure that cocoa is grown responsibly.

The work of the coalition, however, is only one way to support cocoa farmers and their families. Another practice is Fair Trade. Under this scheme cocoa is paid for at a fixed minimum price with a premium going to the farmer co-operatives in exchange for using the Fair Trade logo and accreditation. Presently, a modest amount of cocoa goes to the Fair Trade market. This scheme works best when farms have access to communications and warehousing facilities. Many farms, however, are family-owned operations in remote areas and access to a Fair Trade co-operative group may be difficult so the coalition is working to ensure these farms can benefit from the work that it does.

It is Cadbury Schweppes' aim to help all cocoa farmers improve their standard of living by helping them develop sustainable crops of quality beans. In Ghana, for example, where Cadbury Schweppes buys most of its cocoa, the company supports farming communities through programmes on sustainable tree crop management and building wells for drinking water.

b) Manufacturing

As a major international company Cadbury Schweppes recognizes its environmental responsibilities and the need to care for its workforce, local communities and all those who may be affected by its activities. For example, its environmental responsibilities include:

- treating waste water prior to disposal
- looking to improve its energy efficiency
- Controlling the release of gases into the atmosphere

c) Distribution to wholesalers and retailers

The company aims to keep within acceptable limits the fuel consumption and air emissions that result from transporting its products. In the UK, for example, drivers are trained in the most efficient ways to operate their vehicles, which are also regularly maintained to keep them running at optimum efficiency.

d) Dealings with consumers

Cadbury Schweppes is committed to providing a range of high quality treats, refreshments and confectionery based oral care products which are marketed truthfully, labeled clearly and meets the highest safety standards.

For that reason the Cadbury Schweppes corporate social responsibility agenda now reflects growing consumer interest in issues of diet, nutrition and healthy lifestyle, and the way brands are marketed, especially to children.

The company also believes it is important to be open about its activities so its stakeholders can measure its success. Information is readily available in its reports and on its website regarding its progress in:

- community initiatives and employee volunteering
- environmental impact.

Ethics and employment policies

When recruiting staff, Cadbury Schweppes is eager to encourage diversity at the workplace. It therefore encourages applications from a wide range of people globally. Greater diversity in the workplace encourages different ways of looking at and solving problems and may lead to greater creativity.

To achieve such diversity, the company provides equal opportunities for its recruits regardless of gender, age, marital status, sexual orientation, disability, race or religion. Vacancies are advertised worldwide via the company's websites and intranet so that employees can switch from one part of the organization to another as well.

Once employed, Cadbury Schweppes provides career opportunities to enable staff to develop personally and grow in terms of experience and skills. The company's performance appraisal system provides a regular opportunity to review an individual's strengths and progress and construct development plans for each person. By allowing each individual employee to develop, the company can develop as a whole.

Other factors in its treatment of staff that reflect a socially responsible approach include:

- High levels of consultation that involve employees in decision-making: The company values discussion so that employees understand the nature of a problem, feel part of the process of finding a solution, and identify with the outcome.
- Offering appropriate levels of remuneration and rewards: Cadbury Schweppes regularly benchmarks its levels of pay against other companies to ensure it is competitive. Staffs are also encouraged to have shares in the company and can purchase shares at a reduced price.
- Development and training is offered so employees are better able to carry out their duties and are more motivated in their work.
- The creation of a healthy and safe working environment helps employees to feel safe at work.
- The prevention of any form of harassment at the workplace.

Cadbury Schweppes has produced a formal statement of its policies towards employees that is part of a document called its Human Rights and Ethical Trading (HRET) Policy.

Findings

Cadbury Schweppes aims to lead the way with its ethical approach in business. Its core underlying values influence all its decisions throughout the value chain. Its stance on issues is clearly communicated both internally and externally to ensure its position is fully understood and to invite its stakeholders to share in it.

This approach has contributed to the success of the business and has enabled it to become the world's leading confectionery company and third largest soft drinks company.

Eight Steps in Making Ethical Decisions

Ethical decision making should be a collaborative process between client and counsellor, rather than a counsellor making decisions for the client. Below are the steps, with suggested questions, to assist you in thinking through an ethical dilemma. This is one of the several decision-making models which can be utilized. The steps taken may not always follow the same order shown and steps may be repeated several times in the process.

1. Identify the problem or dilemma.

- Does a problem or dilemma actually exist?
- Is this an ethical, legal, moral, professional, or clinical problem?
- Is it a combination of more than one of these?
- How can you know the nature of the problem?
- Would you consult at this early stage as you are identifying the problem?
- How might you begin the process of consultation with your client about the nature of the problem?

2. Identify the potential issues involved

- How might you best evaluate the rights, responsibilities, and welfare of all those involved and those who are affected by the decision, including your own welfare as a practitioner?
- How can you best promote your client's independence and self-determination?
- What actions have the least chance of bringing harm to your client?
- What decision will best safeguard the client's welfare?
- How can you create a trusting and collaborative climate where your clients can find their own answers?
- What principles can you use in prioritizing the potential issues involved in this situation?
- Are there any ways to encourage the client to participate in identifying and determining potential ethical issues?

3. Review the relevant ethical codes

- What guidance can you find on the specific problem under review by consulting with the professional codes?
- Are your values in agreement with the specific ethical code in question?
- How clear and specific are the codes on the specific area under consideration?
- Are the codes consistent with applicable state laws?

4. Know the applicable laws and regulations

- Are there any laws or regulations that have a bearing on the situation under consideration?
- What are the specific and relevant state and federal laws that apply to the ethical dilemma?
- What are the rules, regulations, and policies of the agency or institution where you work?

5. Obtain consultation

- Do you know where to go to obtain consultation with professionals who are knowledgeable about ethical issues?

- Assuming that you will consult with a colleague or a supervisor, what would you expect from this consultation?
- What kinds of questions do you want to ask of those with whom you consult?
- With whom do you seek consultation? Do you consult only with those who share your orientation, or do you look for consultants with different perspectives?
- How can you use the consultation process as an opportunity to test the justification of a course of action you are inclined to take?
- What kinds of information do you document when you consult?
- When you do make use of a consultation process, do you inform your client about this?
- Are there any ways you might include the client in this consultation process?

6. Consider possible and probable courses of action.

- What are some ways that you can brainstorm many possible courses of action?
- Do you have a systematic method for analyzing ethical obligations and possible courses of action?
- Are you willing to involve your client in the discussion of the various courses of action?
- What might you document pertaining to discussions with your client about probable courses of action?

7. Enumerate the consequences of various decisions.

- How can you best evaluate the potential consequences of each course of action, before implementing a particular action plan?
- Are you willing to involve your client in the discussion of the implications of each course of action for the client?
- What ethical principles can you use as a framework for evaluating the consequences of a given course of action?
- Examine the consequences of various decisions for your client, for you as counsellor, and for the profession in general.

8. Decide on what appears to be the best course of action.

- After carefully considering all the information you have gathered, how do you know what seems to be the best action to take?
- Do you solicit the input of your client in making this decision at this phase?
- Once you have formulated a plan of action, do you ask for feedback from a colleague or supervisor?
- Once the course of action has been implemented, what are some ways that you might evaluate the course of action?
- Are you willing to follow up to determine the outcomes and see if further action is necessary?

How to measure ethical value of an action & decision making

Ethics, at the end, is not something we do...it is something what we follow. If we want to change the industry we work for, we must start by finding a professional mindset that will allow us to measure results creatively, and learn to develop and follow our best instincts (Kleiner 2002). A business organization has to attain a right balance between its short term and long term concerns.

Cadbury (1987) suggested two steps: first, to determine, as precisely as we can, what our individual rules of behaviour are, and secondly, to think who else will be effected by decisions and how we could evaluate their interests in it. A third measurement has been added it this. The idea if triple bottom line (TBL) is offered as a recommendation, where by the overall performance of a company is supposed to be measured on its combined involvement on economic wealth. The little look of triple bottom line refers to three Ps- people, planet, and profit. As its transmit, the term is used to capture a whole set of standards, issues and processes that companies must address to minimize any damage resulting from their activities and to create economic, social and environmental values. Epstein and Birchard (1999) look freshly at the financial , operational and social indicators through which business measure themselves, for example, earning per share, quality statistics and employee turnover , with an eye towards the benefits of shareholders, customers, employees and communities, in that order. The most unknown actions, and the ones requiring the most attention, are social measures: corporate reputation, the quality of education in communities affected by the company and data on the combination of the workforce.

The core values of approval of work evaluation

There are five core values which represent our major beliefs and philosophies. These values are the foundation of approved work evaluation:

- **Trust:** We believe trust is the most important component in any relationship. To receive trust we have to be precious of trust. This requires honesty which means 'soundness of moral principle'. We must always do what is right, regardless of the cost to ourselves or how hard it may be. This is called the 'hard right'. We accept that trust must be earned - often over a long period of time, and that it can be lost in a few seconds. We have to trust ourselves and each other to do what is right so that we can earn and keep the trust of consumers. We will keep our promises and be known as people who 'walk their talk'. Our actions will always go beyond our words. Trust is the first of our values.
- **Responsibility:** It is our responsibility to care about our clients

and respect the trust they give us by choosing us as their agents. It is our responsibility to be worthy of this trust. It is our responsibility to be loyal to our clients. We accept that we are responsible for our attitude, our knowledge and our skills and, therefore, our level of success. In our career we accept that we are responsible for the culture in our offices. We accept all our responsibilities to our clients, our colleagues and our families.

- **Understanding:** We value our system and the duty of our role. We care about our clients, our colleagues and our profession. We know how important it is to listen and to communicate. We make every effort to be good listeners and good communicators. We do our best to see the understanding by sifting through many complexities. We help others do the same. We understand that when our clients understand us, when they know and see that we care about them, we will never be short of clients. We understand that true business success comes from caring about others. We understand the importance of personal character in every aspect of life.
- **Principles:** We believe in principles of excellence in all that we do. Our principles begin with our personal characters. We believe it is insincere to show one face in public and another in private, especially if our private face would not be approved of by our clients. Our minimum principles are to win every client for life - to win more than a satisfied client, to win a loyal client. We believe in respecting people and if we cannot respect people we believe it is wrong to associate with them, whoever they are. We believe that the maintenance of excellent principles requires a commitment to continual learning. We have minimum learning principles so that we can constantly increase our results and service principles. We measure our success by two principles - client loyalty and profit. We believe that both these principles are dependent on each other.
- **Truth:** We believe in being truthful with ourselves and with others. We do not believe in ambiguous or unreliable conduct, no matter what the reason. We would rather lose business than use any method which relied on lies or deceit of any kind. We believe honesty is the only way to succeed in business - in the long term. We are here for the long term. Being open and truthful in business is so rare that it creates a huge impression. We believe in making the right impression. We believe in the truth. We believe it is wrong to disagree with our mistakes or cover them up with half-truths or excuses. We admit our mistakes and face the consequences. We believe half-truths are whole lies. The truth saves time; it prevents worry. We are not always perfect; sometimes we are not even excellent. But we must always be truthful and honest.

Guidelines for Success

1. **Management:** Executives and supervisors care about ethics and values as much as they do about the bottom line.
2. **Regularity between words and actions:** The management 'practices what it peaches'. This is more important than formal mechanisms such as hotlines for people to report wrongdoing.
3. **Justice:** To operate fairly. For most employees, the most important ethical issue is how the organization treats them and their co-workers.
4. **Openness:** People talk openly about ethics and values, and that ethics and values are included into business decision making.
5. **Just rewards:** Ethical behaviour is rewarded. This has greater power on the effectiveness of an ethics programme than the perception that unethical behaviour is punished.
6. **Value driven:** Ethics and compliance programme is value driven. This has the most encouraging effect on all seven areas where an ethics and observance programme can have an effect and result in the following:
   - Lower experiential unethical behavior;
   - Stronger employee loyalty;
   - A stronger conviction that it is good enough to deliver bad news to management.

   Chakraborty's (2002) approach is mainly a value-led approach. He prescribes the process of '*chitta-shuddhi*' (mind cleansing) techniques, evolved by him over time. His source of the approach is 'Vedanta'. The approach is experiential in that it is based on personal experience. He points out that already there are a surplus of regulations and contends that history continuously proves that no matter how rigid and accurate and widespread the institutional infrastructure is, unless the will factor is well taken care of, these institutions give way. Human skill always beats them. Enron, Word Tel, Home Trade, etc., are a few examples.

Conclusion

The stakes are high. As Baby Boomers near retirement, more individuals will be eligible to be promoted. It is not enough to consider their past and current job performance or their objectively-rated promotability. They should also be rated on their adherence to codes of conduct and company values.

Last but not the least, academic research which is objective, of high technical calibre and focused on relevant issues of current importance to the private sector can play a critical role in helping to evidence the evolution of Business Ethics. There is no single answer to increasing the ethical and social contributions of business to human welfare. However, if academic research can investigate both good practice and analyze the nature and consequences of malpractice, this constitutes a service to society at large and demonstrates that higher education is indeed a public good.

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Gandhian Thought as a Tool for Human Development In Context of Modern Socio-Economic Conditions

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Abstract

Gandhian thought and his principles have a significant impact on Indian policies, specifically in social & economic area. Many of his ardent followers were present in different ministries, in Planning commissions, and different Government departments at different levels. When we analyze different five-year plans one finds this impact very obvious at least up to the fifth five year plans. After the fifth plan was the period of modernization, industrialization, advent of software, technology, computerization, take-overs, alliances, realignment of market forces, workforce and so on. This was followed by globalization after the end of cold war. Globalisation was imposed by west; of course it did show the positive impact on Indian economy as well. The computerization did not take the toll of jobs as it was feared so. In fact it created opportunities for young engineers and many others. Very shortly India was recognized as an important player in global outsourcing and software market. Indian companies made their presence on Global economic scenario. India the country that had image as a poor developing nation was now recognized as a major economic force to reckon with. As a result in 1992 when we had major forex crunch with only few days forex in reserve and had to sale its gold reserve, now started attracting forex Investment and accumulated to USD 300 billions. But in spite of such achievements India still is not able to eradicate poverty. We are at the bottom and 40% of our population still lives on below 1USD per day.

This paper attempts to analyze the current economic scenario, what it has offered how it leads to polarization of rich and poor, violence, terrorism, poverty. Further, the paper tries to find out the dimensions of human development, how Gandhian thought may offer tools to alleviate current conditions.

Introduction

When we evaluate the impact of Gandhian Ideology on the Indian economic planning, we must note that what are we finding out and what details? Is it the analysis of success or failures? And to what extent? One must acknowledge that Gandhi was the main source of inspiration and leadership which has undeniable marks on India. Hence instead of looking at specific plans or policy, of social, economic reform, one has to look at overall objectives, its overall achievements.

One of the most important aspects of Gandhian economic thought was the focus towards the human values. Human Values are dependent on religion, cultural, social values. Economic values of individuals are greatly influenced by all these factors. One of the most important aspects of Gandhi and thought is looking at things and towards human life in totality and in integrity. This is contrary to western ideology, where every aspect is looked at in separation and individually. Gandhi very clearly understood the complexity and diversity of India, its culture, its religion, castes, and its geography. He was very clear about limitations of regimentalism and individuality of western thought. He was clear that any policy of economics, social agriculture, health education cannot be implemented or thought without due consideration to human values and principles. In all his thoughts, writings and actions one finds this as basic foundation for Gandhian thought.

Some of the most important achievements of Indian economic planning on Lines of Gandhian Thought have been the cooperative movement. Priority for small and cottage Industry, emphasis on agriculture, Panchayat Raj, and focus on rural economy. We also find the policy of enriching the local people in strengthening local agencies, in power, road, transport, irrigation, finance, marketing, technical advice, are very much in line with concept of 'swaraj'. Gandhi emphatically talked about education system that is actually linked to the real life situations. He also emphasized on importance of learning by doing and training and teaching by incorporating creativity in academic subjects. We find today these basic principles being implemented in all our education programs. He also emphasized importance of foreign languages and advocated learning these. The Untouchability Act of 1955 goes entirely to the influence of Gandhi.

The Second five year plan saw a period of unrest ...Go-slow, strikes and labour unrest.

With the implementation of Joint Programmes with workers Participation in Management, Joint councils, setting procedures for settlement of disputes, defining duties, greatly reduced the incidences. Here it is important to see that, by adapting to Gandhian practices one greatly reduces the disparity that is created by conventional management practices and hierarchy. By joint participation and encouraging workers participation, training the workers, we make them empowered.

When we review the period after this, especially in context of globalization, this review is a great experience and reveals of how the world is missing the Core of Gandhian principles. How if they would have been given some consideration probably we would have seen a better world. The main topics below for discussion are pre-globalisation and post-cold war, post globalization period, its impact on world economy and Indian economy and see how the present world economy is dominated by West, how this has created the present gaps between rich and poor.

Brief Review of World Economy –Post Cold War-Globalization

Post-globalization period has very clearly set a huge gap and demarcation between the rich and poor .It is interesting to analyse and see what incidence's have taken place and how the world has allowed this to happen. In the Post-globalization period, the Corporates in order to capture market share have undergone and witnessed series of mergers, alignments, takeovers, alliances, restructuring, of corporates. This has resulted in remarkable rise in accumulation of capital in private hands. Most of these corporates see the world as a single market. This capital is many times substantial as compared to State revenue. Statistics show that top 50 Corporates in the world have majority of the world's resources. 60% of these corporates are belonging to USA. They are from oil, petrochemicals, software, automobile, pharma, food sector. This capital is most of the time out of the purview of the State's tax brackets.

Another very important trend is the rise of speculative global capital. This capital is the result of financial markets liberalization of capital market investment. Most important is the foreign exchange rate speculations. Commodification of all major currencies in world has taken place .Daily speculations of the rates are a huge market. It is estimated that everyday US $ 1.5.trillions are traded in this market (This is amount that is equivalent to the GDO of France and UK 1996). All this accumulation is a result of speculations and may be considered unproductive and very little to employment creation. These transactions are out of purview of state-tax. All this capital made out of speculative transactions is fallen in private hands. Most of the times this money is used for speculative and risky and un-lawful activities. Most of the MNC's are making huge profits that are also out of the purview of state-taxes through Transfer Pricing of their imports and exports within the subsidiaries across the world. Thus, to conclude, the global capital accumulated across the world, has got a built-in system of tax-evasion which enhances its undue profitability.

As a result vast amount of money has fallen in private hands and that too with considerably small population of the world. A vast majority of population does not know the source and access to this capital. At times this money may be used for activities that go against the interests of the poor and the whole mankind.

Further to this, capital growth, as a result of various other factors as consequence of globalization, the Government's, state's revenue is declining. Many Industries, especially Public Sector Units have shut down; unemployment, rural migrations, calamities of nature, infrastructure investment etc. have substantially reduced the revenues of the State. As a result in most of the countries the Governments and local Governments are witnessing huge fiscal deficits. As a result the programs for the development of the poor, their subsidy, help, education and the like, are affected. This has resulted in unemployment, collapse of family budget etc. So the middle class, lower middle class, poor are witnessing heavy decline of in income levels.

Even in developed countries of US and Europe there is a serious income divide; people are witnessing unemployment, rising student's loans, downsizing, shifting of manufacturing jobs to China, out sourcing, has substantially reduced jobs and people are out of their previous income levels , and they are falling. However as compared to the developed world, the conditions are not that bad. Governments have poured in by way of social security, Insurance allowances, Unemployment allowances etc. Here again one must note that this has been possible only because of availability of huge money/ revenue made through protected market shares from developing world, royalties out of monopolies, Transfer pricing etc.

At the other end there is a selected section of world population that is having a rise in income levels, accumulation of wealth and is becoming richer. Governments at the other end show heavy fiscal deficits and are trying to meet these deficits by privatization, sale of valuable assets of the state. This privatization again causes loss of income for governments. On the other hand, the citizens who are honest and staying back are paying taxes. When we study the statistics In USA we find the rate of rise of income in top 20% of people is highest and this is followed by another 20% that is next whereas bottom 40% has witnessed a decline in the income. The picture in the rest of the parts of the world is not very different either.

Democracy and its Contradiction

The current age as we see is of globalization and democratization. Democracy and globalization is not compatible with each other. Another most important shift is that the human rights and human equality is gathering unprecedented importance. Most of the terms and conditions of the global trade in commodities are in favour of the West, and developed nations. The increased capital growth and increased poverty is pushing the states towards inequality in law and legislation. As long as this contradiction and inequality persists the more and deeper seated conflicts and tensions will emerge. This disparity is resulting in social tensions violence, terrorism, and many other problems.

A true democracy requires a certain level of civil equality, among all participants. Whereas globalization in its present form is fostering and encouraging social inequality. Not only economic but also of power, health, knowledge, education. As Mr Samuel Huntington has rightly said, 'It is the West versus the rest'. It is very interesting to see the UN statistics which throws some more light on the income disparities of rich and poor the features of global in- equality.

1. Combined income of the three richest families in the world (US$ 135 billion) is greater than the annual income of 600 million in economically least developed nations.
2. 30 years ago the gap between richest 1/5 of world's population and the rest was 30 to 1; by 1990 it was 60 to 1 and today it is 74 to 1.
3. Between the four years 1995 -99 the top 200 richest people of the world doubled their wealth to over US 1 trillion. Whereas the number of people living at USD $ 1 and below per day remained the same. Steady at 1.3 billion.

Another most significant consequence of income disparity is to watch the relationship between culture and trade. People all over the world are going West since money is flowing there. As Samuel Huntington has rightly put 'the distribution of Culture in the world reflects the distribution of Power. Trade may not follow the flag but it almost always follows the power.'

What is at the source of this disparity?

It is very interesting to see the progress of the global economy proceeding in this fashion. What leads it in this direction? What factors caused this? How the global economy lead to this situation?

When we analyse this we find that it is the liberalization of the markets that is at the source. Prior to globalization when British empire ruled more than 2/3 of the world, they had put forth one Ideology and that is put forward since the 19th century. This ideology says that 'a small government of free competitive market is most suitable and will enrich the nation.' The class conflict and the disparity that we see today were already visible and sensed then. It is therefore very clearly visible and logical that, these will give rise to rampant increase in disparity of global wealth. Free markets and free economy always leaves the poor to be dominated. Free markets suppress the equal opportunities for the poor and weak. This results in domination of money, domination of power, domination of knowledge. This leaves the weaker more vulnerable. The money flows to power resulting further inequality. When will this disparity leave us? Where will it take us? Is there a way out? Has Gandhian thought the answer for this problem?

So what is the path for Global Justice?...is the BIG question

This path of seeking global justice and peace is creating self-awareness and determination on the global level through Gandhian principles. Inclusion and democracy is most important in this aspect. There exists road blocks for global dialogue these road blocks are of injustice, inequality, illiteracy, and many. So, the path that most likely will take us to our destination of seeking Global justice is struggle- struggle for inclusive democracy for more and more dialogue, more and more exchange more and more participation. This is what is the path shown by Gandhi. In a global society that is full of injustice and in equality, democratic politics and inclusion will be a process of struggle. For this more and more communicative engagement of citizens will have to take more frequently. No Government will provide this levelling field ready made to the people .The oppressed and disadvantaged people will have to struggle for it. Struggle for justice will have to be dealt with at the domestic as well as international level. Most important question is what will be methods of struggle? Gandhi has already shown us the path... This Struggle for Justice will have to be strictly nonviolent.

As Gandhi has said – means have to be appropriate to the end. If the end is Justice, the most appropriate way to seek Justice will be to struggle ethically and non-violently.

Why Gandhi is Relevant Today?

Now that we have seen how the development has taken place, after globalization, how it has resulted in increasing gaps between rich and poor in most of the countries, how it has left the poor the poorer, we are all fixed in a situation when in no case globalisation can be reversed. Today the technology is advancing at a phenomenal rate and the mind-sets of people have drastically changed- Social media is taking over but social out-look towards people down below is vanishing. While everyone talks of slowing down of economy there is hardly any thinking going on for enriching the poor 40% of the population, bringing them in the main stream of the economy and thereby expanding the market. It is high time that we must begin now!

Finding readymade solutions for such problems is difficult. When we look at this problem we have to decide first what do we want? Where do we want to go? What do we plan for? What should be our focus? What development? How do we bring this 40% poor population in the mainstream?

When we are trying to find the solutions in the Gandhian thought- we must first agree on its concepts and need to transform-change our outlook first. We cannot wear spectacles of western Management concepts and try dealing with the problem here in

India. People all over the world are today looking at Gandhian thought for possible means of tackling the world problems. There are no readymade solutions like a software for this issue. We all will have to get involved, participate, sit down and think and discuss....Let us JUST DO IT!

Concept of Human development

The basic purpose of human development is to enlarge people's choices. The overall objective of the development is to create an enabling environment for people to enjoy long healthy and creative lives. For this we must first start looking at the following important aspects:

1. We must differentiate between economic growth and human development: Economic growth focuses only on one choice and that is income. Whereas human development focuses on choices of human issues like cultural, political, economic, social and the like. This needs to be given a priority and looked at organizational as well as national levels. With the increase of privatisation the growth in tax revenue is falling. Hence there is a need to adopt organisations towards Human Development.

2. For economic growth we need to increase factors of production and its derivatives whereas for Human Development we need priorities: Many of the human development factors do not need hefty amount of wealth. It just needs intentions and choices. Many of the human choices extend far beyond economic wellbeing. Knowledge, health, a clean physical environment, political freedom, and simple pleasures of life are not exclusively or largely dependent on income. A family does not have to be wealthy to respect the rights of each member. A nation does not have to be affluent to treat women and men equally.

3. The human development paradigm performs an important service in questioning the presumed: It brings automatic linkages between expanding income and expanding human choices. Such a link depends on the quality and distribution of economic growth and not only the quantum of such growth but quality too!

4. A link between economic growth and human life needs to be created through a deliberate public policy: Public spending on social services and policy to redistribute income and assets as well as its proper allocation is the requirement. This link does not reject automatic link between income expansion and flourishing human lives and is not rejecting the growth by itself. Economic growth is definitely essential in poor societies for reducing and eliminating poverty and raising income levels. Policy is needed to translate the economic growth into people's lives.

How can this be done?

Let us look at the modalities of how do we achieve the Human development objectives.

1. People are moved at the centre stage and not machines or materials and resources. Betterment of people's lives should be an indicator and not GNP, turnover, or levels of units of production.

2. Human development is assumed to have two sides- one is formation of human capabilities like knowledge, skills, health opportunities and the other is to channelize this acquired capabilities for employment and productive activities, thereby forming a linkage between capabilities and opportunities.

3. Distinguishing between ends and means. This is the most important concept adopted from Gandhian thought- where means are important than the ends. When we give priority for people, people are regarded as the 'end' without forgetting the means. People are the means and ends of development and not just the tools of development.

4. Human development needs to embrace the entire society and not just the economy. Political, cultural, social factors need to be given equal importance as much as economic.

Components of Human Development

Human development has different components which need to be looked into. They are:

1. Equity

Equity in opportunities and not necessarily in results. It is equity that creates the context for driving the individual in action. Traditional growth models have often ignored this truth in the past few decades.

2. Sustainability

The wellbeing of human has to stay for generations to come and has to be a continuous process; hence it is an important component. Renewal of natural resources is just one of the aspects of sustainability. Sustainability of Human opportunities is at the core of the concept. This concept needs sustainability of all forms of capital- Human, Physical, Financial and the Environment. Sustainability is a dynamic concept that fits the changing world. Sustainability does not mean sustaining present levels of poverty and human deprivation. The wide gaps between the life styles of rich and poor need to be re-examined. The present gap is unsustainable.

3. Productivity

Productivity is an important paradigm of human development. This requires investments in people and the economic environment to achieve the maximum potential. Productivity is not to be treated as means of development but only as one of the paradigm with equal importance to equity, sustainability and empowerment. (e.g. China, Korea, Japan)

4. Empowerment

The human development paradigm is neither paternalistic nor based on charity or welfare. When the focus of development is people, their participation is fundamental in the activities, events and processes that shape their lives. Empowerment, if properly implemented, can enrich poor, exercise choices, decentralise the power. Empowerment requires investment in education and health of people to take advantage of the market opportunities. Empowerment means equal opportunities to men and women. It is the concept of empowerment that distinguishes human development from other concepts. Human development model embraces all choices particularly political, social and cultural; whereas the concept of basic needs generally addresses only to economic needs and choices. Hence, Human development is a holistic approach. The human development paradigm covers all aspects of development whether economic growth, international trade, budget deficits, fiscal savings, investment, technology, basic social services and safety needs of the poor with widening of people's choices.

Implementation

To implement this approach there is a need to create desirable linkages between economic growth and the factors of Human development.

1. Emphasis on investment in education, health and skills of the people to enable people in participation of the growth process and to share benefits in employment. Eg. Malaysia, Singapore, Korea, China, Thailand.

2. Equitable distribution of assets and income. This can translate high GNP to people's lives.

3. When human development priorities are in place, even with absence of good economic growth, human development can take place. Hence, human development is a matter of priorities.

4. Empowerment of people, participation of people especially women, certainly produces growth, and development. Empowerment should accompany all aspects of life.

Thus human development strategies are inclusive of all aspects of human life and not only social but economic too.

Conclusion

It is high time the organisations start giving focus on human capital and development. It is in their interest to expand the rural markets and bring them in main streams.

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Book Review :'The Little Black Book of Innovation: How It Works, How to Do It'- By Scott D. Anthony

SMJV CENTENARY 1915 - 2015

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Abstract

('The Little Black Book of Innovation: How It Works, How to Do It'- By Scott D. Anthony, Published by Harvard Business School Press, ISBN-13:978-1-4221-7172-1, Total no. of Pages: 1-283, Price: Rs. 750)

Innovation creates an opportunity for surviving in the 21st century, its new mantra in the business world. Scott D. Anthony beautifully describes the need of Innovation in a 28 day program. But how does he come to the conclusion in writing such an innovative book that is something interesting, i.e. adversity breeds the best form of Innovation. Scott D. Anthony focused on innovation more than a decade. 'The Little Black Book of Innovation' aims to address innovation opportunities by providing and giving confidence to a more reliable path which turns your dreams into reality.

Keywords: Innovation, Innovation Crisis, Financial Crisis

This book started its journey from the foundation of innovation in real life business practices and also tries to justify what is more important- creativity or innovation, by citing an example the Vinci and Edison. Chapter-1 describes innovation imperative, what innovation is, and why all of us need to and can get better at innovation. Innovation stories are quite interesting to read. Chapter-2 introduces the story of twelve masters of innovation, whose tools should be in anyone's black book. The aim of designing this chapter is to provide knowledge how people are achieving success in past centuries through innovative practices. I liked the content which describes in the form of a key innovation lesson...which I can say is the crux of last century's innovation.

Chapter-3 describes 'The Mount Rushmore of Innovation', key mind-sets that can increase your chances of successful innovation and highlighting a handful pitfall to avoid. The important lessons from this chapter are essence of an external viewpoint, recognize that you are wrong, release your inner Edison, and fight the sucking sound of the core. Chapter-4 'Innovation seven deadly sins' are a must read chapter for all innovators and leaders of the organization. It gives us an insight where people are failing and at what point of time they ignore their mistakes which creates reasons for failure. The most important part of this chapter is that everything is described to the point which helps an innovator to understand their innovation journey. As he describes 'Gluttony'...how can abundant resource be a problem? It is the curse of abundance. A company which is full of resources (or possessing abundant resources) may be sometimes making a mistake in terms of resource allocation.

First part of the book concentrates more on 'foundation of innovation'. The second part is quite interesting and important for new breeds of innovators and entrepreneurs for his innovation journey - a 28-day innovation program. Here is the crux of that program:

Week 1: Discovering the Opportunities ('Wrap Up' on Page 87)

Day 1: Start before You Need to
Day 2: Remember The Consumer is Boss
Day 3: Get the Job Done
Day 4: Compete Against Non-consumption
Day 5: Find Compensating Behaviours
Day 6: Get As Close To Context as Possible
Day 7: Don't Innovate Blindly

Week 2: Blueprinting Ideas ('Wrap Up' on Page 127)

Day 8: Go to the Intersections
Day 9: Seek Ideas from Everywhere
Day 10: Remember the Quality is Relative
Day 11: Avoid Overshooting
Day 12: Do it Differently
Day 13: Embrace Business Model Innovation
Day 14: Bring it Together

Week 3: Addressing and Testing Ideas ('Wrap Up' on Page 167)

Day 15: Let Patterns Guide and Action Decide
Day 16: Calculate Your Idea's Four P's
Day 17: Reverse Engineer Success
Day 18: Test Critical Assumptions
Day 19: Bring Ideas to Life
Day 20: Embrace Everyday Experimentation
Day 21: Savour Surprises

Week 4: Moving Forward ('Wrap Up on Page 207)

Day 22: Embrace Selective Scarcity
Day 23: Amplify Your Resources
Day 24: Break the Sucking Sound of the Core

Day 25: Manage the Interfaces
Day 26: Reward Behaviours, Not Outcomes
Day 27: Get Quick Wins
Day 28: Practice Makes Perfects

Innovation seems to be hard...but this 28 day innovation program gives an insight about the challenges and limitations. But if you follow the path of the program it gives immense opportunity to fulfil your dreams. The consumer is the boss, I like the core idea of innovation in that perspective because whatever innovative product or service you are going to develop it must be useful to society at an effective cost. People don't buy products and services; people hire them to get the job done. Second week starts with important notes on blueprinting ideas, by citing the example of Pablo Picasso- Good artists copy and great artists steal. David Goulait's principle of disruptive innovation is a powerful weapon for an innovator.

Thought is a collection of errors. Errors create seeds of ideas. Ideas turn into innovation. Is it a correct method of assessing an idea? In the word of Scott D. Anthony the process is totally wrong and for that you have to go through week 3 and you get an insight story about assessing and testing your ideas for the next innovation process. 'Tough economic times are going to force innovators to do what they should have done already'. After attending a 21 day session very carefully, this last day is very crucial for you to do innovation and understanding the process. 'Get quick wins and practice makes perfect innovation' is the core idea of last week. I have liked the usage of the word: 'ticking clock'- Where you spend your time is a reflection of your priorities.

'The little black book of Innovation' is a book which is developed and designed in an innovative way, which expresses necessary information through different examples, case studies, current and previous trend of the markets and various experiences. Scott D. Anthony has been researching with companies i.e. P&G to translate the brand into innovation is a success. The author represents simple definition for innovation, differences between types of innovation, and innovations' vital role in organizational success and personal growth in a quiet effective way.

Conclusion

If you follow the 28-day innovation program, or embrace the philosophies that lie behind them, you have begun to stretch the bonds of the status quo. The collective set of cases, articles of different companies around the world creates a book in a mode of collection of your favourite songs which you would like to listen in your iPod. You are on your way to fully break them and become a full-fledged innovator!

To reinforce these lessons, consider taking the **Innovator's Pledge** – 'We hold these truths to be self-evident, that all have the ability, that they are endowed.'

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Anthony D. Scott, (2012), 'The Little Black Book of Innovation: How It Works, How to Do It', Harvard Business School Press, ISBN-13:978-1-4221-7172-1.

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