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Dear Valued Researchers and Readers,,

Welcome to the monsoon edition of Management Vision

As we progress through our research grind, the monsoon edition brings to you the much needed stimulus to augment your study.

Our current edition blends in diverse research themes in management that have made a difference to everyday life through the study.

This edition blends diverse themes that make Management Vision, a researcher's den. Studying the need for '*Integrated solution and its importance in high volume of technology at AIIMS*' to '*HR Shared Services – A Model for HR Efficacy*' are studies that captures the elements of everyday life through research as a platform.

We hope that our researchers have helped you make a difference to your own study.

To rekindle your passion for research, we once again invite your invaluable study for the International Conference hosted by us in January 2014. We will reach out to each one of you shortly.

Till then bask in the glory of research and more of research

Regards

Dr. Kalim Khan

Contents

RESEARCH PAPERS

A study on the factors that impact the price gap between WTI Crude and Brent Crude <i>Imran Kazji</i>	1-5
Thinking Beyond Administrative Processes and Electronic Medical Records when IT-Enabling Hospitals and Clinics <i>Anit Bhatnagar & Madhubala Radhakrishnan</i>	6-20
An Application of Monte Carlo Simulation in Project Finance <i>Jamil Saudagar</i>	21-26
Creating Brand Distinction through Celebrity Endorsement <i>Rahul Madhyani</i>	27-40
Fertilizer Subsidy: A Double-Edge Sword <i>Umar Farooq</i>	41-48
Competency Models and its Applications in various Sub-segments of HR <i>Garima Sharma</i>	49-64
HR Shared Services- A Model for HR Efficacy <i>Tabassum Dhangre</i>	65-72
Understanding the Significance of Keywords in Online Marketing when searching via Search Engines for Restaurants <i>Mohd. Osaid K</i>	73-80
Building Credibility through Public Relations <i>Anjali Talreja</i>	81-86
Employee Engagement: From Nowhere to Nowhere <i>Silpy Gupta</i>	87-101

BOOK REVIEWS

Conscious Capitalism: Liberating the Heroic Spirit of Business Raj Sisodia & John Mackey <i>Reviewed by – Garima Sharma</i>	102-106
A Bank for the Buck Tamal Bandyopadhyay <i>Reviewed by – Anjali Talreja</i>	107-111

BIBLIOGRAPHY

Customer Care and Support <i>Compiled by – Aparna Parab</i>	112-117
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GUIDELINES

Detailed Guidelines on Submitting Research Papers	
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A study on the factors that impact the price gap between WTI Crude and Brent Crude

Mr. Imran Kazi¹

Abstract

Crude Oil, also termed as black gold is a commodity which along with gold is the best barometer of Global Economy. When things are fine the price of oil rises gradually, the reverse is equally thru as well. The price does vary for different types of crude as well. This research paper seeks to understand the recent behaviour of WTI Crude and Brent Crude and also analyse the reason for difference in the price levels for this two types of Crude Oil.

Key Words: *DJIA-Gold ratio, Elliott Wave Theory, Impulsive Wave, Corrective Wave, Fibonacci Series, Super Cycle, Hedge, Inflation*

1.0 Introduction

Arguably, the most important commodity in the world today is crude oil. The product and its derivatives made their way into virtually every application of modern life from transportation to plastics. Before 2011, Brent and WTI crude oil prices tracked closely, with Brent crude oil prices typically trading at a slight discount to WTI crude oil, reflecting delivery costs to transport Brent crude oil and Brent-like crude oil into the U.S. market, where they competed with WTI crude oil (Prechter, R., 2002). In early 2011, this longstanding relationship began to change, and since then, WTI crude oil has priced at a persistent discount to Brent crude oil. Increased U.S. light sweet crude oil production combined with limited pipeline capacity to move the crude from production fields and storage locations, including Cushing, Oklahoma, the delivery point for the Nymex light sweet crude oil contract, to refining centers put downward pressure on the price of WTI crude oil.

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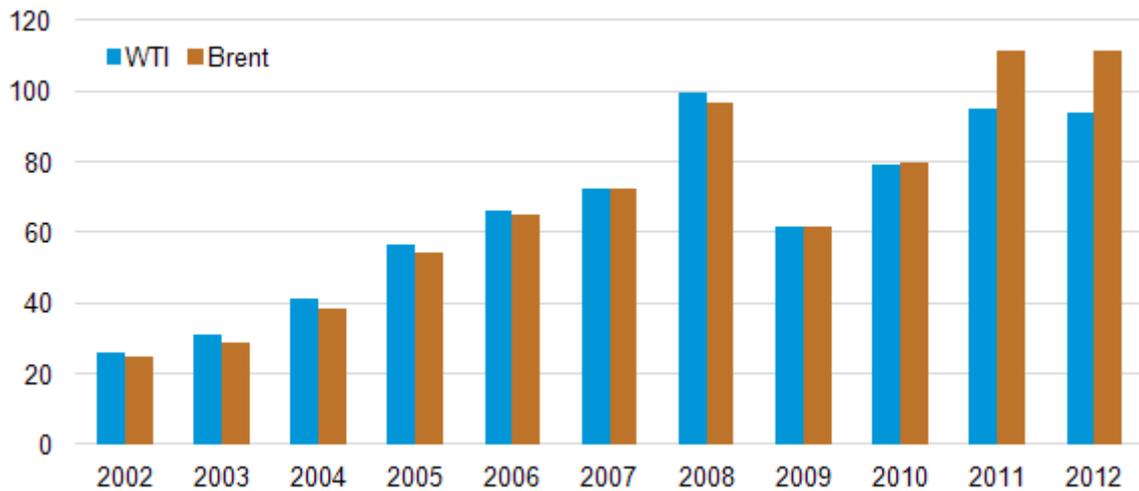


Fig. 1: Average annual spot price for Brent and WTI crude oil, 2002-2012

Source: U.S. Energy Information Administration

2.0 Objectives

- To study the changes in prices of WTI crude and Brent crude in the past decade.
- To analyse the creation of gap between WTI crude and Brent crude prices.
- To understand the reason for reduction in the price gap of WTI crude and Brent crude in the current calendar year.

3.0 Scope and Limitations of Study

- The study does not include any predictive study to forecast the future trend of the Crude oil prices.
- The study includes only intends to identify and analyse the factors impacting the price gap between the WTI crude and Brent crude.

4.0 Literature Review

Crude oil is a mixture of hydrocarbons that exists in a liquid form in natural underground reservoirs which accounts for 40% of the world's primary energy consumption. Almost All industries are directly or indirectly dependent on derivatives from crude oil. Its price movements largely and directly affect prices of lubricants, petrochemicals, fertilizers, paints, transportation costs, etc. Aviation and motor gasoline, naphtha, kerosene, jet fuel, distillate fuel oil, residual fuel oil, liquefied petroleum gas, lubricants, paraffin wax, petroleum coke, asphalt, and other products are obtained from the processing of crude and other hydrocarbon compounds. The prices of crude are highly volatile.

5.0 Varieties of Crude Oil

Two factors that determine the market value of a specific grade of crude oil are density (measured in API gravity) and the sulfur content, respectively, giving how light and sweet the crude oil is.

- West Texas Intermediate
- Brent Crude Oil
- Middle East Crude Oil

West Texas Intermediate: A high-quality crude oil explored and physically traded in the US, West Texas Intermediate is one of the largest traded commodities in the world. Its crude oil API gravity is between 37 and 42 degrees and has 0.24% sulphur content. New York Mercantile Exchange (NYMEX) is the primary exchange facilitating futures trade in this light sweet crude oil.

Brent Crude Oil: A grade from the North Sea, UK, Brent Crude is a pricing benchmark for crude from the Europe and Africa. With API 39 degree and 0.4% or less sulphur content by weight, Brent is the second most traded variety of crude in the world.

Middle East Crude Oil: Generally taken as the arithmetic average of Dubai and Oman crude grades, API gravity between 31 and 37 degrees and 2.05% or less sulphur content by weight makes Middle East Crude Oil a heavy and sour crude oil. It is a variety with a very large physical market in the Gulf region.

6.0 Research Methodology

Sources of Data

Secondary data:

WTI Crude and Brent Crude price levels from U. S. Energy Information Administration.

Other data gathered from books and publications, magazines, internet, journals and periodicals, etc.

Research Design

Quantitative Descriptive Cross-sectional

The research intends to collect and analyze the factors impacting the price gap between the WTI crude oil and Brent crude oil price data obtained from U. S. Energy Information. It is temporal in nature and conducted using a sub-section of the total available data points.

7.0 Data Analysis and Findings

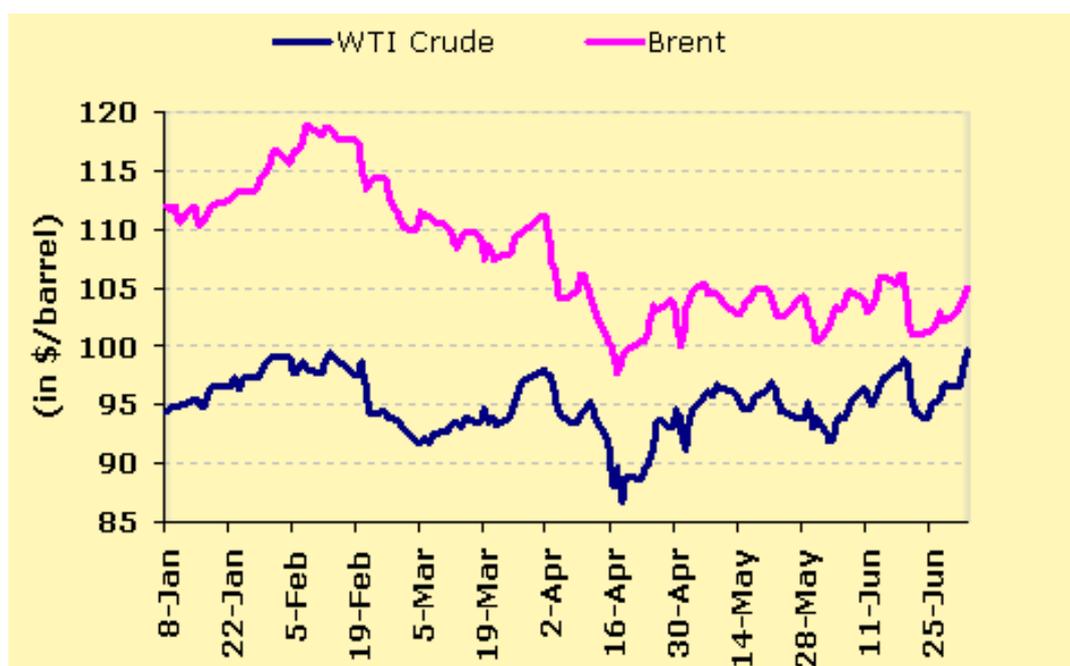


Fig. 2 : Crude and Brent Gap

Source: U.S. Energy Information Administration

Recently, the spread between the two benchmarks shrunk to the lowest level this year on concerns of US Federal Reserve dialing back the asset purchase program sooner rather than later. The spread is indicative of price difference between the International price of crude and oil produced by US. When the spread moves wider, it means that crude producers based in the U.S. receives relatively less money for their oil production compared to their counterparts that are producing internationally.

There has been a difference between the two crudes because a recent surge in production in the United States has caused a buildup of crude oil inventories which has created a supply/demand imbalance causing WTI to trade lower than Brent. Before this increase in U.S. oil production, the two crudes had historically traded in-line with each other. For most of this past year, Brent crude had been range-bound between \$110/barrel to \$120/barrel. However, oil broke the bottom of this range in early April given concerns over worse expectations of global economic growth and

a consequently bearish outlook on oil demand. Going ahead, the ongoing concerns over tensions building in the Middle East will steepen the price of Brent for threat of supply shortage whereas WTI will respond to stockpiles and monetary stance of Federal Reserve Bank in the future.

8.0 Scope for Future Research

The research paper analyses the reasons for the historical behavior of prices of TWI Crude and Brent Crude. With this paper as the reference, future trend of prices of WTI Crude and Brent Crude can be studied using both Fundamental and Technical Analysis. Studies can also be conducted regarding the price movements of other types of crude oil not considered above, namely, Dubai Crude, Russian Export blend etc.

9.0 Conclusion

The Brent-WTI spread, the difference between the prices of Brent and West Texas Intermediate (WTI) crude oils, has narrowed considerably over the past several months because of the following factors:

- Lowered Brent (North Sea) prices because Brent-quality crude imports into North America have been displaced by increased U.S. light sweet crude production, reducing Brent-quality crude demand
- Raised WTI (Cushing, Oklahoma) prices because the infrastructure limitations that had lowered WTI prices are lessening

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Thinking Beyond Administrative Processes and Electronic Medical Records when IT-Enabling Hospitals and Clinics

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Ms. Madhubala Radhakrishnan³

Abstract

It is common practice in hospitals and clinics to use computers for billing, accounts and to maintain patient medical records. The advantage is that it provides lot of MIS reports and access for doctors to track patient medical history better. But as the scale of hospitals grow and the number of patients increase, especially in metropolitan cities, hospital information system and electronic medical records simply cannot keep up with the demands of growing healthcare delivery needs.

This work proposes the benefits of scope that is beyond electronic medical records in place and suggests an innovative and informative approach while implementing IT solutions in hospitals/clinics. Also discussed are aspects of economy, system architecture, commercial potential and a case study of such advanced IT-enablement at AIIMS, India.

Key Words: *Electronic medical records, medical records, IT enablement, EMR, computerization, patient communication, doctor-patient interaction, mobile health, coordinated care delivery, integration, patient messaging, strong ROI model*

1.0 Introduction

Almost all multi-specialty hospitals have a computerized reception / information centre. The reception centre uses a computer for simple tasks like tokening, record keeping and notes. But it is not uncommon to find patients being asked to fill clinical and demographic information on paper forms. The front office executive may or may not feed the written data into the electronic medical record management system.

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How and to what extent this information is converted into usable, meaningful data and who consumes the data largely determines the extent to which the hospital is IT-enabled / computerized. Based on the way hospitals turn written information into electronic records (data) and the way the data are consumed by the staff, hospitals can roughly be classified into six categories:

Category 1

Written information is used only for billing and administrative purposes. This is the most basic way computers are used in hospitals. Patients' electronic clinical record keeping is nil and any data storage is temporary.

Category 2

Written information is used to store demographic and basic clinical information of each patient and records can be retrieved during subsequent patient visits and sometimes to generate (MIS) reports.

Category 3

Written information is attached to a physical file and any clinical findings and medical advice are hand written by the doctor and attached to the file. All medical records are updated by hand on paper during subsequent visits.

Category 4

Written information is converted into electronic data and passed on to the doctor who updates the records directly on a computer. All clinical findings and medical advisories are directly typed in to a computer connected to a centralized EMR system. The clinical information is said to be fully digitized and paper usage for managing patient records is almost non-existent.

Category 5

Digital orders pertaining to patients are automatically transmitted to appropriate laboratories and all reports including radiology images are electronically maintained and shared across departments. Patient prescriptions are directly transmitted to the pharmacy to facilitate faster delivery of medicines.

Category 6

Advanced data analysis is performed on specific practice and recommendations and clinical intelligence is generated by the system itself, by categorising either demographic information/ clinical findings.

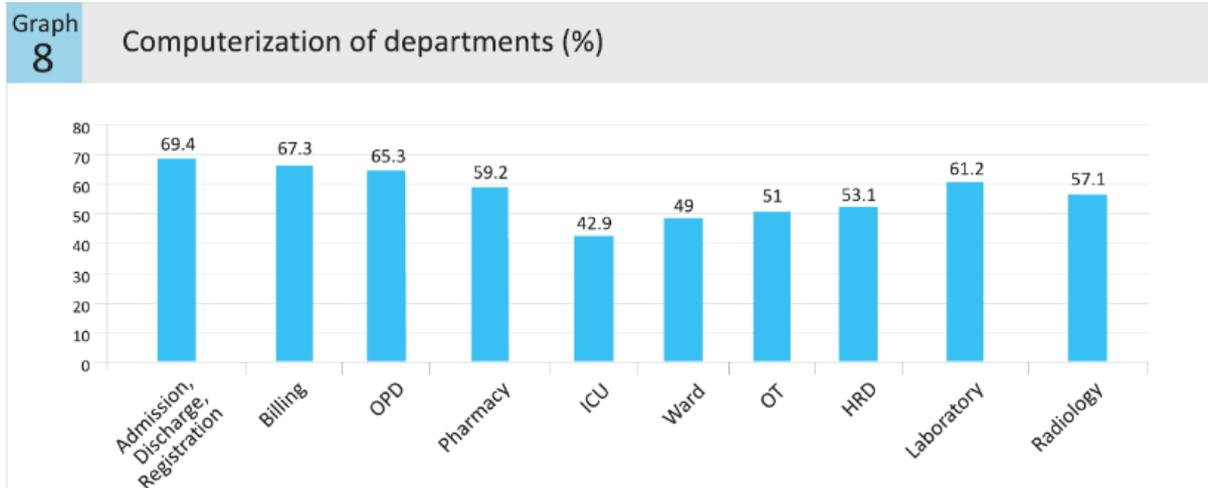


Fig. 1: HIMSS India: State of IT usage in health-care - 2011 -12

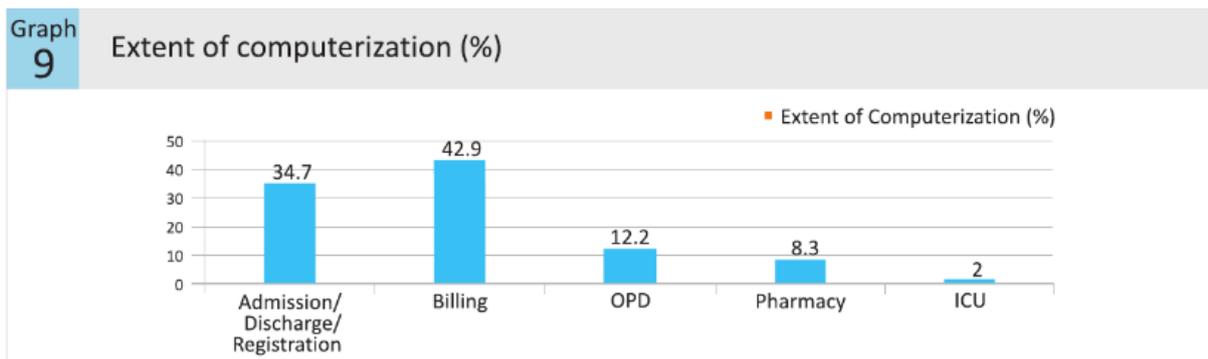


Fig. 2: HIMSS India: State of IT usage in health-care - 2011 -12

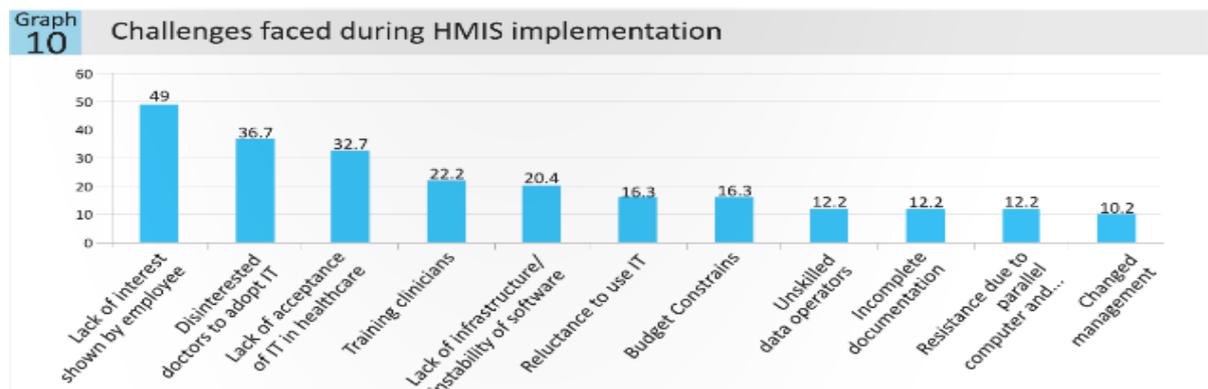


Fig. 3: HIMSS India: State of IT usage in health-care - 2011 -12

2.0 Objective

The main objectives are as follows:

To understand

- Possibilities of Automation and GAP in current Healthcare IT implementations (Especially in India)
- Need for Integrated solution and its importance in high volume healthcare industry

To comprehend:

- Improvement in workflow and better patient service
- The most suitable access medium- tablet based solution for doctors
- New revenue stream avenues to hospitals/doctors/clinics

3.0 Research Methodology

Need & Significance of the Study

The myriad operational issues facing the healthcare provider and resultant deterioration in client servicing compelled the organisation under review to implement an integration solution with Tablet based access for ease of use and automation. The study intends to determine the benefits which would accrue to the hospitals in terms of fewer grievances from patient's end, thereby improving, service quality among others. The study affords immense learning to other healthcare that might be facing similar problems.

Scope & Limitation

- The study restricts itself to designing and implementation of holistic Integrated platform with Tablet based access in one healthcare institution(AIIMS Trauma Care Centre, Delhi)
- Time duration for the study is restricted to 6 months. Long term impact of implementation of system on various parameters is beyond the ambit of this study

Procedure of Research

Step I: Involved Mapping of various clinical informational needs and processes of a multi-speciality apex hospital in Delhi.

Step II: Design and implementation of an IT based Healthcare management system based on the information gained in Step I and workflow/ process requirements and digitization of various records

Step III: Study of the impact of implementation of IT enabled Healthcare system on various parameters viz. Patient waiting system, ease of use by doctors, extent of digitization of records etc.

Research Design

Observation: The research entailed Observational study of design and implementation of a healthcare management system, and its impact on various parameters of patient servicing and hospital operations efficiency. The time duration for this study was six months.

Type of data used

Primary: Data gathered from observations of hospital OPDs with evaluation parameters like patient waiting time, ease of use by doctors, digitization of records and giving holistic view of the hospital.

Secondary: Data collected from sources like HIMSS publication, Doctors review manual, company and AIIMS Website, books, Research journals.

Type of Data Analysis

Quantitative using tools like graphs and excel sheets

4.0 Primary challenges faced in IT-enabling hospitals:

Lack of employee interest and reluctance by doctors in adopting IT systems.

Some common responses from doctors, hospital management and the IT departments follow:

Doctors : “I don't own my patients' records. Moreover, I don't have access to the records from outside the hospital premises. It is too much extra work in my busy schedule”

Hospital Management : “Electronic Medical Records are there to help doctors make better decisions and to make their jobs easier. If doctors themselves are unwilling to use such systems, why should we invest on something that's expensive and does not return our investments in any reasonable manner?”

IT department staff : “Doctors are not comfortable typing on keyboards during busy times. And they are resistant to changing from the conventional practice of relying on anything but written records.”

Some general perceptions and notions are given below:

- It is impractical for doctors to use a computer or a laptop in a busy, crowded hospital such as those in India.
- Most EMR systems are not localized, leading to problems in usage in rural areas. The systems are non-standardized and therefore common clinical protocols are difficult to implement.
- Integrating disparate departments within the institution pose various challenges in implementation and deployment. For example, in a typical hospital, information has to flow between radiology department, pathology labs and other related divisions within the hospital.
- Lack of clarity with respect to data ownership, data access rights and data creation. It is largely unclear who generates data, inputs data into the system and who consumes the data and how they are consumed.
- Doctors hesitate to use Electronic Medical Records since they feel they cannot access the records that they create from outside the hospital premises. Doctors – for various purposes – want medical records accessible from anywhere at any time on demand.
- The general perception that using electronic medical records does not make better, the resulting patient care in anyway.
- The idea that there is no RoI for the investments in IT-enablement which are usually quite heavy.

Suggested Improvements

The problems and challenges that are facing IT-enablement need to be addressed systematically. Some suggestions follow

Access control : The system should be made accessible from anywhere at any time. The access has to be secure and authorized. Unauthorized persons should not be able to gain access to the system. Therefore a role-based access control mechanism should be put in place. Furthermore, data input must be possible from anywhere, but should again be secure and authorized.

Multi-media data input : The data accepted by the system should not be restricted to textual data. The system has to have provisions for taking in multimedia data such as pictures, videos and hand-written notes, digitally. Apart from the software, the hardware running the software itself needs to be capable of taking pictures, recording video and accepting hand-written notes for convenience and speed.

Work-flow management : The system should effectively handle work flows for all kinds of staff within the health-care institution including administrative staff and other non-medical personnel. Doctors should be able to easily schedule appointments and generate prescriptions. Laboratories should be able to receive requests for tests automatically and pharmacies should receive prescription requests. In all, the system should effectively handle scheduling, data / request storage and communication within the institution.

Integrated health records : The system should be able to integrate historical medical records of any patient and also integrate laboratory information, radiological and scan reports and provide an overview on the patients' health and status to the attending doctor.

Patient care: The Importance of Patient communication. A randomized controlled study, discusses the importance of appointments and the methods to reduce missed appointments. According to the study the missed appointments are “known to interfere with appropriate care and to misspend medical and administrative resources.” The study also tested the effectiveness of “sequential intervention reminding patients of their upcoming appointment.”

The results of the study were very positive. The reminders “significantly reduced the rate of missed appointments: 11.4% (n = 122) in the control group and 7.8% (n = 82) in the intervention group (p < 0.005), and allowed to reallocate 28% of cancelled appointments.” This directly translates to better patient care, thus: “A satisfaction survey conducted with 241 patients showed that 93% of them were not bothered by the reminders and 78% considered them to be useful.”

Apart from facilitating better patient care, the study also found significant economic benefits: “It also proved to be cost effective in providing a total net benefit of 1846. - EUR/3 months.” For a bigger sample space such as that in India, the benefits would be significantly higher.

The system should facilitate good patient care delivery thereby increasing loyalty. Overall improvements in work flow speed, timely communication and effectiveness would reflect positively on patient care and would improve perception of the institution. Patient engagement and retention directly translates to better profit for the hospital.

5.0 “Smart” IT-enablement:

The benefits of IT-enablement are apparent from the word go in any institution. But there are smart ways in which information technology and modernization helps hospitals and other health-care facilities become better. The myth that IT-enablement does not have significant

return on investments can be debunked if we carefully and cleverly apply the traditional commercial practices to seldom tapped revenue opportunities in the medical industry.



Fig 4: Smart IT-enablement

The primary benefit of smart IT-enablement is clear. Firstly, Integration of clinical information from various departments is a massive advantage for health-care professionals in terms of convenience and speed. If waiting time is reduced, more patients can be attended to in a fixed time frame. Secondly, access to the data from anywhere would help doctors and patients interact more flexibly. Continuous patient engagement results in better response to treatment and doctors get quicker feedback and changes in treatment can be effected quickly. The improvements in efficiency and more interaction/information flow of doctors with the patients and vice versa results in high savings.

Apart from saving money there are huge revenue opportunities by way of carefully strategised commercial advertisements. Pharmaceutical advertisements are one of the major sources of revenue. On the one hand it opens up an avenue for the medical equipment and drugs to be directly pitched to the doctors themselves and on the other hand, simple off-the-shelf drugs and equipment can be advertised to the patients. This targets potential customers at the two ends of the spectrum.

Status of currently implemented systems compared with suggested Smart IT enablement.

Component	Status
Integration	Exists partially. Lack of support for data-analytics.
Access	Anytime / Anywhere access is nearly non-existent
Patient communication	Automated systems are non-existent
Revenue Opportunities	Nearly non-existent. Very poor RoI.

6.0 Implementation of Smart IT-enablement in AIIMS, New Delhi

AIIMS Trauma Care Centre, New Delhi implemented integrated platform with tablet based access that includes patient message delivery on their mobile phones.

Now, patient info in tablets at AIIMS centre

TRAUMA CENTRE Instead of issuing handwritten OPD cards, info will be stored in tablets and printouts issued; Move will help hospitals restore patient history

Rhythma Kaul

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NEW DELHI: Troubled with the frequent loss of out-patient department (OPD) cards that contain vital information about the nature of injuries, line of treatment and overall progress of patients, the AIIMS Trauma Centre has begun using tablets to store information.

Instead of issuing handwritten cards, the doctors have started typing details on a tablet. The patient is given a print-out of the information. That way, even if the patient loses the OPD card, the hospital has the information that is stored in its database.

Nearly 400 people visit the OPDs of the hospital on any given day. Of them, about 25% turn up without their OPD cards, hindering the treatment process as the doctor has no clue about the case.

“Earlier, we would not have much information with us as



■ Nearly 400 people visit the out-patient department (OPD) of the AIIMS Trauma Centre on any given day. MOHD ZAKIR/HT FILE

everything was mentioned on the card. If the card was lost, then the entire case history of the patient would be gone. It had become a huge problem,” said Dr Deepak Agrawal, associate professor, department of neuro-surgery at the hospital, who is in-charge of the computer facility.

The move has also helped in

medical research at the hospital.

“The volume of patients that we get is very high and valuable for research purposes; but we would hardly get to document the case studies. Now we can click a picture or make a video for research work,” added Dr Agrawal.

Three tablets are being used

We will hold training sessions for the staff to get used to operating the device.

DR MC MISRA
chief, AIIMS Trauma Centre

as a pilot project to gauge the response.

“Younger people are always more enthusiastic about the use of technology and it takes time for some to get accustomed to such changes. We will hold training sessions for the staff to get used to operating the device,” said Dr MC Misra, chief, AIIMS Trauma Centre.

It has been a few months since a number of OPD cards have been issued using tablets and the hospital hopes to make a complete shift.

“Most of the staff have given a positive response as everything is available at the click of a button and anyone can access it,” added Dr Agrawal.

Fig 5: Newspaper clip (Hindustan Times, Page 7 – 2nd April, 2013) of AIIMS IT-enablement news

Solution Overview

The Solution is provided by mCURA is a silicon valley based OPD company that developed an end-to-end platform that comprises of tablet computer based access for doctors, integrated front office, nurse, laboratories and pharmacies with SMS / MMS / email based automated reminders and review alerts that facilitates automated communication & engagements with patients.

The entire solution is a plug-and-play model service and can also be availed as a hosted solution to reduce huge upfront investment in setting up IT infrastructure. To hospitals looking to deploy such solutions, a hosted service model provides for nearly zero capital expenditure and

substantially low operational expenditure since the services are offered under a pay-as-you-go model. If they so desire, hospitals can also deploy the system on-premise.

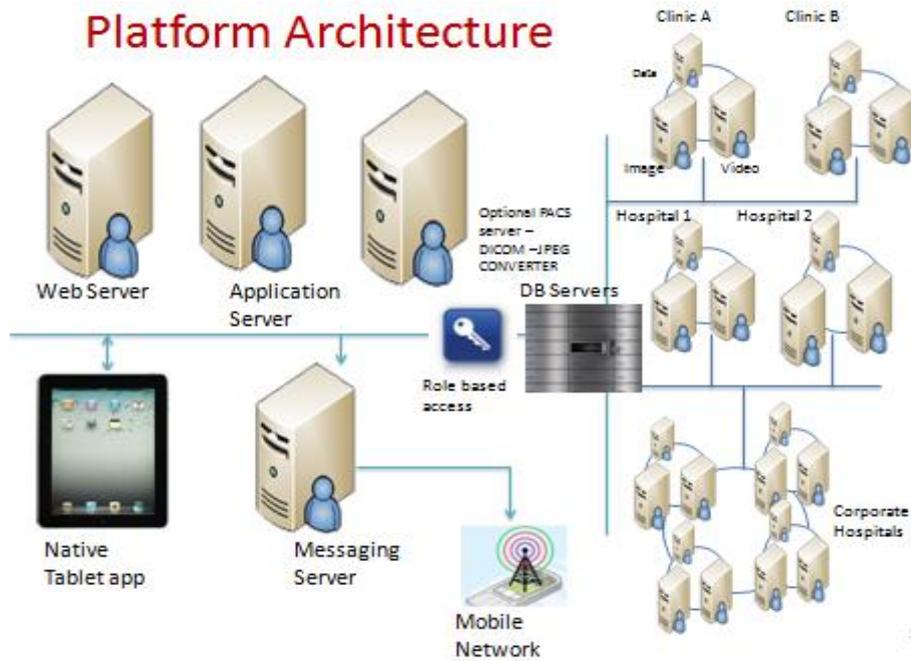


Fig. 6 Platform architecture of integrated care coordination solution

The architecture of a hosted solution consists of a distributed cluster of systems hosting and hospitals records and data are hosted in a multi-tenant database server. The system is connected to a messaging server that handles SMS message delivery to patients. Doctors connect to the system via a Tablet computer. Access to the system is by a role based login.

System Flow

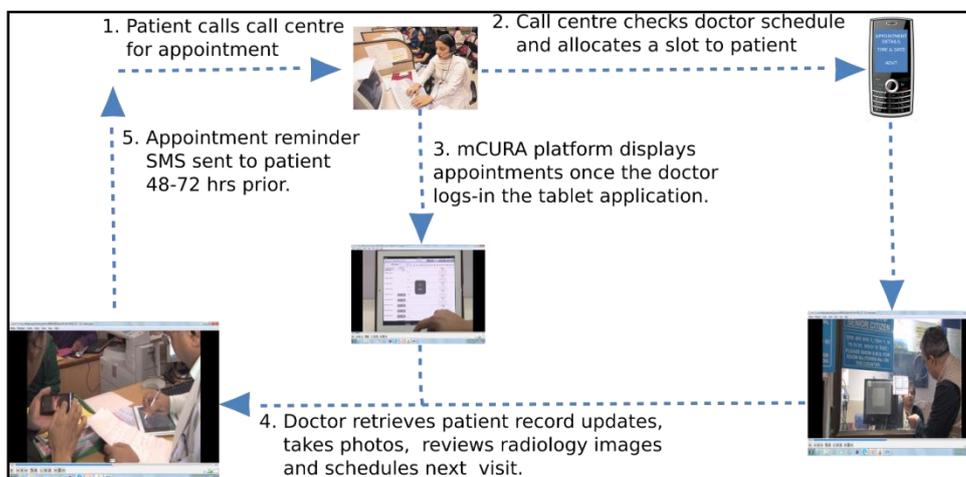


Fig 7.a. System control flow for Tablet Solution

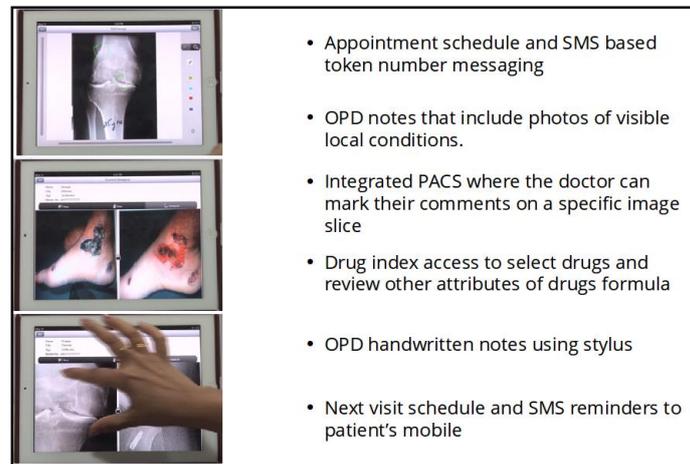


Fig. 7.b. PACS and media viewer for doctors

In case of an on-premise setup. One central branch of hospital typically serves the applications and the rest of the hospitals simply subscribe to the main servers. The rest of the architecture remains the same for the most part.

Tablet Application Features: Doctors



- Appointments at single screen view
- Setup/ update multiple hospital schedules
- Flexibility to allocate various slot duration for different hospitals
- Cancel / move appointment slots
- Block / Unblock slots for hours/days/months



- Simple Patient Search
- New Patient Registration
- Patient Appointment Allocation/Reminders
- Easy capturing of Past History/ Vital Signs/Clinical Parameters



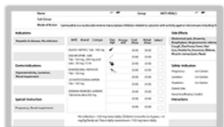
- Patient Medical Records Retrieval
- Current visit Complaints/Diagnosis entry
- Lab orders entry
- Medical advice entry



- Lab Tests Review
- Lab Image/Video/Document Retrieval
- Review comments tracker
- Advice & Plans entry
- MMS/SMS delivery to patients



- Image Management
- Image comparison option
- Diagnosis entry
- Easy Referrals



- Drug Reference powered by A to Z drugs
- Flexible location based business pairing of Labs/pharmacies
- Auto-delivery of lab/pharmacy orders to paired facilities
- Test results delivery Text/Image/Video and PACS
- Referral system with easy inputs

Fig. 8 Web and Tablet applications



Fig. 9 : Efficient Care Management

One of the key capabilities of the system is that it can automatically sends alerts and notifications to patients when their appointment draws closer.

7.0 New Revenue Streams for Hospitals & Clinics:

Tab-ads

Advertisements on the tablet helps pharmaceutical companies deliver more visual multi-media advertisements directly to health-care professionals. Advertisements can also be tailored to display specialty centric advertisements based on doctor specialty.

Hospitals could moderate/filter advertisements and offer medical equipment and pharmaceutical companies digital advertisement spaces.

Pharmacy / Laboratory sponsorship

Clinics can route orders to laboratories and/or pharmacies which would facilitate direct referral programmes. It is ultimately up to the patients where they want to buy, however.

SMS Ad-Bytes

A simple 30 character advertisement can be appended to the SMS reminders and other notifications sent to the patients. The hospital would hold control of the advertisements sent to patients and can moderate/filter out content as they see fit.

Tele consultation calling cards

Instead of the patient visiting the hospital for trivial clarifications, they can optionally buy doctor's calling cards or tele-cards from the hospital for a cost. This could save the patient a lot of effort and energy.

8.0 Smart IT enablement: Implementation Findings

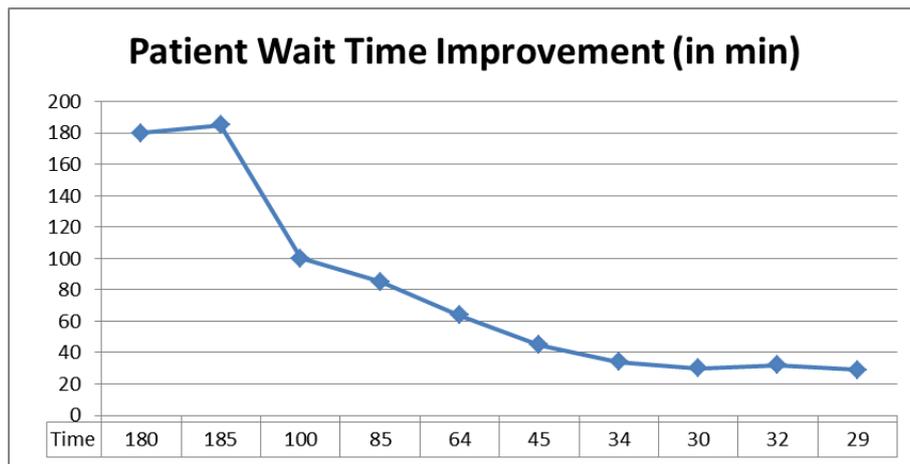


Fig. 10 : Reduction in patient waiting hours

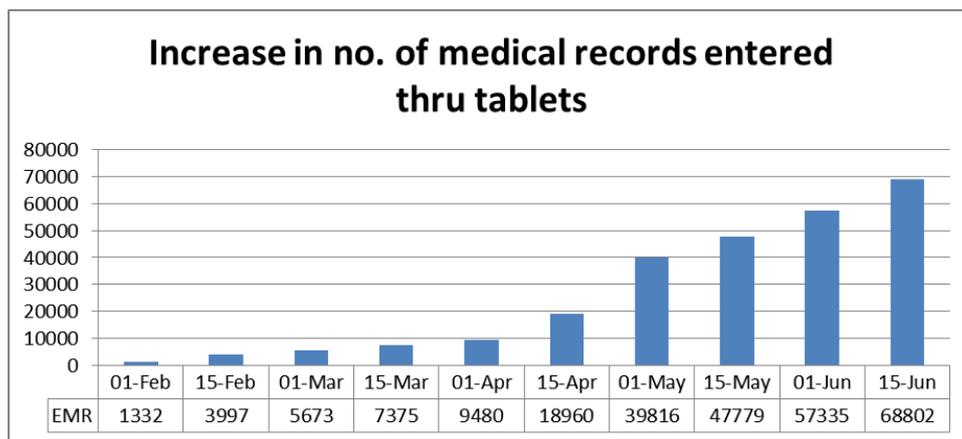


Fig. 11 : No. of Medical records entry through Tablets

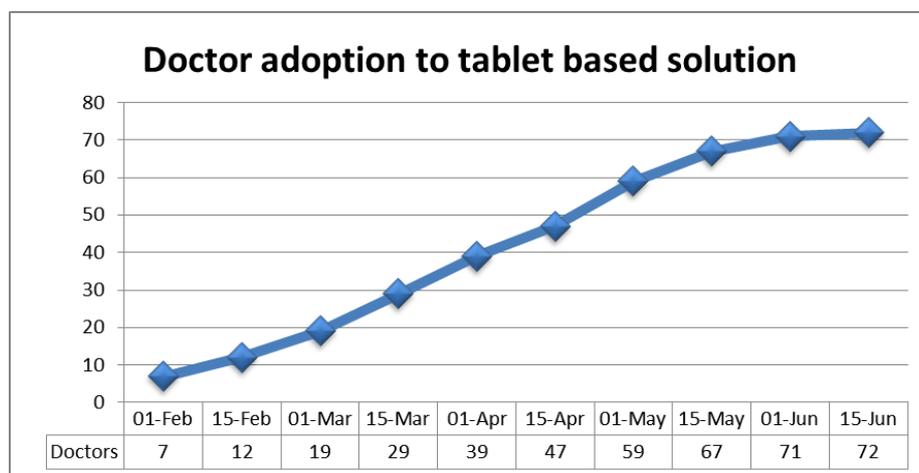


Fig. 12 : Doctor adoption to tablet based solution

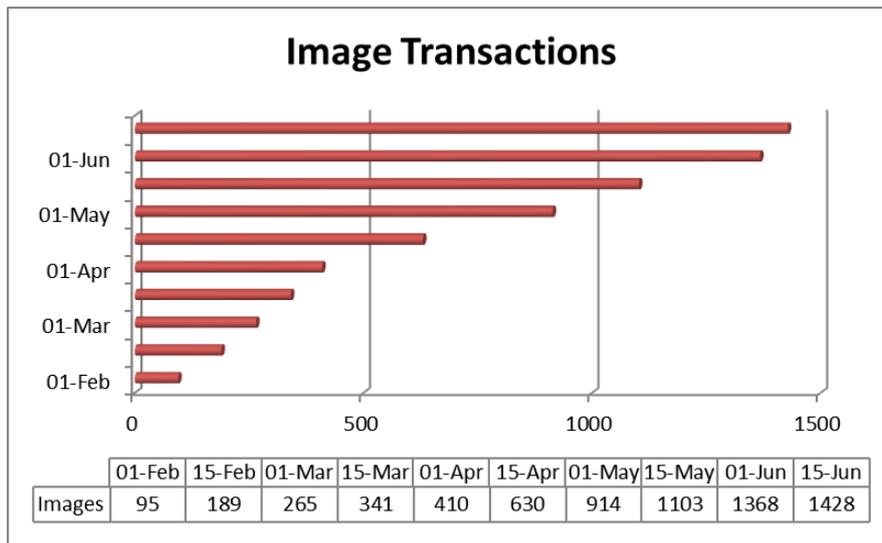


Fig. 13 : Image Transactions Volume

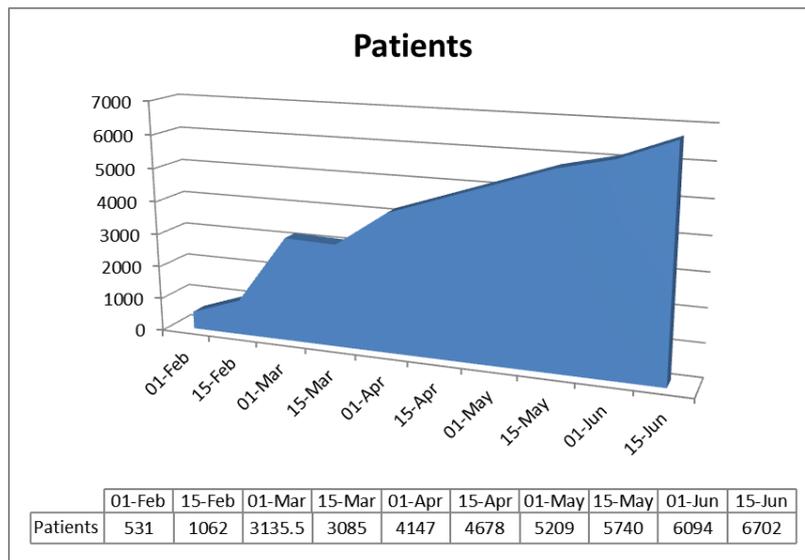


Fig. 14 : Integrated Patient case files that can be used for data analytics

Above data suggests the success of smart IT enablement at high throughput hospitals like AIIMS Trauma care centre. It also suggest the change in perception of doctors towards IT based solutions and generation of electronic medical records, with very positive growth trends

9.0 Conclusion

Hospitals should embrace and adopt information technology solutions beyond that of conventional administrative and electronic medical records for the obvious convenience and practical and economic benefits that they offer. This could very well redefine how hospitals operate and could save a lot of time and effort apart from making hospitals highly efficient and reliable. The data generated can also provide valuable intelligence that could aid in research and studies.

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An Application of Monte Carlo Simulation in Project Finance

Mr. Jamil Saudagar⁴

Abstract

This paper tries to study the applicability of Monte Carlo simulation to determine the return outcome of a project. With increased volatility in businesses, there is an increased risk to the cash inflows. Despite, using multiple variables in financial models to improve the accuracy of forecasts, one key requirement in project finance is the ability to determine if the project is going to provide positive returns given the key forecast parameters.

This paper applies the concept of Monte Carlo simulation to Project Finance and tries to ascertain the probability of the project returning a positive net present value (NPV).

Key Words: *Monte Carlo Simulation, Simulation, Project Finance*

1.0 Introduction

Everyone has an innate understanding of “risk”. Risk is inevitable and an integral part of business. It always piggybacks on opportunities. We face it every day of our lives. Every individual in his daily life is confronted with opportunities which carry some risk. A person may choose to take on the risk or avoid it. An individual who missed the opportunity because of the inherent risk would wish for a technique which would let him mitigate or better still eliminate the risk so that he could savor the benefits of the opportunity.

“Risk arises due to the possibility that the actual outcome could be different from the expected outcome. The probability of an outcome is governed by the availability of certain information. Due to information asymmetry, the most up-to-date information might be available with only few select economic players. Further, the outcome is dependent on several other drivers. These interrelationships are not necessarily known or determinable”

The biggest risk to a project is the extent of variability of its expected cash flows. A downward deviation in the expected cash flows can mean that the Net Present Value does not meet expectations, which in turn can impact the bottom line of the business. Monte Carlo simulation

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is an effective technique to assess the probability that the project net present value (NPV) is positive.

“The management science technique that rivals simulation, analytic modeling, is often inappropriate. When the system to be studied cannot be adequately described by any mathematical model, or mathematical models which can be developed prove to be so complex that they are impossible to solve, simulation may prove the answer”.

2.0 Objectives

- To build an MS Excel simulation tool.
- To demonstrate the application of the technique in determining the probability that the net present value is positive.

3.0 Research Methodology

The research is based on understanding the concept of Monte Carlo Simulation. The paper focuses on applying the Simulation Model in the area of project finance. The study applies the model for a period of 5 years with pre-set parameters as a hypothetical case to understand the actual working of the Monte Carlo Simulation technique.

4.0 Scope & Limitations of the Study

- Since the focus of the paper is demonstrating the use of Monte Carlo Simulation, a “No Tax” assumption is made and the impact of depreciation is ignored. It is also assumed that cash flows occur at regular intervals and occur at the end of the period.
- Generally, cash flows follow a regular pattern (i.e. the + / - sign changes only once). The same assumption is made here. Investments are made in the first period followed by cash inflows which occur for the remainder of the period.
- Typically, higher the number of trials, the greater is the accuracy of the result. But since the model is created in MS Excel, the maximum allowable trials are restricted to 10000. This, however, does not mean that MS Excel cannot support more trials, the limit is meant to restrict the processing time.
- For the purposes of demonstration, the project is assumed to be a 5-yr project.
- Amounts mentioned in this note are assumed to be in crores, so a cash flow of 30 would mean a cash flow of 30 crores.

5.0 Research Process

A step by step process to create a simulation model in MS Excel is shown below:

Model Construction

	A	B	C
1			
2		Time Period	Cashflows
3		0	-100
4		1	30
5		2	20
6		3	10
7		4	30
8		5	50
9			
10		Cost of Capital	
11		K	10%
12			
13		Standard Deviation	
14		σ	10%
15			
16		Trials	
17		#	10,000

Fig. 1 : The Input Data Sheet

There are 2 sheets in the file. The first sheet is used to enter data like the cash flows, the Weighted Average Cost of Capital, the standard deviation, the number of trials etc. (the input data sheet) while the output is written out to the other sheet (the output data sheet).

In the input sheet, Cells B3 to C8 hold the cash flows. Similarly, the Weighted Average Cost of Capital (WACC) is stored in cell C11. Cell C14 holds the standard deviation for the project while Cell C17 holds the number of trials (see Figure 1). Generally, the higher the number of trials, the more precise the output is. The mean NPV and the standard deviation are derived off these trials. In this example, the cash outflow happens at time zero (i.e. in the current year) followed

by cash inflows for the next 5 years. These expected cash flows are assumed to be the mean cash flows. The risk to this project is that the initial investment might be more than expected or the future cash inflows might not meet expectations because of which the net present value of the project might go down affecting revenues.

NPV_{μ}	2.08
NPV_{σ}	9.293343455

Fig. 2 : The Output Data Sheet

In the output sheet, Cells B1 to C10001 will hold the trial values (NPV's) for the project. Based on these trials, a mean NPV (NPV _{μ}) with a standard deviation (NPV σ) will be generated. Cells E2 – F3, will hold these values.

Worst Case	(23.41)
Base Case	2.85
Best Case	30.76

Fig. 3 : The Output Data Sheet

Cells H2 to I4 will hold the various possible outcomes : Worst Case, Base Case and Best Case (See Figure 3). The worst case value is the lowest possible Net Present Value (NPV) amongst the trials. The base case is the Net Present Value assuming the user entered values from cells B3 to B8. The best case value is the highest Net Present Value from amongst the trials.

Lower B	-25.7954
Upper B	29.96461

Fig. 4 : Range for the Data

Cells K2 to L3 will hold the lower and upper bound for the

x	f(x)
-25.7954	0.0004769
-23.7954	0.0008887
-21.7954	0.0015811
-19.7954	0.0026858

Fig. 5 : Occurrence Probability

mean NPV generated in Figure 2, with 3 standard deviations. Input the following formula in cells F10 and F11 : $NPV_{\mu} \pm (3 * NPV_{\sigma})$. These values will help us generate the normal distribution chart for the project.

Cells T2 to U1001 will hold the data points which will help us create the normal distribution chart. The first data point will be the lower bound (See Figure 5). This will be followed by increments of 2 (in column T). Column U will hold the occurrence probability of the value in the adjoining cell as shown in Figure 5.

Lastly, add two buttons namely, “Simulate” and “Clear”. Simulate will generate the trial Net Present Values while Clear will delete the trial values in cells B1 to C10001.

The Process

- Create a 4 * 3 array. The first column will hold the cash flows which the user input. The second column will hold the standard deviation (specified by the user, see Figure 1). The third column will hold the lower bound for each of the cash flows while the last column will hold the upper bound for the cash flows. For example, given a cash flow of 30 and a standard deviation of 10%, the array will hold the following values :

(a)	(b)	(c)	(d)
Cash Flow	Std. Dev.	Lower Bound	Upper Bound
30	3	21	39
	* 0.10	(a) - (3 * (b))	(a) + (3 * (b))

- Next, create another n * 4 array, where n = the number of trials – 1. This will hold the random distribution for each of the cash flows. The distribution population will consist of random values between the lower bound and the upper bound for each cash flow (i.e. a random value between 21 and 39 in this example). The number of values generated for each cash flow will depend on the number of trials specified. Each column will hold the distribution of the cash flows as shown below :

	Cash Flow 1	Cash Flow 2	Cash Flow 3	Cash Flow 4	Cash Flow 5
Distribution List	31.00	20.39	8.00	24.40	62.01
	23.56	14.25	9.23	38.39	58.33
	39.00	17.63	11.86	25.07	65.00
	26.43	20.21	8.93	35.11	55.47

- For each cash flow, randomly pick a value within the lower and upper bound (inclusive). Next, compute the net present value with these set of randomly picked up

values, as shown in the above table. Each such value, is a trial Net Present Value. Similarly conduct ‘n’ such trials, where ‘n’ is the number of trials.

- Find the mean value for these trials (See Figure 2). Find the standard deviation (See Figure 2) and the lower and upper bounds (See Figure 4).
- From the lower / upper bound prepare the data points, with an increment of 2 (See Figure 5)
- Using the Net Present Values generated during the trials, draw a line graph.
- Using the data points in Figure 5, draw a normal distribution chart (Insert > Charts > Scatter > Scatter with smooth lines).

6.0 Interpretation / Analysis

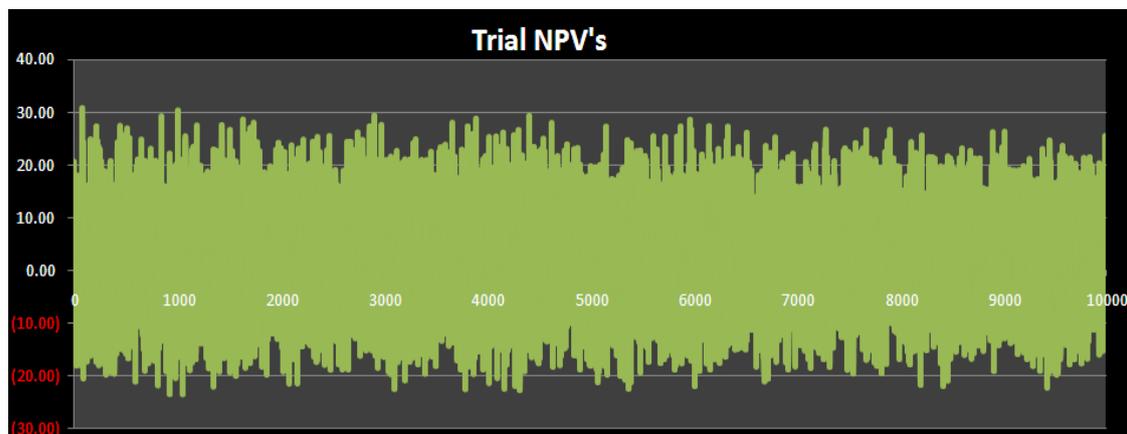


Fig. 6 : Net Present Value Outcomes through ‘n’ trials

The above chart shows the movement in Net Present Value across ‘n’ trials (10000 in this case). The worst possible outcome is that the project might result in losses of up to 23.41 crores, while, the best possible outcome is that the project will earn a revenue of 30.76 crores. Thus there is a huge variance in the data.

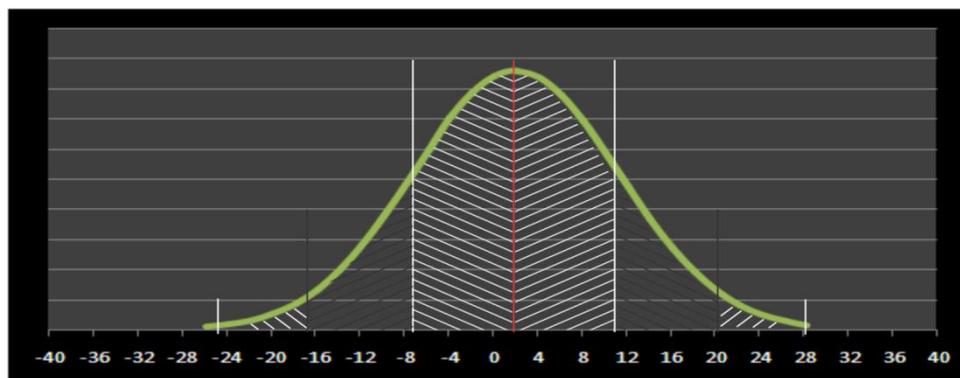


Fig. 7 : Normal Distribution Curve for the project

For the given data set, the probability of occurrence is shown below :

Std. Dev	Range of Values		Occurrence Probability
	Minimum Value	Maximum Value	
1	-7.21 cr	11.37 cr	68.27%
2	-16.50 cr	20.66 cr	95.45%
3	-25.79 cr	29.95 cr	99.73%

The above table lists out the range of possible values and the probability of its occurrence with a mean of 2.08 crores and a standard deviation of 9.29 crores. There is a 68.27% probability that the project Net Present Value will be between -7.21 crores and 11.37 crores. Similarly, there is a 95.45% probability that the value will range from -16.50 crores to 20.66 crores and a 99.73% that the value will range from -25.79 crores to 29.95 crores. Also, the data has a right skew which again indicates that the probability of outcomes is higher on the right side of the mean (positive NPV's). The probability of an outcome where $NPV > 0$ is 50.59 %.

7.0 Significance

This technique can be used to answer questions over a wide spectrum of business and management problems although this paper restricts the use to determine the probability that the project will yield the expected cash flows.

8.0 Conclusion

Thus, from the above, it can be seen that Monte Carlo simulation is an important technique in assessment and it not only generates the range of values but also tells us the probability of occurrence each set of range values and also helps us analyse the probability of a positive outcome.

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Creating Brand Distinction through Celebrity Endorsement

Mr. Rahul Madhyani⁵

Abstract

In an effort to give their product a differentiated identity, more and more companies are investing large sums of money on celebrity endorsements to differentiate their product. Studies across all the products show that there is high percentage of advertisement recall for the celebrity endorsement. Hence it has become a fad for the companies to invest on celebrity as an endorser.

The objective of the study is to understand the positive as well negative impact of celebrity endorsement, understand the success factors of celebrity endorsement.

Key Words: *Celebrity, Endorsement, Endorsers, McCracken's transfer model, celebrity management*

1.0 Introduction

This is the age of media explosion. Every day thousands of programmes are aired by different mediums like newspapers, billboards, websites, radio and television each one trying to grab the attention of consumers. According to a survey there are around 130 television channels in India broadcasting over 3 million television commercials each year in India. All these images in magazines and other media forms make the consumers numb to all the marketing techniques. Moreover, people forget 80% of the information in just 24 hours. Hence it becomes a challenge for a marketer to find a hook that will hold the subject's attention. This paper attempts to understand if Celebrity Endorsement enables the marketer to engage the customer and help create a positive impact on the brand.

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2.0 Objectives

- To understand the various theories explaining how celebrity endorsement works across brands
- To understand how celebrity endorsement helps create brand distinction from an Indian perspective

3.0 Scope and Limitations of Study

- This study focuses on celebrity endorsements at a macro level based on the opinions of experts in India and globally
- The study does not focus on the actual cost benefit – analysis and is purely based on qualitative inputs taken from various experts

4.0 Sources of Data

Secondary data:

The data is gathered from internet, journals and reports.

5.0 Research Procedure

The data for this study was garnered from various online data bases, journals and websites. The data has been compiled to analyse and understand the various aspects of celebrity endorsements in marketing.

6.0 Meaning of the term ‘Celebrity Endorsement’

A celebrity generally differs from the social norm and enjoys a high degree of public awareness. Celebrities are people who enjoy public recognition by a large share of a certain group of people-actor, sports figure, and entertainer. The definition of celebrity endorsement can be given by the following statement: ‘any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement & they bring their own culturally related meanings, thereto, irrespective of the required promotional role.’

7.0 How does Celebrity Endorsement help a product?

Celebrities are seen as dynamic with both attractive and likeable qualities because of their fame, celebrities serve not only to create and maintain attention but also to achieve high recall rates for marcom messages in today's highly cluttered environments. Friedman and Friedman (1979) found empirical evidence that, in the promotion of products high in psychological and/or social risk, use of celebrity endorser would lead to greater believability, a more favourable evaluation of the product and advertisement, and a significantly more positive purchase intention. Sometimes it is also called lazy tool to make the brand more visible in the minds of the consumers. But mostly it is seen as a successful tool to build an image for the product.

Theories explaining how Celebrity Endorsement works?

- Friedman et al. (1977) found that celebrities are featured in 15 percent of the prime-time television commercials. Baran and Blasko explained, "Since most products aren't special, most advertising does all that so-called image stuff. There's no information about the product, there's only information about the kind of people who might be inclined to use the product".
- This view is echoed by Feldwick (1991) who has suggested that the subjective experience of using a brand can be different from the subjective experience of using an identical product without the brand reassurance. In the case of using celebrity advertising to build brand image, the effects are examined with a social psychological framework.
- Dr. Herbert C Kelman, whose theoretical work has always focused on social influence and attitude change, with an emphasis on the distinction between different processes of influence; on the relationship of action to attitude change; and on conceptions of personal responsibility for actions ordered by legitimate authorities. His theory on Compliance, Identification and Internalization works well with brand endorsement.
 - **Compliance** infers that another individual or group of individuals influences an individual cause he or she hopes to achieve a favourable reaction from this other group
 - **Identification** applies to the situation wherein the individuals emulate the attitudes or behaviour of another person or group, simply because they aspire to be like that person or group.

- **Internalization** as a process of social influence is said to occur when individuals adopt the attitude or behaviour of another person because that behaviour is viewed as honest and sincere and is congruent with their value system.
- It can also be explained with the help of Grant McCracken's Meaning Transfer Theory. Celebrity encodes a unique set of meanings which if well used can be transferred to the endorsed product. Such a transfer takes place in three stages – encoding meanings, meaning transfer, meaning capture.
 - **Encoding Meanings:** Each celebrity has a unique set of meanings, which can be listed by age, gender, race, wealth, personality or lifestyle. In this way, the celebrities encode a set of meanings in their image. For example AaliaBhatt can be seen as a lively, charming, bubbly, witty and enthusiastic.
 - **Meaning Transfer:** This stage transfers those meanings to the product. When skillfully portrayed, celebrities can communicate this image more powerfully than lay endorsers.
 - **Meaning Capture:** This assumes that consumers purchase products not merely for their functional value but also for their cultural and symbolic value. The theory says that consumers buy the endorsed product with the intention of capturing some of the desirable meanings with which celebrities have passed on to the product.
- The research study by Rumelhart, Hinton & McClelland (1986), Associative Learning Principles were based on a conception of memory as a network consisting of various nodes connected by associative links. In the research context, celebrities and brands both represent nodes, which initially are unconnected but become linked over time through the endorsement process. The joint activation of brand and celebrity provides a path over which one's evaluation of the celebrity has an opportunity to transfer to the brand. The key to the process is the simultaneous activation of the brand and celebrity nodes.

8.0 Celebrity Endorsement: An emerging trend in India

Celebrity Endorsement is successful in India because Consumers perceive the brand as having superior quality because it has been endorsed by a credible source. Celebrities usually form a very good example of a reference group appeal. This makes endorsement as one of the indicators of quality for any brand. India is a country where people are star-struck by film stars, cricketers, politicians, and even criminals. Populations of billions and ticking, everyday people need

something or someone to look up to. A sense of security, admiration, comfort, familiarity, and above all, someone they aspire to be at some hidden level in their lives. People who idolize their celebrities, hence, have a biased affinity to the brand their favorites endorse. As time passes on, they believe that they by adopting the brand that their celebrity endorses are becoming more like them. And clever marketers leverage this very celebrity appeal.

9.0 Celebrity Endorsements: Success in India

Celebrity endorsements do work in the Indian scenario. The level and the magnitude of the effect vary with the celebrity and the product category but most endorsements have a favourable impact. But the impact of an endorser cannot be sustainable in all product categories and in all the stages of brand life cycles. It really depends upon the type of product. If it is a **'functional brand'**, then the product itself is the hero. Here any celebrity association with the brand without corresponding performance of the product will not be sustainable. But categories of soaps, soft drinks, and cigarettes etc., where it is difficult to distinguish between the products, celebrity endorsements help to distinguish between the brands at an emotional level.

The purchase decision due to the celebrity presence can be explained in the following manner. There are two types of decision-making processes defined. They include **Extended Problem Solving & Limited Problem Solving**.

In **extended problem solving**, thinking leads to feeling, which leads to action. The very nature of the decision often necessitates collection of information that is processed and stored. Various product attributes are weighed and evaluated.

In **limited problem solving**, consumers will simplify the process by sharply reducing the number and variety of information sources and alternatives considered.

The two problem solving processes above suggest that brand images have a relatively insignificant impact on the consumer's purchase decision if the product/service involves extended problem solving. On the contrary, the brand images of product/service that involves limited problem solving will have a more significant impact on the consumer's purchase decision.

The impact that the celebrity have on consumers are:

- They attract attention to the advertisement in the cluttered stream of messages
- They are perceived as being more entertaining
- They are seen as trustworthy because of apparent lack of self-interest.

- The final element is due to the wide-spread attribution that major stars do not really work for the endorsement fee, but are motivated by genuine affection for the product (Kamen et al, 1975).

Positive Impact:

- Celebrities ensure attention of the target group by breaking the clutter of advertisements and making the advertisement and the brand more noticeable
- Demographic connection establishes that different stars appeal differently to various demographic segments i.e. age, gender, class, geography etc.
- Psychographic connection establishes that stars are loved and adored by their fans. For example- Smriti Irani who played 'Tulsi' in a famous soap had garnered a lot of support from the middle-class housewife. If she would endorse a brand, there would be more relativity and credibility. Same can be said about Priya Tendulkar who used to play the character of Rajani.

Indian Celebrity Endorsements:

Given below are a few examples that help understand how celebrity endorsements in India have proved to be a success

- One of the first sports endorsements in India was when Farokh Engineer became the first Indian cricketer to model for Bryl cream.
- There was a spurt of advertising, featuring stars like Tabassum (Prestige Pressure Cookers), Jalal Agha (Pan Parag), Kapil Dev (Palmolive Shaving Cream) and Sunil Gavaskar (Dinesh Suitings) and Nawab Mansur Ali Khan Pataudi gave Gwalior.
- MS Dhoni, the iconic Indian cricketer rules the mind-space and airwaves. MS Dhoni emerged as the biggest investment for advertisers in 2012, gathering a humungous 708 hours of advertising and endorsing 41 brands, followed by Shahrukh Khan, who endorsed 35 brands and rode 650 hours of television airtime last year.

Understanding the MS Dhoni Success

As an endorser, Dhoni fulfills all the FRED objectives, namely, Familiarity (target market is aware of him, finds him friendly, likeable and trustworthy); Relevance (which says that there should be a link between the endorser and the product as well between the endorser and the audience); Esteem (the polio endorsement, for example, is successful as the masses see him as a credible name-face-voice); Differentiation (in all his projections, he is seen to be one among the

masses, and yet he towers above them. He is different). His appeal is universal; lesser mortals merely cater to specific niches.

Shah Rukh: Creating a Bond

We had the Shah Rukh-Santro campaign with the objective of mitigating the impediment that an unknown Korean brand faced in the Indian market. The objective was to garner faster brand recognition, association and emotional unity with the target group. Another example was the launch of Tamarind by S. Kumar, they reckoned they spent 40-50 per cent less on media due to the sheer impact of using HrithikRoshan who was riding on the ‘Kaho Na PyarHai’ wave of Success. Ad recall was as high as 70 per cent, and even the normally conservative trade got interested.

Name of Celebrity	Brand Endorsed
Amitabh Bachchan	Cadbury Chocolates, Chyawanprash, Navratan, Emami Fast Relief, Hajmola, Parker, ICICI Bank, Nerolac, MONT BLANC, BPL, Polio Campaign, Eveready, Maruti Versa, AIDS campaign, Ddamas Solitaire, Pulse Polio, Unicef and People for Ethical Treatment of Animals (PETA), Tide, Pepsi, Mirinda, Dabur, Reid and Taylor, Sahara City Homes etc
Shah Rukh Khan	Himani Talcum Powder, Hewlett Packard's Compaq Presario Notebooks and Desktops, Pepsi, Tag Heuer, Hyundai and Videocon, Sunfeast, Airtel, Mayur, Santro, Clinic All Clear
Sachin Tendulkar	Pepsi, Boost, Britannia, Airtel, Palio Car, Pepsi, Visa, Adidas, Stock Trading Portals and Music Systems, Canon and ITC's Sunfeast brand
Ajay Devgan and Kajol	Tata Indicom, Whirlpool, Kotak Mahindra and Round Table India. Marie Biscuits, Asmi
Hrithik Roshan	John Players, S Kumars, Coke, Sony Ericsson, Hero Honda Karizma, Tata Sky, Hide and Seek, Macro Man
Abhishek Bachchan	Ford Fiesta, Omega, Big FM, Motorola and LG home appliances
M S Dhoni	Reliance ADA Group, Pepsi, Reebok, TVS Motors, Orient Fans, Mysore Soaps, British Petroleum and Videocon,
Saif Ali Khan	Lenovo, Asian Paints, Tajmahal Tea, Lays, Chevrolet Aveo
Aamir Khan	Innova, Titan, Coca-Cola
Rahul Dravid	Bank of Baroda, Max New York Life
Juhi Chawla	Dena Bank, Kurkure, Lux, Ashoka Packed Vegetables

Kareena Kapoor	Lux, Pepsi, Citizen Eco Drive Watches, Boro Plus, Garnier Nutrisse
Priyanka Chopra	J Hampstead, Pepsi, Lux, Kinetic Scooty, Spice Mobiles

Table 1 : Snapshot of Indian Celebrities and the Brands Endorsed

Negative Impacts of Celebrity Endorsements on Brands

Celebrity endorsements do not always provide marketer a distinction and there are challenges that one has to deal with which are :

- The fear of Brand-celebrity disconnect which points out that if the celebrity used represents values that conflict with the brand values, the advertising would create conflict in the minds of the target audience
- Celebrity trap is when the celebrity becomes an addiction for the marketing team and the task to find substitutes becomes more and more difficult, leading to surfeit of celebrities
- Celebrity credibility refers to scepticism by the consumers regarding the celebrities, especially when there is anything negative regarding the celebrity associated with the brand in the news, then brand is bound to be affected. For example, Air Jordan’s generated revenue sales of \$130 million in the first year. The sales dropped miserably in the second year when Jordan missed 62 games due to a broken foot.
- The vampire effect: This terminology pertains to the issue of a celebrity overshadowing the brand. If there is no congruency between the celebrity and the brand, then the audience will remember the celebrity and not the brand. Castrol commercial featuring Rahul Dravid.
- Inconsistency in the professional popularity of the celebrity: The celebrity may lose his or her popularity due to some lapse in professional performances. For example, when Tendulkar went through a prolonged lean patch recently, the inevitable question that cropped up in corporate circles – is he actually worth it
- Celebrities endorsing one brand and using another (competitor): Sainsbury’s encountered a problem with Catherina Zeta Jones, whom the company used for its recipe advertisements, when she was caught shopping in Tesco. A similar case happened with Britney Spears who endorsed one cola brand and was repeatedly caught drinking another brand of cola on tape.

10.0 Critical success factors for Celebrity Endorsement

Celebrity endorsement if used effectively, makes the brand stand out, galvanizes brand recall and facilitates instant awareness. To achieve this, the marketer needs to be really disciplined in choice of a celebrity. Hence the right use of celebrity can escalate the Unique Selling Proposition of a brand to new heights; but a cursory orientation of a celebrity with a brand may prove to be claustrophobic for the brand. A celebrity is a means to an end, and not an end in him/her. The factors that lead to a successful Endorsement can be listed as following:

- **Fit with the Advertising Idea:** the advertisement should be compatible with the celebrity characteristics. One of the most successful celebrity endorsement campaigns which reflects the fit between the brand and the 360 degree advertising fit is Saif Ali Khan and Provogue. Provogue's positioning in the apparel market is of a young, active, party-going, attention-grabbing brand and so is Saif Ali Khan.
- **Celebrity-Target Audience Match:** One of the most important as well as critical factor for a successful endorsement. If the celebrity and the product characteristic do not match then people will not be able to identify the product with the celebrity. The issue of matching the values of the celebrity with the brand values is also very important, i.e. getting the right celebrity to endorse the right brand. Smriti Irani endorsing the WHO recommended ORS Campaign in India. Indian mothers can associate with Smriti Irani through the facets she projects on screen or in regular life which helps develop a connect with the target audience since mothers medicate their children with ORS.
- **Celebrity Values:** Celebrity branding is all about the transfer of the value from the person to the product he endorses or stands for. There are two concerns here. The first is how long this could last. Can the person maintain his popularity? The second concern is his private life – personal integrity. If he is implicated in any kind of scandal, that would ruin the brand.
- **Costs of Acquiring the Celebrity:** The celebrity should be affordable for the company. If company spends too much on celebrity and it fails then profits suffer. Small firms that use celebrities' services run greater risks if they invest large amounts.
- **Celebrity Regional Appeal Factors:** R. Madhavan endorsing Pepsi in southern India or Sachin Tendulkar endorsing in India are few examples of how important it is to use regional celebrities.

- **Celebrity-Product Match:** Cyrus Broacha is the brand ambassador for MTV since both the celebrity and the brand are considered as friendly, young, mood-boosting, humourous and outspoken. MTV's brand personality overlaps Cyrus Broacha's image as a brand.
- **Celebrity Controversy Risk:** any act on the part of the endorser that gives him a negative image among the audience and goes on to affect the brands endorsed. The brand, in most instances, takes a bashing. Provogue was a brand which used Fardeen Khan as its brand ambassadors. . The brand ran into trouble when Fardeen was booked for a drug related case. The brand also ran through a rough patch when one of its promoters were booked by the police in a similar case.
- **Celebrity Popularity:** Ashok Leyland's has had increased popularity and share of voice due to the endorsement of the brand through M S Dhoni whereas Celebrity Brand association like Garnier endorsed Tara Sharma & Simone Singh, Agni Diamonds & Riama Sen don't get much brand recall.
- **Celebrity Availability:** In case of various brands, there are situations in which they prefer to go without a brand face, since there is no brand-fit between the celebrities available and the brand.
- **Celebrity Credibility:** Most experts believed that the most important dimensions of credibility are trustworthiness and prowess or expertise with regard to the recommended product or service To site one of the most successful campaigns in which the celebrity's credibility has had an indelible impact on the brand and has saved the brand is of Cadbury's. After the worm controversy, Amitabh Bachchan's credibility infused into the brand through the campaign, helping it to get back on track. The campaign has won an award for the same.
- **Celebrity Physical Attractiveness:** Bipasha Basu's physical attractiveness and her connect with the brand makes Levis Strauss's campaign through celebrity in India, John Abraham endorsing Wrangler and Timex Sunglasses are some examples which portray the celebrities' physical attractiveness that helps create an impact.
- **Multiple Endorsements:** If the celebrity is involved in multiple endorsements, it tends to create confusion among consumers and hence negatively affects the perception of the advertisement and the brand. Not many people can remember all the brands that a celebrity endorses and the chances of losing brand recall increases if the celebrity endorses multiple brands. for multiple endorsements where the same celebrity

endorses several brands, it boils down to the strength of the brand and the advertising content

- Whether Celebrity is a Brand User: One of the most successful campaigns has been executed by PETA in which celebrities like Shilpa Shetty, Amisha Patel, Yana Gupta, Sheetal Malhar, Mahima Choudhary claimed to believe in PETA's philosophy, and thereby endorse the brand. Whereas Amitabh Bachchan would never use Navratan Tel, to reach out to the target audience that the brand is used by him won't be that successful.

11.0 Encapsulating the Advantages of a Celebrity Endorsing a Brand

- Establishment of Credibility: Approval of a brand by a star fosters a sense of trust for that brand among the target audience- this is especially true in case of new products.
- Ensured Attention: Celebrities ensure attention of the target group by breaking the clutter of advertisements and making the ad and the brand more noticeable.
- PR coverage. Managers perceive celebrities as topical, which create high PR coverage. A good example of integrated celebrity campaigns is one of the World's leading pop groups, the Spice Girls, who have not only appeared in advertisements for Pepsi, but also in product launching and PR events. Indeed, celebrity-company marriages are covered by most media from television to newspapers
- Associative Benefit: A celebrity's preference for a brand gives out a persuasive message – because the celebrity is benefiting from the brand, the consumer will also benefit
- Mitigating a tarnished image: Cadbury India wanted to restore the consumer's confidence in its chocolate brands following the high-pitch worms controversy; so the company appointed Amitabh Bachchan for the job. Last year, when the even more controversial pesticide issue shook up Coca-Cola and PepsiCo and resulted in much negative press, both soft drink majors put out high-profile damage control ad films featuring their best and most expensive celebrities. While Aamir Khan led the Coke fightback as an ingenious and fastidious Bengali who finally gets convinced of the product's 'purity,' PepsiCo brought Shah Rukh Khan and Sachin Tendulkar together once again in a television commercial which drew references to the 'safety' of the product indirectly.

- Psychographic Connect: Celebrities are loved and adored by their fans and advertisers use stars to capitalise on these feelings to sway the fans towards their brand.
- Demographic Connect: Different stars appeal differently to various demographic segments (age, gender, class, geography etc.).
- Mass Appeal: Some stars have a universal appeal and therefore prove to be a good bet to generate interest among the masses.
- Rejuvenating a stagnant brand: With the objective of infusing fresh life into the stagnant Chyawanprash category and staving off competition from various brands, Dabur India roped in Bachchan for an estimated Rs 8 crore.
- Celebrity endorsement can sometimes compensate for lack of innovative ideas

12.0 Conclusion

The US has a popular index, called the Q score, that summarises various perceptions and feelings that consumers have in the form of 'likeability' measurements. It measures familiarity and appeal of performers, characters, personalities, etc. Developing an index in India that would aid companies in reaching out to their respective audiences can help the companies choose their brand ambassador. The index could be classified on the basis of demographics, psychographics, and geographical demarcations. It would have to be relevant to advertisers and brand managers (who have used any of the known celebrities as endorsers; they could check out the measurable value addition), representatives from respective fraternities/domains, peers, media, etc. index could be based on a rating that takes into account agreed parameters/attributes, past-present media coverage / favourability and relevance, ground situation in terms of successful / unsuccessful seasons / tenures, future prospects, etc.

Hansa Research also released its Celebrity Track study enumerating the celebrities in order of preference. The syndicated study of Celebrity Track has tried to measure the popularity of stars endorsing various products. Ashok Das, Managing Director, Hansa Research, says, "We covered a very large sample spread over five lakh towns in our study. Basically, the key measures required to select a celebrity to endorse a brand is his (or her) ability to be recognised, whether the person is well liked to create a positive feel for the brand, and the image of the celebrity in terms of being in sync with the key brand values. We conducted the first ever 'Celebrity Track' last year. This study covered around 200 celebrities from cinema, TV, music and sports and looks at their recognition, likeability and image. To the best of my knowledge, this was the first organised

initiative to measure celebrity popularity and its relevance. For instance, if a survey is based on the views of a majority of people who are highly familiar with a celebrity, the results may be skewed, particularly if the results are calculated with simple ratios. So, if the celebrity is very well liked by only a small group of people who know him, their Q rating will be high.

However, in advertising and communicating to a wide audience the celebrity in question may not be effective.

Whereas Celebrity Endorsement is the Growing trend in India companies like Hindustan Lever and Procter & Gamble do not believe in celebrity endorsement because they think that consumers, especially housewives, are more likely to identify with a lay person on screen than a celebrity. Few more examples of this will be Lifebuoy, Wheel, Dettol, Close Up, Fevicol etc. saying that we should also remember the fact that the product is important, of course, it may fulfill a need, want or a desire.

To be successful in brand endorsement by celebrities we have to understand that the brand equity is essentially made up of loyalty, awareness, perceived quality, associations, and other proprietary brand assets. And only when the company chooses the celebrity in such a way as to reinforce and strengthen the brand in all these elements celebrity endorsement works.

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Fertilizer Subsidy: A Double-Edge Sword

Mr. Umar Farooq⁶

Abstract

The fertilizer subsidy is one of the most debated issues in the country since 1980's, but it has now reached a new peak after Prime Minister's Economic Advisory Council (PMEAC) in its 2012-13 Economic Outlook recommendation stated that "fertilizer subsidies are progressively losing their relevance and are becoming unbearable fiscal burden and a beginning should be made in dismantling subsidies". The policy makers are divided on the issue. Keeping this in mind it is important to analyse who is benefitting from this subsidy and what is the impact of recent policy initiatives on fertilizer consumption, prices and proposed farm income. Both these aspects are important for policy makers.

Key Words: *Fertilizer subsidy, planning commission, PMEAC, GOI, NBS, NPS*

1.0 Introduction

Agriculture is the backbone of the Indian economy, contributing nearly 14 per cent to national gross domestic product (GDP) and more than 50 per cent of the workforce is engaged in agriculture for their livelihood. Stressing on self-sufficiency of food grains, the concerted efforts of the government over the years have yielded results with a significant improvement in the production as well as productivity of food grains. Key factors which helped in improving this productivity are increased yield per unit of cropped area through better quality of seeds, irrigation, minimum support price and the use of fertilizers.

Chemical fertilizers have played an important role in the success and growth of Indian agriculture over the years. An increase in fertilizer consumption has been instrumental in the success of green revolution and helped improve agricultural productivity and farm incomes in India. The subsidies have played an important role in promoting the use of fertilizers and contributed to significant rise in crop yield. In a developing country like ours, use of agricultural subsidy is politically driven and a very sensitive issue as its directly linked to food security,

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increased agricultural productivity and welfare and upliftment of a large portion of the population, specially the marginal and small farmers. Of late, questions are being raised on the actual effectiveness of fertilizer subsidies and their contribution towards productivity improvement, inequality and the burden on governments ever expanding budget deficit. The most widely used fertilizers in India are Nitrogenous (N), Phosphatic (P) and Potassic (K). Urea is the most widely used in the country accounting for more than 50 per cent of the total fertilizer consumption and almost 80 per cent of the total N fertilizer consumption. A classification of the fertilizers under each category can be seen in Table 1.

Type of Fertilizer	Key Fertilizers under each type
Nitrogenous (N)	Urea, Ammonium Sulphate, Calcium Ammonium Nitrate and Ammonium Chloride
Phosphatic (P)	Single Super Phosphate, Triple Super Phosphate
NP / NPK Complex Fertilizers	Urea Ammonium Phosphate, Ammonium Phosphate Sulphate, Diammonium Phosphate, Nitro Phosphate, Mono Ammonium Phosphate

Table 1 – Classification of Fertilizers

2.0 Objectives of Research

- To understand the actual beneficiaries of fertilizer subsidy vis-à-vis those targeted by the Government
- To assess the impact of recent policy initiatives on fertilizer subsidies and prices
- To assess the impact of recent policy initiatives on fertilizer consumption

3.0 Research Approach

A secondary data survey was conducted wherein various sources viz. PMEAC reports, Department of Fertilizer report, Planning Commission reports, various committee recommendations, publications from research and consulting organisations, online databases, research papers, newspaper articles, etc. were tapped to understand the present scenario of fertilizer subsidy and its role in agricultural growth as also the impact of dismantling fertilizer subsidy on farm sector.

4.0 Fertilizer subsidies in the past decade

Fertilizer subsidies account for a significant share of the total support to agriculture and have increased substantially in the past decade. The subsidies increased by approximately 560 per cent from 2003-04 to 2010-11. The sharp rise is attributed to increased consumption, rising international fertilizer prices, escalating feedstock prices and unchanged farm gate prices. Table 2 shows the subsidies on fertilizer over the past decade. From 25 per cent in 2002-03, it more than doubled to 59.1 per cent of the total subsidy of India in 2008-09. This figure came down to 31.1 per cent in the annual budget of 2012-13, albeit on a broader base (the total subsidy in 2012-13 stood at Rs.1,90,015 crore).

Period	Concession on decontrolled fertilizers		Subsidy on urea		Total fertilizer subsidy	Share (%) in total subsidies
	Indigenous P&K	Imported P&K	Indigenous	Imported		
2001-02	3760	744	8044	148	12695	40.4
2002-03	2488	737	7799	1.2	11016	25.3
2003-04	2606	4720	8521	0.8	11848	26.7
2004-05	3977	1165	10243	742	16128	34.6
2005-06	4499	2097	10653	2141	19390	38.8
2006-07	6648	3650	12650	5071	28019	42.0
2007-08	10334	32598	1640	9935	43319	43.7
2008-09	32957	32598	20969	12971	99495	59.1
2009-10	16000	23452	17580	7000	64033	43.3
2010-11	40766		15081	6454	62301	35.9
2011-12 (RE)	34208		19108	13833	67199	31.1

Table 2 – Trends in fertilizer subsidy in India (Rs. crore)

[Source: Government of India (2011 and 2012) and PIB (2012a)]

5.0 Beneficiaries of Fertilizer Subsidies in India:

An analysis of All India Reports on Input Survey by Agricultural Census Division of Ministry of Agriculture, Government of India for 1996-97 and 2006-07 (Table 3) shows that marginal farmers (gross cropped area less than one hectare) consumed 140kg/ha of fertilizer which is more than double of what large farmers (gross cropped area greater than 10 hectares) consumed (68 kg/ha). Similarly, small farmers (gross cropped area more than one but less than two hectares) consumed 128kg/ha of fertilizer which is 1.9 times of large farmers. The 2006-07 data also shows that marginal and small farmers used more fertilizer per hectare of gross cropped area vis-à-vis their larger counterparts (Table 4). Marginal and small farmers accounted for 82.6 percent of the total operational holdings having 44.3 per cent share in gross cropped area and their fertilizer consumption stood at 52.9 per cent. In stark contrast, the proportion of large farmers in total holdings was one per cent having a gross cropped area share of little over 10 per cent and fertilizer consumption was a mere six per cent.

Farm size group	Per ha of gross cropped area (kg)		Per ha of fertilizer area (kg)	
	1996-97	2006-07	1996-97	2006-07
Marginal (< 1.0 ha)	104	140 (34.6)	162	190 (17.1)
Small (1.00 – 1.99 ha)	83	128 (55.4)	132	168 (27.1)
Semi-medium (2.00 – 3.99 ha)	75	108 (43.9)	124	143 (15.8)
Medium (4.00 – 9.99 ha)	68	95 (39.6)	119	133 (12.2)
Large (> 10 ha)	51	68 (32.2)	114	117 (2.5)
All groups	77	113 (46.2)	131	155 (18.5)

Table 3 – Trends in fertilizer consumption per hectare of gross cropped area and total fertilizer area by major size groups during 1996-97 and 2006-07.

[Source: Government of India (2007 and 2012). Figures in parentheses show per cent increase in consumption between 1996-97 and 2006-07]

Size group (ha)	Percentage share in total		
	Number of holdings	Cropped area	Fertilizer consumption
Marginal	63.9	23.4	29.1
Small	18.7	20.9	23.8
Semi-medium	11.1	23.0	22.1
Medium	5.3	22.5	18.9
Large	1.0	10.2	6.1
All groups	100.0	100.0	100.0

Table 4 – Distribution of number of holding, gross cropped area and fertilizer consumption by major size groups in India (2006-07).

[Source: Government of India (2007 and 2012)]

6.0 Effect of Recent Policy Initiatives on Fertilizer Subsidy and Prices

Nutrient Based Subsidy

On 1st April, 2010 Government of India (GOI) implemented its Nutrient Based Subsidy (NBS) for phosphatic, potassic and complex fertilizers which moved from “fixed price floating subsidy” to “fixed subsidy floating price”. In NBS, the market price is derived on the basis of demand and supply and the government pays a fixed subsidy. Additionally, NBS also allows subsidy for fortified fertilizers and micro-nutrients as per Fertilizer Control Order (FCO). The fertilizer companies are required to print Maximum Retail Price (MRP) along with applicable subsidy on the fertilizer bag.

An analysis of the retail price trends of key feedstock's in the pre and post NBS period shows that prices of Di-Ammonium Phosphate (DAP) and Muriate of Potash (MOP) remained constant (Rs.9350/tonne for DAP and Rs.4455/tonne for MOP) from February 2003 to March 2010 but subsidy kept on changing depending on cost of production and import parity prices. The average subsidy on DAP varied from Rs.2134/tonne on indigenous DAP in 2003-04 to Rs.36488/tonne in 2008-09. In case of MOP, average subsidy varied from Rs.2822/tonne in 2003-04 to Rs.22528/tonne in 2008-09. Post the introduction of NBS policy, the prices of feedstock surged sharply. The prices of DAP more than doubled from Rs.9350/tonne in March 2010 to over Rs.24000/tonne in June 2012. During this period, the subsidy on DAP declined from Rs.19763/tonne in 2011-12 to Rs.14350/tonne in 2012-13. On the other hand, MOP prices jumped more than three times from Rs.4455/tonne in March 2010 to Rs.17000/tonne in June 2012.

Since the inception of NBS policy, the share of subsidy in total cost (retail price + subsidy) for DAP and MOP has declined from its peak of approximately 80 per cent in 2008-09 to almost 40 per cent in June 2012. The partial decontrol of DAP and MOP prices has reduced the subsidy burden on the government but has led to a surge in the prices of these feedstock's.

New Pricing Scheme (NPS) for Urea

New Pricing Scheme for Urea was introduced on 1st April, 2003 to contain subsidy through group-based concession scheme for urea units based on feed-stock and vintage of plants to create more competitive environment, improve efficiency and cheaper imports. However, some of the assumptions made in drafting NPS such as low international prices, import parity price of urea less than domestic cost of production and perceived gross inefficiency of urea manufacturers have turned out to be true. Import prices of urea witnessed a steep rise from less

than USD 150/tonne in 2003-04 to more than USD 770/tonne in August 2008. Indian imports of urea have increased from 2.6 lakh tones per annum in early 21st century to 7.8 million tonnes in 2011-12. Urea accounts for nearly 80 per cent of N consumption and about 50 per cent of total fertilizer consumption and remains the most regulated sector. If the sector is deregulated, the prices of urea will also rise as it happened in the case of phosphatic and potassic.

7.0 Change in Fertilizer Consumption Pattern

The partial de-control of fertilizer subsidy has resulted in a change in consumption pattern. Since urea prices continue to be regulated and subsidized, the demand for urea increased when the prices of phosphate and potassic were deregulated. In 2011-12, the sale of urea increased by 4.4 per cent over the previous year whereas the sale of DAP declined by 2.9 per cent and MOP by almost 23 per cent. This has adversely impacted the N:P:K ratio. In 1991-92 before the deregulation of DAP and MOP prices, the NPK ratio was 5.9:2.4:1 and in 1993-94 post the deregulation it stood at 9.7:2.9:1. An ideal N:P:K ratio should be 4:2:1. This bias in use urea will lead to deterioration of soil productivity.

8.0 Recommendations

Better Targeting and Controlling required

- Withdrawal of subsidies will make farming unviable for marginal and small farmers.
- There is a need to contain subsidies without hurting millions of marginal and small farmers who may not benefit from higher output prices but higher fertilizer price will reduce their incomes.
- A better targeting at intended beneficiaries can be done through the use of Adhaar accounts.
- The benefits of Direct Transfer of Cash (DTC) will not only reach the targeted beneficiary but will also help in curtailing the loopholes in the system.
- Also, to contain the deterioration of soil, there is a need to keep a control on the rising prices of DAP and MOP and simultaneously increase the prices of urea to maintain the N:P:K balance.

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Competency Models and its Applications in various Sub-segments of HR

Ms. Garima Sharma⁷

Abstract

The paper begins with delineating the theoretical framework for Competency Mapping followed by enumerating the benefits of Competency mapping usage to Organizations. The study seeks to find answer to a Research question regarding the application/ usage or otherwise of Competency Mapping in various sub-segments of HR namely, Recruitment & Selection, Training & Development, Performance Management, Compensation& Rewards, Career Planning, Building Appropriate Culture, Succession Planning and Change Enablement. The Research Design used is a Survey and the tool used for data collection is a questionnaire. The study aims at finding the extent of application /usage of Competency Mapping by the most critical stakeholder in the Competency Mapping process namely the HR Managers. A sample of 30 HR Managers from 30 different organizations was selected using convenience sampling technique. The findings show that the application of Competency Mapping in selected sub-segments of HR is rather low.

Key Words: *Competency Mapping, HR Managers, Competency Mapping Applications*

1.0 Introduction

Organizations the world over have always been interested in knowing the most reliable predictors of performance in work setting. Researchers have proposed a wide range of factors that determine behaviour and performance. These factors included size and shape of the head, brain weight, ethnicity, social class, IQ, heredity, gender and so on. Factors mostly used in organizations when recruiting, promoting, identifying training needs of newly inducted employees or current job incumbents are technical skills possessed, years of experience, education, certification, and personality traits. Lo of Research has also been conducted to seek answer to a fundamental question: What is it that differentiates superior performers from average performers or laggards? If these differentiators are known and are measurable, they can be used

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to recruit better employees, assess and appraise them for rewards and succession planning and also help them enhance their performance and effectiveness on the job.

McClelland called these differentiators as competency variables that could be used to predict on the job performance. These competency variables are not biased by race, gender or socio-economic factors. Nor were these competency variables attributable to a worker's intelligence or degree of knowledge and skill. McClelland's article titled "Testing for Competence Rather than Intelligence", published in *American Psychologist* in 1973, heralded the competency movement as an alternative to intelligence testing movement. It involved identification of specific thoughts and behaviours that are causally related to successful outcomes on the job. Boyatzis took the movement further in US with the publication of his book "The Competent Manager: A Model for Effective Performance" in 1982. On the basis of a study of 2000 managers in 41 management jobs from 12 Organizations, Boyatzis proposed that 21 key managerial competencies were consistently linked to on-the-job success. In 1984 Job Raven took the movement further in UK with the publication of "Competence in Modern Society." A visionary consulting group named Development Dimensions International had established competency taxonomies even before Boyatzis. Since then the movement has gained great strides and the popularity peaked in 1990's and continues to exert influence on HR policies and processes in many organizations. The last two decades witnessed a strong emergence of this concept in Indian Organizations be it MNCs, their subsidiaries, PSUs or Indian Corporate Houses across industries or scale of operations.

The reasons for the ever growing popularity of competencies are not far to seek. The benefits which accrue to an organization are: Competencies provide a common lexicon for describing work requirements which resonates with and is easily understood by Managers and HR Professionals. The same language can be used across Personal systems, thereby cutting down on personnel system training and administration requirements.

Moreover, by operationally defining competencies in behavioural terms, competency models provide a clear framework for coaching, giving performance feedback, and are instrumental in shaping of desired employee behaviour patterns. Competency Models provide a blueprint on which individuals could plan and manage their own Individual development Plan.

Further, adoption of instruments such as 360-degree assessment questionnaires and using multiple raters' perception of an individual's or a group's behaviour patterns can give enormous data which has multifarious applications such as comparing internal candidates strengths and weaknesses , succession planning or identification of training and developmental needs.

Moreover, Competencies provide a strategic link to Business strategy that could be reflected by “core competencies”. These core competencies represent common behavioural expectations for all employees.

Last but not the least competency model integrates HR sub-systems like selection, training, performance management, succession planning and career development. Employees would be selected and teams would be formed based on competency assessments. Competency-based training programs would address the gap between required and actual competencies. Competency Performance would be measured in the performance management systems and this data would be used to validate selection process. Once the competency requirement for the initial position is mastered, the organization as well as individual could look at competency models for career planning.

The benefit of having competency-based HR was realised long back. Richard H. Beatty Co-Founder and Board Member of HR Technologies, Inc. averred, “There is a direct relationship between people and profits, and that relationship is captured in one word- COMPETENCIES”. The competency level of the employees determines how well all other business assets (i.e. capital, raw materials, equipment, technology and people are organized , controlled and put to use. In other words, behind every single business problem is a competency issue. An inventory problem may be attributable to the skill level of the Production Manager whose estimates were wrong. A capital problem may be owing to the skill level of the financial analyst who recommended a wrong investment vehicle or the financial control skills of an operating department that routinely spends beyond the allocated budget. In fine competencies are the most critical determinant of organizational effectiveness and business profits. Despite ample evidence of a strong relationship between competency and business profits, organizations spend more time solving business problem than they do addressing the competency gaps that caused the problem in first place.

Quality Guru Deming advocated the principle of ‘get it right the first time’. The same holds true for the management of human capital. Pre-requisite for attaining high productivity and profitability is ‘we get our human capital right, right from the beginning’. Research study conducted by Hunter, Schmidt and Judiesch (1990) found that Competency- based Selection, training, Performance Management shift productivity curve toward Superior Performance. Moreover, convincing ROI models exist clearly demonstrating the positive impact of competency-based HR practices.

2.0 Competency Model

A competency model is a set of competencies for a specific job position, level, function in an organization that, if possessed by incumbents, is likely to result in desired outcomes. It describes the particular combination of knowledge, skills, behaviour and attitude required to perform a given role in an organization and finds use as a human resource tool for selection, training and development, appraisal, succession planning.

Competency Modelling is arguably one of the most important components of Competency-based system.

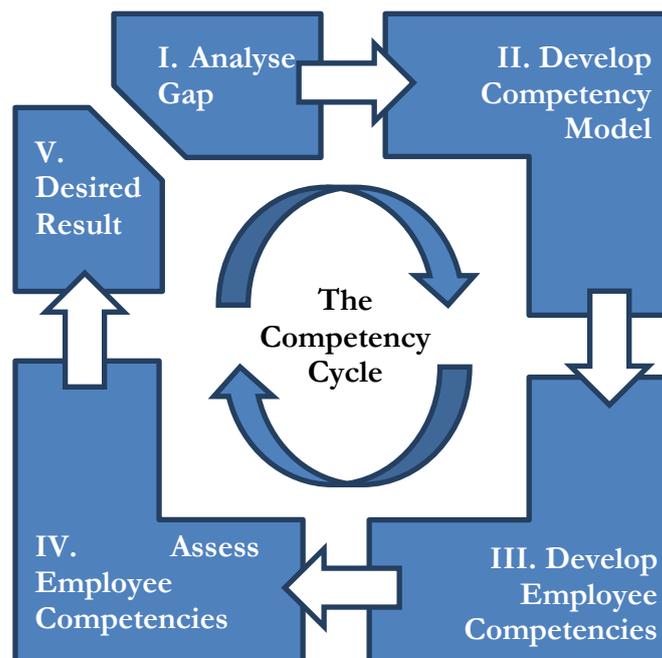


Fig. 1 : Components of Competency Based System

The core of the system is the “Desired Result”- It represents what organizational performance management is trying to achieve and to achieve the desired performance state what is the “desired state of the competency”. The foremost component of the system is “Competency Model” involves identification of those competencies for positions in an organization which truly have impact on performance and consequently the results. Next stage comprises of “Assessment” of level of competencies of employees against the established Competency model. This leads to identification of competency gaps or deficiencies and formulation of strategies for “Developing” employee’s competencies for attaining the desired competency level and consequently the desired result.

Competency Model like any other Model of Management is used for making various types of decisions which have a bearing on organizational success. Like other models it supplies management with a structural framework and systemic guidelines. The thrust of Competency Model is to identify and describe those qualities, attributes, characteristics and behaviours essential for effectiveness and success in a particular role and within a particular organizational culture. These characteristics and behaviours are transformed into a measurement framework which finds use in job description, recruiting a person, appraising a member of staff or personally develop an individual.

Competency Mapping also called Competency Profiling is the process of identifying preferred behaviours and skills which distinguishes superior performance from an average or poor one. Thus it involves systematically determining what makes employees successful in a given role in an organization. The output of the process is a profile for a job position that includes aspects viz. communication style, interpersonal style, motivation, values, beliefs, attitude and knowledge component.” Competency Mapping process is completely customisable to a given set of organizational factors be it management philosophy, customer requirements, business needs and in-place processes.

The four steps of competency-based program are:

- Identification of organizational need/s that competency model will address
- Identify the jobs, function, level, or business units that the model will target
- Determine the method and approach for developing the competency model.
- Determine the makeup of the ‘Competency Model Development’ team

Any HR Sub-system where competency model is to be rolled out should be structured with a specific business need in mind. By doing so competency model can add value and be advantageous to any HR system be it Recruitment & Selection, Training & Development, Performance Appraisal, Succession Planning etc.

For example identification of maximizing productivity as a business need may result in an intent to improve the selection and training and development systems to ensure hiring of only those individuals who demonstrate the skills, behaviours and traits needed for high productivity and training enhances further development of those desired behaviours.

3.0 Competency Model Applications

Competency Model identification is followed by the determination of the extent to which the organization has staff available in possession of the requisite competencies. This involves performing a Gap Analysis i.e. determine the employees' current competencies and the competency model for the target title, title series, or occupation. This analysis also provides the data for identification of training and development need and making critical resource decision.

Competency model finds application in Assessment, Recruitment and Selection, Performance Appraisal, Succession Planning, Career Planning, Compensation & Benefits and Training & Development.

3.1 Competency Based Assessment

It is a system for assessing for assessing actual knowledge, skills and abilities a person can demonstrate in the workplace or in other relevant contexts. Its difference from other assessment systems lies in its measuring the application of knowledge.

The process involves collecting evidence of an employee's performance (Assessment) to judge competencies against a standard and identification of performance areas that need to be strengthened, modified, or improved.

Construction of competency definitions specifying very carefully the behaviours required in the business, forms the corner stone of clarifying the employees about how and on what indicators they will be assessed. On one hand this would help employees understand the finer details of the business processes on other hand they will be able to relate their competency assessment to something significant in business.

Competency based assessment results in benefits at both organizational as well as individual level. At organizational level it leads to enhanced productivity and profitability by way of ensuring employees have competencies to meet organizational level objectives; reduced training costs owing to provision of training only in identified areas; generation of beneficial competency data to locate the best employee to fit in an internal position; creation of project teams of people with complimentary competencies and assistance in succession planning. On an individual employee level, competency based assessment is a self-driven process carried out with employee's complete involvement and leads to learning on the job. Also it acknowledges existing skills, knowledge and prior learning.

Ways and methods to assess competencies vary in degree of precision, complexity, time and effort to administer. Assessment methods include oral and written tests, execution tests,

observation of performance, simulations, examination of work products, portfolios and testimonies from third parties. Organization wide Surveys are developed to determine the current employees' competency level. 360-degree feedback has gained enormous popularity as a way to assess an individual's level of competency. Typically, in a 360-degree feedback, an individual receives feedback from a range of people at different levels viz. their peers, direct reports, and manager. Feedback can be in the form of ratings against questions and statements and can also include comments and suggestions.

Competency models display the behaviours most relevant to effective performance and 360-degree feedback assesses the behaviours identified. Its advantage over other methods lies in its providing a far more comprehensive and accurate picture of behaviour than traditional downward feedback from the boss. It's difficult to measure skills, knowledge, and characteristics owing to their abstract nature and not being amenable to direct observation. Competencies viz. teamwork or self-sufficiency can be interpreted differently by different people. It's by observing behaviours that demonstrate the use of a competency can one decide if an individual possesses the requisite skill, knowledge or characteristic. There must be behavioural examples for each competency

The trend is growing towards aligning 360-degree feedback and competency modelling, especially in their application to training and development systems, as organizations strive to ensure they are focusing on the right competencies.

3.2 Competency Based Recruitment & Selection

Recruitment and Selection in organization is traditionally based on formal qualifications, previous job experience and at times psychological tests were also used to make employment decisions. The competencies of the job applicant were never tested as traditional job profiles did not identify the capabilities or competencies required to perform specific tasks/work. It is becoming clearer that the conventional methods are no longer adequate to validate an applicant's capabilities and suitability for a job.

Competence Based Recruitment and Selection ensures that the right employee will be placed in the right job, thereby reducing the chances of placements going wrong. This will also help organizations becoming far more accurate in attracting and recruiting the right person for the job. If any organization worth its salt has the overall objective to link all HRM sub-systems through the use of competency models, recruitment is the most logical area to begin with.

The requisite for Competency Based Recruitment & Selection is to adapt all recruitment and selection methods and tools to Competency Based Methodology. The basis is Competency Based Job Profile from which all recruitment and selection actions emanate.

The Competency Based Job Profile identifies what competencies/capabilities job applicant must possess to be able to perform on the job and Competency Based Recruitment and Selection Methods determine whether an applicant does have the capability/ competency to deliver on the job.

There are multifarious benefits of Competency Based Selection. While the conventional Selection process's primary focus on job function has its limitation, the Competency Based Selection's focus is on the job role which is far broader and more flexible. CBS also results in assessing people's suitability to or potential for success in a position accurately. This also helps to assure a better and closer match between a person's knowledge, skills, attributes and demands of the job position. It prevents selection of candidates on snap judgements or those based on characteristics that are not relevant for a particular job position. In fact, it ensures that hiring decisions are based on criteria that are good predictors of success on the job rather than any hap hazard criteria selected by an interviewer or a recruiter. Competency Based selection makes great economic sense because it obviates the need to spend on training owing to new joiners' possessing the desired competencies; other costs associated with poor selections like lower productivity also go down.

3.3 Competency Based Performance Management System

Performance reviews are a part of performance Management System. Performance Reviews as suggested by Whiddett and Hollyforde(2004) focus on

- establishing levels of performance
- identifying needs for performance improvement
- identifying development potential for succession
- discussing career interests/ direction

Competencies can make contribution to each of the above purposes. A job holder could be reviewed against various aspects viz. producing things, fulfilling responsibilities, behaving in a way that is acceptable within the organization, operating within particular contexts and environments, dealing with other people, operating pieces of equipment, operating processes and procedures. Usually the performance review is summarised into just two areas: the achievement of objectives or outputs and behavioural performance i.e. what the person achieves and how

they achieve it. Competencies provide a framework for collecting evidence of behavioural performance. These provide a focus for obtaining information. The basic forms of information that can be collected are: ratings of performance, comments on performance, examples of performance.

Competencies provide useful focus for obtaining information on how a person goes about their work. They “help structure and standardise discussions about how a person goes about doing the job.” Competency information can be collected in myriad ways and from a variety of players. This cannot be accomplished without use of special tools and effective procedures to manage the volume of both information and work that would be generated.

Benefits of Competency based Performance Appraisal/ Review include Employees being assessed only on the “defined areas” or required job competencies; Issues directly related to job performance being addressed; performance review discussions becoming focussed and clearer; identification of suitable training and development need as also career development thereby helping individual job performance enhancement; affords opportunities to all employees for determining what it takes to be successful and deliver superior performance; leads to better focus on organisation’s goals and values.

Conventional Appraisal systems tend to put more emphasis on the measurement of what has been accomplished by a particular employee, paying scant attention to how it was accomplished. Competency based performance systems on the other hand provide specific behavioural examples against which to measure performance, thereby ensuring that both the what and the how are evaluated. The two ways to incorporate behavioural examples into an appraisal form are: the first, definitions of competencies that include observable characteristics and second, providing behavioural examples or Indicators that illustrate a range of effectiveness in demonstrating the competencies. The definitions of competencies make it clear to all involved what demonstrates the competencies and behavioural indicators provide concrete examples and reduce the subjectiveness of the evaluation.

The definition of competencies and behavioural indicators help establish a robust foundation for building a competency based performance management system. This enables organization to provide regular consistent feedback, develop and train critical skills, hire and promote the right people to the right jobs, establish the performance appraisal system that reflects the success factors for superior performance. If implemented well, Competency Based Performance Management System facilitates and enables superior performance, which will define organizational and personal success.

3.4 Competency Based Succession and Career Planning

Succession Planning involves assessing employee readiness to take on new job challenges, It addresses future gaps in manpower by systematically placing lower level staff on a development path now that will prepare them to easily move into higher level jobs in the future.

Competency –based succession planning systems identify the competency requirement for critical jobs, assess candidates’ competencies, and evaluate job-persons matches between existing employees and future jobs they might assume. In other words, it assesses how many employees in current jobs have or have the potential to develop the competencies to perform well in key target jobs . In the words of Spencer & Spencer ‘Career path “progression maps” identify “feeder “ jobs for lateral or higher level “target” positions within the job family or across the job families.’

Competency models have two applications in succession planning systems.

They may be used as the basis for assessing and identifying high potential employees. They allow you to look at the current pool of employees and determine who has the potential employees. They allow you to look at the current pool of employees and determine who has the potential to fill key positions in the future.

Second, the models help ensure that only those people are hired who have the potential to fill key positions in the future.

Competency-based succession planning systems assesses how many employees in which “feeder” have the competencies or have the potential to develop the competencies to perform well in key “target” jobs. This can be done by way of comparing the competencies of the incumbents of feeder jobs with the competency requirements of the target jobs or by comparing the competency requirements of the feeder job using the weighted absolute difference or profile comparison method.

Some of the benefits of Competency based Succession Planning system are higher success rates in promotion and placement; in today’s era of flat and lean organizations vertical movement is very less, Competency based system facilitates ‘lateral’ succession planning

At the time of retrenchment and downsizing, it becomes easy to identify employees who have the competencies to fit in the requirements of future jobs.

Existing employees can follow the detailed maps provided by the Job Competency Models as they plan their careers and self- development. The model for any given job describes the exact

competencies required to go for the job, thereby giving aspirants both authentic, credible information and incentive to acquire those competencies. These job models have ramifications for developing a career path for the employees. A variety of options are offered in a system like this which in turn facilitates development of competencies needed to enable performance in current and future jobs. This ensures the development of competencies in a stream lined manner leaving nothing to chance in turn paves way for a robust pipeline to fill future management jobs.

If employees evince interest in moving up the ladder to hold higher positions in future, the organization can support them in bracing up for the promotion and becoming effective on the jobs once obtained by making them go through a series of middle level management jobs. These jobs up the ladder can be so chosen that along the way they help build on generic competencies that are known to be indispensable for effective performance on management jobs. Organizations characterized by a non-existent career planning system and consequent lack of support for managers who are promoted across levels to develop needed competencies are known to have a detrimental impact on the productivity and efficiency.

Employing the same type of framework and assessment methods as used for selection, performance appraisal , an employee can determine what type of job is he/ she best prepared in terms of competencies. It helps employees identify jobs in an organization that would enable them develop competencies for future needs. Competency based Career planning process help an employee to identify training and development activities most relevant and efficient for the desired career progression. Moreover, for an employee to obtain full set of competencies required for a specific management job the person may have to rotate through several different jobs across levels.

3.5 Competency Based Compensation & Benefits

Competency Based Approaches provide a strong basis for integration of the major HR Management processes on a regular basis. These approaches are not in conflict with traditional processes like job evaluation or role sizing.

Competency- based pay is compensation for individual characteristics, for skills or competencies displayed over and above the pay a job or organizational role itself command. Individual characteristics that merit higher pay may be demographic factors (seniority), or competencies (experience, potential, etc.).

The advantages of Competency- based pay is as follows. Recent Business Environment characterized by tumultuous change where the concept of a “stable job” has become irrelevant

and therefore a job-based pay system has also become highly inappropriate. In situation like these an employee has many “jobs” or role or employee “makes the job”, the contribution or value added to the firm is a function of individual competencies rather than a hard-to-define position. Hence the need for a competency based Compensation.

While job-based pay system treat employees as “commodities”, Competency based pay system accords higher values on individual differences of the employees thus encouraging initiative and creativity. Also it results in “broad-banding” in the pay structure and the consequent flexibility. This system has great applicability in Knowledge Industry where employees do not manage many people or assets. It also incentivises employees to develop higher knowledge and skills on an ongoing basis.

3.6 Competency Based Training & Development

Competency assessment and competency based training are closely intertwined, the former leads to identification of gaps, the latter fills the gap by structuring training programs for development of competencies critical to actual work and performance on the job.

Unlike performance management and succession planning where usage of competency models is met with resistance, its usage in the area of Training and Development finds ready acceptance owing to its relevance and effectiveness.

In the words of Spencer& Spencer a Competency Based Training & Development activities may include:

- Formal Training programmes
- Development center feedback
- Self-development resource guides
- Computer and interactive video assisted self-instructions
- Job assignments
- Mentoring relationships
- Organizational structure, process and cultural interventions designed to increase individuals’ competencies.

Benefits of Competency Based T&D include sharper focus on relevant behaviours and skills; better alignment of T& D with the Organization’s objectives; enhancement of effectiveness of training & development programmes; ensures both superior and the direct report have shared

picture of the development needs; determines which and what level of competencies are required at what point in the career.

It is evident from the above discussion that Competency Mapping affords multifarious benefits to various segments of HR. The current study seeks to determine the extent of usage of Competency mapping in various segments of HR as reported by HR managers – the key informants of the study.

4.0 Research Methodology

The study was conducted to understand if there exists a gap between theory and practice as far as usage of Competency Mapping is concerned. The study also seeks to determine the on-ground application of Competency models in selected sub-segments of HR. The study would benefit HR practitioners, researchers, consultants and managers in determining the extent of usage of Competency Mapping, benchmarking their organizations processes and practices with others in the industry as well as across.

5.0 Research Question

Is Competency Mapping being used in various segments of HR by HR Managers in various types of Organization?

6.0 Objectives of the study

To determine the extent of usage of Competency Mapping in various sub segments of HR by personnel in HR Department.

7.0 Variables studied

Independent variable: Size of the organization, Age of the Organization

Dependent variable: Application/Usage of Competency Mapping

Research Design: Survey

Tool used for Data Gathering: Questionnaire

Sampling Plan:

Sample Size: 30

Nature of Sample: HR Managers from various organizations

Sampling Technique: Convenience Sampling

Techniques of Data Analysis

Quantitative techniques and tools like frequencies; percentages are used for analysing responses gathered from HR Community.

8.0 Data Analysis and Interpretation

The organizations contacted as a part of the survey are from as diverse industries as BFSI, FMCG, Oil and Gas, BPO, Consulting, Logistics, Construction, Infrastructure, Shipping, Pharma, IT Services, Hospitality, Chemical, Telecom, Retail, Advertising, Recruitment & Placement, Refining Petroleum. 54% of the HR Managers contacted admitted to non usage of Competency Mapping in their Organizations. These HR Managers belong to organization with an employee base of 200 to over a lakh. The organizations under the survey had age ranging from 4 years to above 50 years. Of the remaining organizations, where competency Mapping was used, it found greatest application in the sub-segment of Recruitment & Selection, Training and Development, and Performance Management; least usage in the area of Compensation & Rewards, Career Planning, Change Enablement and Building Appropriate Culture. This is clearly indicative of the fact that the organizations which have invested resources in terms of time, effort, budget and staff in developing and implementing Competency models are not optimally utilizing it.

Competency Mapping Applications were found to be most effective in Performance Management, Recruitment and Training & Development and least effective in Compensation & Rewards, Change Enablement and Building Appropriate Culture as reported by the key informants of the study namely, HR Managers.

9.0 Conclusion:

The findings clearly illuminate a theory- practice gap. Competency Mapping usage in various sub-segments of HR is somewhat low. There is a need to explore reasons for the same. Studies need to be conducted in identifying challenges encountered in the roll out of Competency Mapping in Organizations in Indian context.

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HR Shared Services- A Model for HR Efficacy

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Abstract

Today an increasing number of organizations are adopting shared services model in order to run their HR function. It is universally believed that such a model would enable HR to transform itself from a so called transactional role to a more evolved strategic role. A shared services model can improve the deliverables of HR services by being as cost effective as possible and focusing on more value add activities. This article is an attempt to understand HR shared services, its functional scope, challenges, impact on various stakeholders and the benefits that makes the HR department efficient and effective in its functioning.

Key Words: *Shared Services, HR Efficiency, HR Role Transformation*

1.0 Introduction

The term “shared services” was introduced over 17 years back. The inventor of the term David Ulrich in his 1996 book HR Champions gave the concept of shared services. The structure of Human Resources function has undergone significant changes in the recent years such that it has led to the establishment of the HR shared services centres that deliver these functions with 100 percent efficacy. There was a survey conducted in 2001 by the Shared Services and Business Process Outsourcing Association where around 120 companies worldwide participated. According to this survey, most shared services centers were relatively young—only 41% had more than two years of experience. Nearly one-quarter of the survey respondents were in the discussion or planning stages, and an additional 18% were in their first year of setting up shared services centers.

It is commonly believed that HRM needs to be tactically proactive and entrepreneurial in order to be a driver of strategy (Brockbank, 1999). With the centralization of the administrative aspects of the HR function, HR Managers can now concentrate on being strategic partners to the operations. The thought is to shift the more administrative role of HR into what Ulrich calls the “administrative specialist” function, also known as shared services, so as to create competence

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for the other roles within HR to delivery more strategic benefit. It is a concept where a shared services organization is a company within a company. HR shared services can be regarded as internal outsourcing providing distinct services for internal customers that consist of more than one unit. According to Oates (1998), although shared services centers remain within the organizations, they have a high degree of independence that allows them to act in a manner similar to an external outsourcing provider.

A delivery organization can be called shared services if it meets the following parameters:

- Centralizing accountability with defined delivery outcomes. This centralization need not restrict to physical terms. It helps to understand who is responsible for what.
- Delivering across multiple HR domains. It handles delivery of multiple if not all HR functions, thus letting the other HR functions to focus on their valued role.

Functional Scope

The scope of HR Shared Services would vary depending on the needs of the employer and the employees. It could include function like leave administration, employee engagement, payroll, fringe benefits, HRIS support, reporting and analytics, training administration.

2.0 Challenges in HR Shared Services

However, existing evidence shows that the benefits of shared services have not materialized most of the times. Many problems of shared services centers that have been reported include lower levels of employee satisfaction, less challenging work, and reduced career opportunities for HR staff, higher-than-expected costs, and shift of jobs from high-wage to low-wage economies. (Reilly, 2000; Sparrow, Brewster, & Harris, 2004). In addition, it is a thumb rule that change in the working of a particular function leads to restructuring of the same in an organization. Thus introducing an HR shared services center often involves restructuring the HR function. Certainly, this change leads to downsizing, reorganizing and relocating the HR employees. It may lead to initial bewilderment in the ownership of responsibilities and the need for new skills for line managers and employees. The outcome could be a tangible reduction in the quality of services thus leading to dissatisfaction among the people using HR services.

3.0 About the company

The data reported in this article is from a leading global provider of market research operations and online marketing solutions, with over 1200 knowledge associates in India, the USA and the

UK. It is internationally recognized for providing innovative solutions with world – class quality and operations underscored by strong processes and systems. The clientele they serve include top market research firms and online marketing firms across the world. The organization had an HR structure which was broadly classified into 3 work streams namely; Talent Sourcing, Talent Development and Talent Engagement:

Talent Sourcing	Talent Development	Talent Engagement
Ownership Staffing related tools and forms Letters for: Appointment Manpower Plan JDs	Ownership Training Materials, Training Aids E Learning and LMS Assessment Centres Competency Mapping Tools	Ownership “Organization Way” Break boards, Circulars, Handbooks, Manuals, Newsletters Management of Intranet Website Transfers, Promotions, Up-gradation, etc. Performance Appraisal Attendance

Table 1 : HR Structure of the Organization under Study

4.0 Problem Statement

The Company was going through several issues from the context of the HR function, the structure that was followed, the responsibilities of the various work streams within HR, the bewilderment in terms of accountability for certain deliverables like transfer, promotion, on-boarding, contract labor management, payroll, benchmarking, market intelligence, etc.

5.0 Research Design

Action Research - a powerful tool that enabled studying the impact of HR restructuring intervention on various stakeholders- was used as a part of research design. The tool is particularly helpful for management practitioners across verticals, who seek to bring about change in complex situations for the sake of suitable improvement.

The benefits include better understanding of the issues by the researcher as well as those involved or impacted by the change intervention in some way. By way of insisting on gathering data and using it later for decisions, Action Research exerts increased influence and power on all stakeholders.

“AR is, in the most basic sense, a type of research that creates and measures change in a cyclical manner with the intention of overall positive growth throughout the process. This type of research is generally conducted in a collaborative manner by an individual person or team of

people who are interested not only in studying a particular problem but also in creating solutions. When a team-based approach is used, this is generally referred to as PAR, and the stakeholders involved all share equally in the democratic research process. Although some collaboration is needed in all AR projects, a single researcher can go through the research process alone if chosen. Either approach has the aim of supporting actions that lead to satisfactory results for all those involved. Researchers and stakeholders define a problem, collect relevant information about the problem, take action, measure it using various research methods, and finally interpret the results. The desired end result of AR is always focused on positive change and solutions to benefit all those involved.”(James, Slater & Bucknam 2012).

6.0 The Intervention

An HR Restructuring intervention was introduced in the company in response to the problem statement as well as in search of new synergies. The new structure had five work streams namely; Staffing, Talent Development, Talent Engagement, Compensations & Benefits and Shared Services. The following figure depicts the new structure the various responsibilities assigned to each work stream in order to ensure better utilization of time and effort:

Talent Management				
Staffing	Talent Development	Talent Engagement	Compensation & Benefits	Shared Services
Ownership Staffing related tools and forms Letters for: Appointment, Transfers, Promotions, Up-gradation, etc. Manpower Plan	Ownership Training Materials, Training Aids E Learning and LMS JDs Assessment Centres Competency Mapping Tools, etc.	Ownership “Organization Way” Break boards, Circulars, Handbooks, Manuals, Newsletters Management of Intranet Website	Ownership PMS Process/Forms and Tools Salary Increment Letters and Tools	Ownership Legal Compliance related Registers, Returns, Documents, etc. Employee Records HRMS Platforms All HR transaction forms Attendance/Leave Holiday Lists
Work Content Manpower Planning Hiring Promotions Transfers Job Rotations Workforce Balancing Productivity studies/ norms Employer Branding Talent Inventory Reporting All Seed Programs	Work Content Training Need Analysis Performance Technology Consulting Consult on Organization Structure and Design Facilitate Events Champion Culture Building Career Developmental Enablers Generic Developmental Programs Specific Development Initiatives Induction, Orientation Learning Culture	Work Content Communication- Company to People and Vice-Versa, HR to Business Focused Groups, Surveys, Dipstick Studies, etc. Climate, ESS Event Management- All People Related Grievances Whistle blower Issues Exit Interviews Culture Building, Team Work and Related Issues Interface for Welfare- Transport, Cafeteria, Medical Cases Diversity, Sexual Harassment Cases	Work Content Periodic Surveys, Market Intelligence C& B Policies and Programs PMS, Salary Reviews Variable Pay and Incentive Programs Rewards and Recognition Programs All Benefits Policies includes Telecommuting, Insurances, Leave, Holiday, Medical, Laptops, Phones, Etc. Job Evaluations and Titles Monetary Aspects of Promotions, Up-gradation transfers, Travel, etc.	Work Content Manage, Retain, Close Employee Records, Employee Exit and On-boarding Formalities Legal Compliances at each location Contract Labor Management All Employee related Transactions initiated by Managers and Employees Employee and Managers Helpdesk Own and Manage HRMS platform, Periodic MIS Reports Payroll Interface, Leave and Attendance Records

Table 2 : The Proposed HR Structure

Impact on the various Stakeholders

The restructuring of the HR department triggered positive and negative consequences for the various stakeholders in the organization. While benefits and challenges the organization could face due to the adoption of HR Shared Services model was being considered, it was critical to analyze the impact on its various stakeholders. The major issue was no proper communication

with respect to the new structure including responsibility and accountability. This led to an adverse impact on the stakeholders.

Impact on Employees

Personal Connect: Since the HR structure was created such that employees in different location lost the human connect with the HR Team. This is because the HR structure was now centralized yet different issues / queries were compartmentalized. Therefore employees now had to route their queries through a specific team only.

The HR and the teams were spread across locations thus losing face- to-face connect, consequently losing the emotional appeal of the HR function. Several other issues surfaced

- Disciplinary issues were now part of the Operations Team function which was earlier part of HR.
- Technical issues were formerly resolved by the HR team but now there was lack of clarity. This very lack of clarity added negativity amongst the employees

Therefore for the new model to be successful, it is advisable to first educate the employees in a phased manner so that they are aware of the HR approach to their respective divisions/functions.

The new HR structure however also led to a better and improved response time for any queries raised by the employees. This resulted in a better information management across the organization. It thus became a one stop shop for most of the HR functions in an organization.

Impact on Line Managers

Line managers now took over the added responsibility of the HR team. This clearly was beyond their original scope of work. Line Managers now performed assignments that they were not trained for or equipped to be in charge. This practice had essentially created the situation that Ulrich called “shadow staff,” where HR work is carried out by administrative assistants instead of using the HR shared services. He stated, “These shadow staff defeat the purpose of the shared service organization. They add costs, disperse control and lack expertise” (Ulrich, 1995, p. 23). It was all the more challenging as line managers do not really show interest in managing HR related problem as that could affect their operational efficiency.

To prevent the “shadow staff “ effect, the management should ideally, before the implementation of the new HR structure, should define the new role of the Line Managers and of course the HR team. To enable the Line Managers to deliver the business objectives,

additional training and tools should be provided. This would reduce / eliminate the negativity due to the Line Manager's resistance to take on additional HR related responsibilities.

Though the new HR structure led to added responsibilities on the line managers, it also gave them an opportunity to experience and build rapport with their subordinates by resolving their HR queries at times as well as handling their personal grievances.

Impact on HR employees

HR employees faced the mismatch of their existing skills vis-à-vis skills required in a Shared Services model. There were employees who would deal with the more routine kind of jobs in this model as compared to the second set that would deal with escalations, negotiations and more complex jobs. The former was more of a transactional role and the latter can be related to Ulrich's consultancy and change agent role. The larger issue on hand was the transition phase from a HR which was used to a transactional mode to now being a consultant. This was a challenge which was not an easy one to deal with.

To combat this challenge, the management should lay down a clear direction- led growth chart for the HR employees. This will enable the HR team to have a vision of the future holds for them in the firm based on the new HR model.

The new HR structure at the same also brought improved role of HR in terms of being a strategic business partner. This would ultimately result in improved productivity and utilization levels of the HR employees.

7.0 Conclusion

Thus it can be concluded that by combining routine functions across locations and moving them to a shared services team can prove to be a good way of optimizing the efficiency and productivity of the organization's human resources. The fact that shared services could achieve this through streamlining duplicated functions and increasing efficiency can be convincing for one to accept the model. The impact of an HR Shared Services model could range from improved ROI, better consistency and quality with less cost and realigned HR talent to dissatisfaction amongst the employees, reduced face to face contact and lastly HR losing the very purpose for its existence.

Implementing HR shared services requires more than simply centralizing the HR function within the shared services model. It requires early stage planning, training the employees and then

implementing key organizational process and technology components—all of which play a very crucial role in delivering and running the end-to-end HR service.

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Understanding the Significance of Keywords in Online Marketing when searching via Search Engines for Restaurants

Mr. Mohd. Osaïd Koti⁹

Abstract

Keywords play a crucial role for any form of search across Search Engine platforms. This could be for a particular destination, food in a restaurant and for a movie in a particular area; in fact it could be for anything.

This article aims to help marketers who use SEO as an 'Online Marketing Tool' to understand the usage of words that can be well captured and used as enablers to attract the target audience. This paper focuses on capturing words that can be used by marketers for Online marketing of restaurants.

Understanding the most related / popular search words is an important step because using these prevalent keywords within the text of one's web-pages can assist and ensure lucrative results appearing in the first page.

Key Words: *Online Marketing, Search Engine Optimization, Key Words,*

1.0 Introduction

According to Google, there are 14 million searches for 'restaurants' every month and 90% of diners' research online to find restaurant information. It is clear that a website must be easy to search in Google and the other search engines and this forms an integral restaurant marketing strategy.

SEO (search engine optimization) is a great promotional tool for restaurateurs looking to increase sales, customers, and reservations to their restaurant.

For restaurants using online reservation software, the increase in website traffic gained through improved SEO will also lead to an increase in reservations and revenue to a restaurant. The initial step to do so is to emphasize on keywords that define your restaurant. It is one of the most overwhelming part. The marketer has to choose five to ten keywords and include those

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same keywords in the website of the restaurant such as restaurant name, type of the restaurant, city in which the restaurant is located, type of food served, etc. Examples could be

Restaurant Name : Vegetaria, Restaurant type: Vegetarian, Location : Bandra, Type of Food : Fast Food etc.

2.0 Objectives

- To understand the importance of key words in online marketing of restaurants
- To identify the most preferred keywords used by consumers when searching online via search engines for Restaurants

3.0 Research Methodology

Type of Research : Exploratory

Primary data was collected by administering a questionnaire. The sample size was 47. Nature of Sample: Males and Females; Age Group is between 18-30 years. Convenience sampling technique was applied.

Secondary data source: Company websites, open-access journals, newspaper articles etc.

Data Analysis : Quantitative tool used was Measures of Central Tendency .

The research is confined to customers in Mumbai only.

Scope of the Study: The study restricts itself to finding keywords used in the domain of online search of restaurants. Keywords used in related areas like tourism, travel are beyond the scope of this study.

4.0 Internet Marketing

Internet marketing does not differ much from traditional marketing. It could simply be put as information technology applied to traditional marketing. Marketing through internet transforms marketing strategies and helps to create more customer value through more effective targeting, segmentation, differentiation and positioning strategies, as well as the planning and execution of a concept, distribution, promotion and pricing of goods and services.

The traditional marketing has changed in a few critical ways in which Internet creates opportunities with properties which are not possible with television, telephone or other communication media. Time and place are no longer factors when communicating online with

consumers, business partners or just between friends. Online shops are round-the-clock and there is no longer need for intermediaries. Managing information of customers is important for a marketing strategy. The information from the Internet is not expensive to collect, store or analyze and it is also easy. Intellectual capital is more important than financial. Creativity, imagination and entrepreneurship become the forces leading forward.

Even though Internet owns these great properties, it is also important for a marketer to understand technology in order to make use of its power. They need to know at least enough to hire the right technology professionals. Also, in the digital world the power shifts from the sellers to the buyers so customer attention and relationships should be highly valued, since the consumers are only one click away from the competitors' websites.

Internet Marketing Tools

Tools	Explanation
Website/ Web store	Many companies start their web marketing by building a website and some start selling their merchandise online.
E-mail	A fast and cheap way of targeting a vast amount of people quite specifically.
Search engine	Place, such as Google, where a company can optimize their visibility by modifying their website content to better match the searches and/or advertise on the search engine site with sponsored links.
Social media	Place, such as Facebook, where people come together to share opinions and search information when it comes to goods and services. Marketers can, for instance, create relationships, discuss with consumers and target with banner ads.
Advertising with:	
Banners	Ads, which are rectangular graphics at the tops, bottoms and sides of web pages
Online Advertising	Delivering ads to Internet users via Web sites, e-mail, ad-supported software, text messaging and Internet-enabled cellphones.
Online Reviews	Online evaluation of a publication, product, service, or company such as a movie (a movie review), video game, musical composition (music review of a composition or recording), book (book review); a piece of hardware like a car, home appliance, or computer; or an event or performance, such as a live music concert, play, musical theater show, or dance show. In addition to a critical evaluation, the review's author may assign the work a rating to indicate its relative merit

Table 1 : Internet marketing tools and their explanations

5.0 Online Advertising

Online as a mode of advertising is different compared to other media, online customers can directly interact with an ad by clicking on it to search for more information. This enables the advertisers to precisely target consumers with ads customized to specific interests.

In order to get a better view of the possibilities and depth of online advertising, traditional ad models must be understood such as the billboard, which informs a passerby of a product or service but it is not able to move or change not it is able to tell the advertiser that how many people have viewed it, whereas a banner, which could be called an online billboard, interacts with a web user and can give them more information. Also, the advertiser can accurately measure how many times their online banner has been viewed.

Online advertisers can track the number of responses to their ads or promotions which in turn is used to determine the profitability of a campaign.

Online advertising has some advantages over the traditional ad models. Internet is flexible, delivering ads and ad campaigns in real time which can be launched and updated instantly. Print advertisers would have to wait for the next edition of a magazine or a journal, and also it is too expensive to make frequent changes.

6.0 Data Analysis and Interpretation

The following analysis is based on the answers given by the 47 respondents, combination of both males and females. Sample selection is Convenient Sampling. All the respondents selected are the ones who visit or have earlier visited a restaurant.

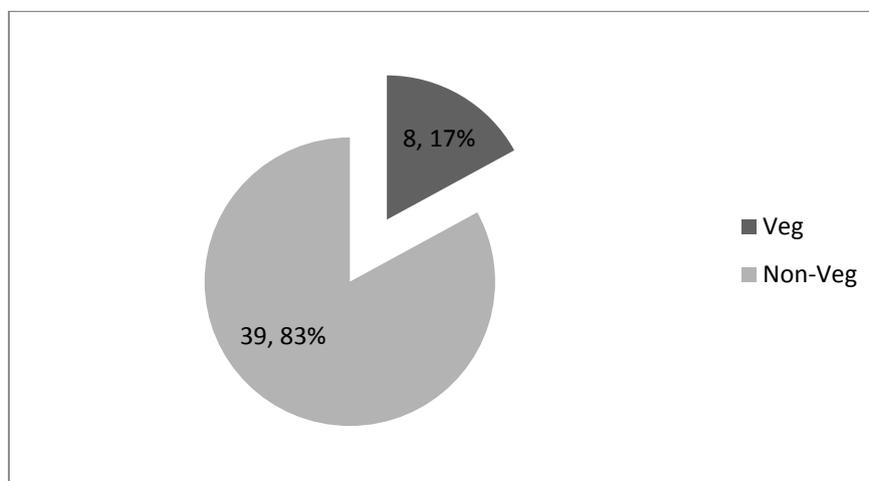


Fig. 1- Indicates the preferred choice of food

Figure 1 indicates that 83% of the total respondents have a preference for Non-Veg. food, which implies that the need for a restaurant providing non-vegetarian food is high as compared to a vegetarian outlet.

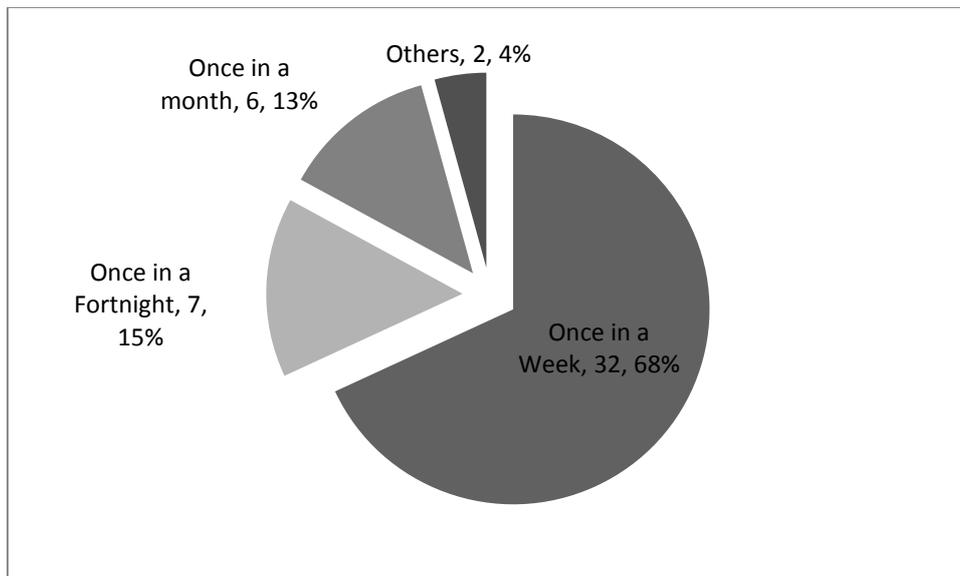


Figure 2 - Indicates the Frequency of visit to a Restaurant

The survey indicates that the frequency of 68% (32 out of 47) of the respondents to visit a restaurant is once a week, which can be seen in Figure 2. It was also found that the Indian cuisine was the most liked cuisine amongst the respondents. The survey revealed that the average age of the respondents is 23, which means the respondent can be classified as youths.

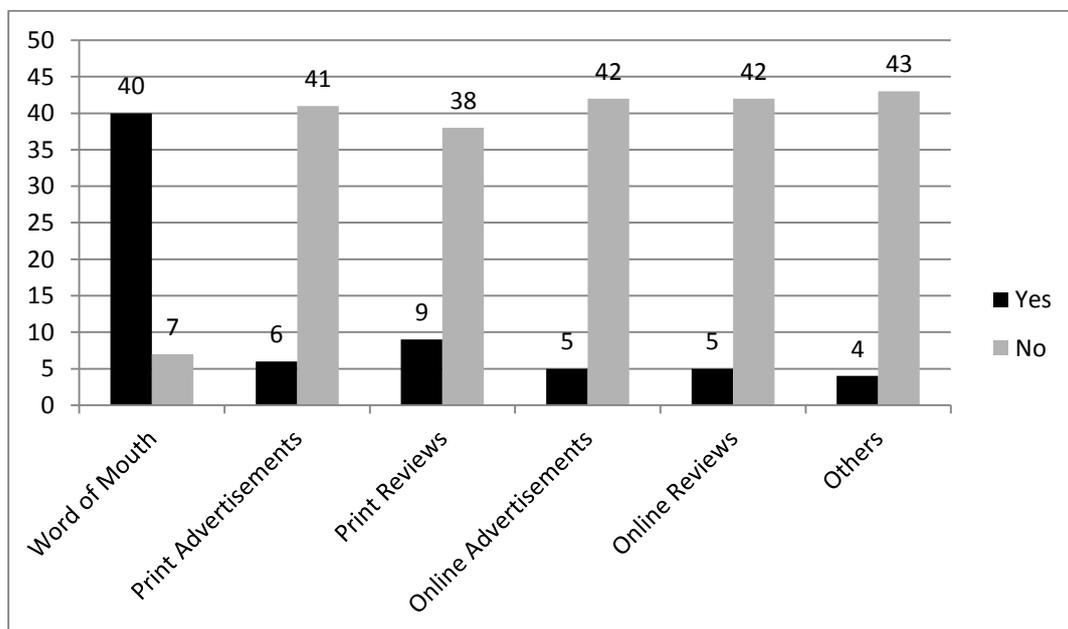


Figure 3 - Indicates the Source of Information for a Food Joint

The most preferred source of information about a Food Joint is Word of Mouth with 40 people agreeing to the same, whereas Online Reviews and Online Advertisement came neck-to-neck as the second and third most preferred source of information to know about a food joint. (Figure 3)

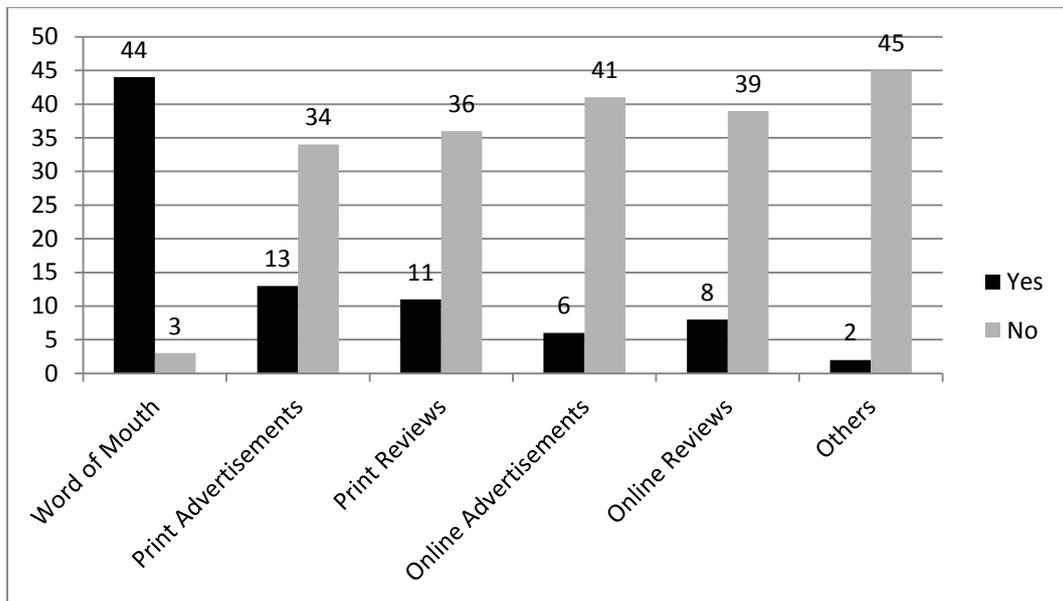


Figure 4 - Indicates the Source of Review preferred for selection of a Food Joint

It can be observed from Figure 4, that when it comes to a preferred source of review for a Food Joint, Word-of-Mouth is the most used source amongst the youths with 44 people agreeing for it.

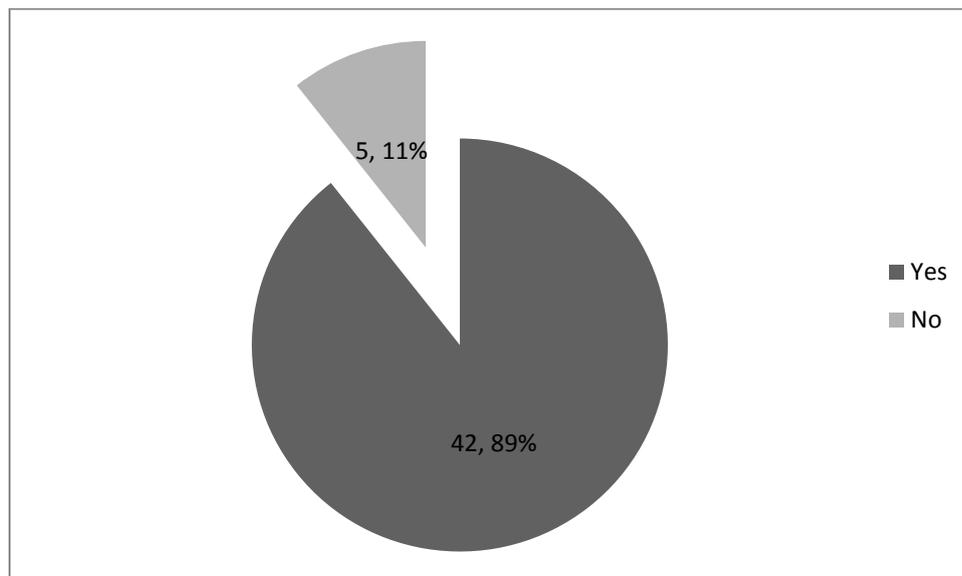


Figure 5 - Indicates whether the Respondent has ever used Search Engines to look for a Restaurant to visit

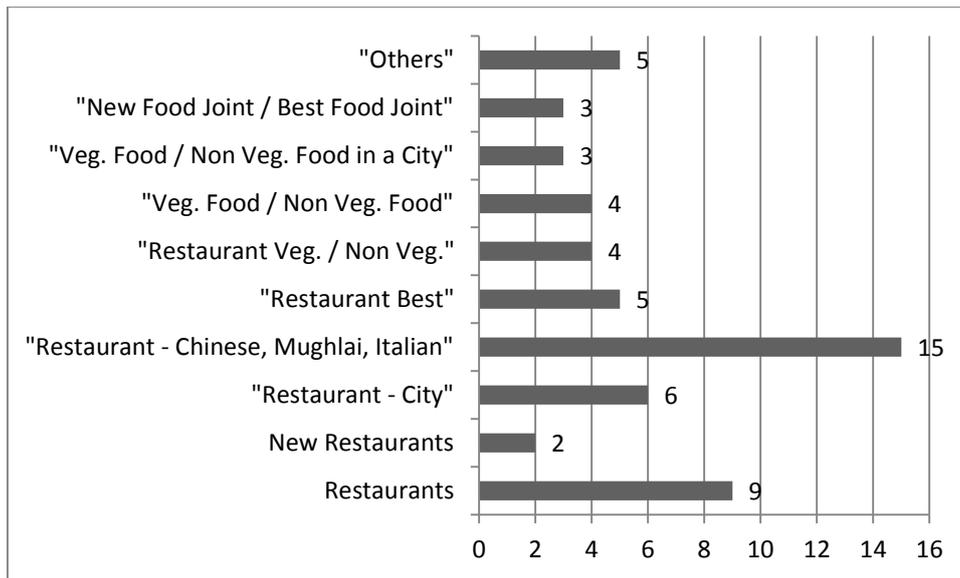


Figure 6 - Indicates the Keywords used in a Search Engine by the Respondent to search for a Restaurant

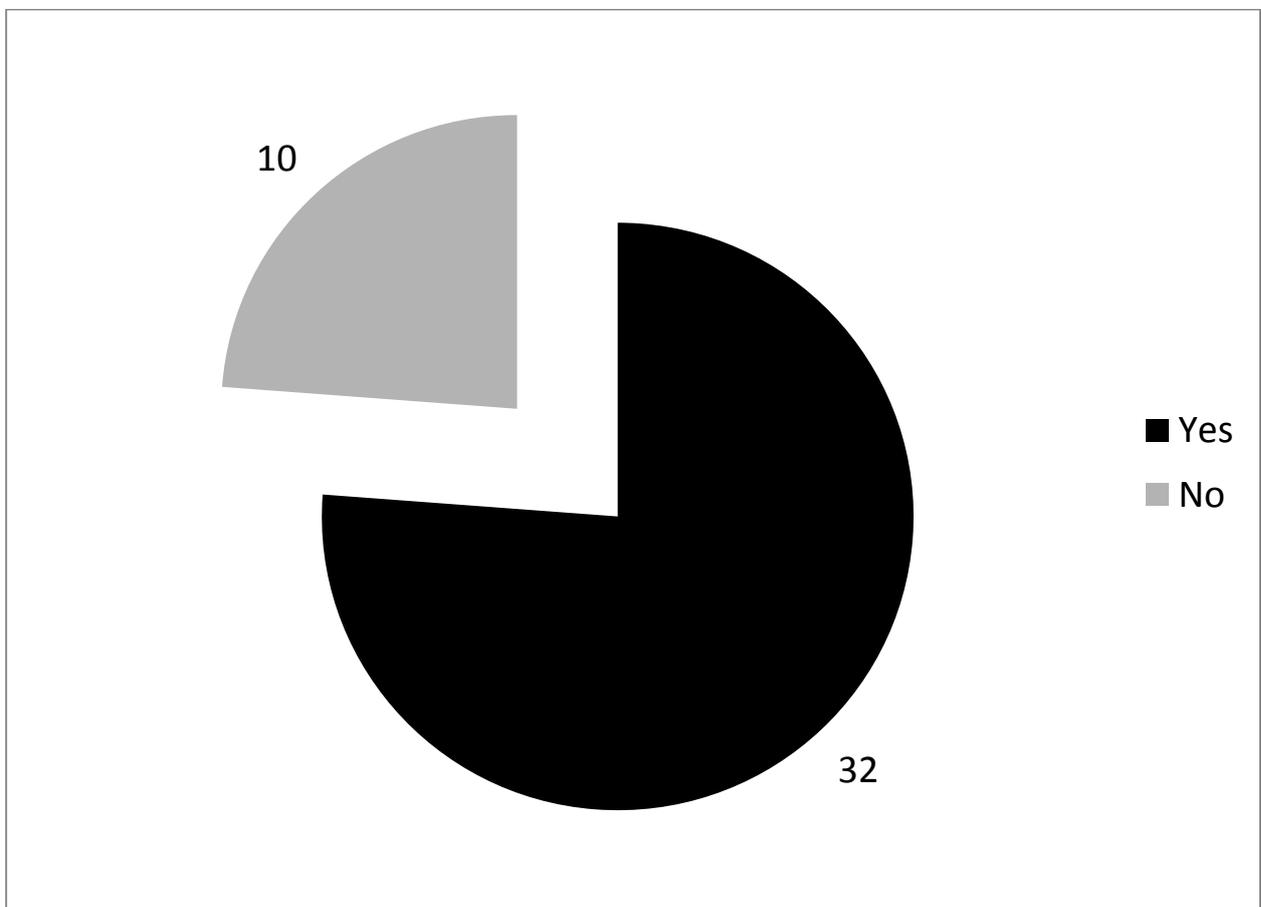


Figure 7 - Indicates whether the Respondent finds the Desired Results when searching through a Search Engine

By looking at *Figures 5, 6 and 7*, we come to know that majority of the respondents (89%) were of the opinion that they prefer to look for a Restaurant using Search Engines and also they are

successful in finding their desired results. The most used search engine keyword to search for a restaurant was "Restaurant - Chinese, Mughlai, Italian", which indicates that whenever an individual searches for a restaurant using a search engine, he enters the word "restaurant" along with the name of the cuisine. Similarly, the next most preferred word to search using a search engine for a food joint or a restaurant is the word "Restaurant". It can also be noted that out of all the 56 tick marks, approximately 73% times people prefer using the word "Restaurant" when searching via search engine. The other keywords such as the name of the cuisine, name of the city or locality or the words "best", "new", are seldom used along with the term "Restaurant".

7.0 Conclusion

The above research enables a marketer to understand the benefit of key words when the platform for sales and marketing is the online platform. To understand which words are to be used, understanding of the consumer's frequently used words is a must. Once the key words are captured, the words must be used across various online platforms effectively and efficiently. SEO is one such tool that can enable marketers to target customers directly but not without analyzing and capturing the key words.

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Building Credibility through Public Relations

Ms. Anjali Talreja¹⁰

Abstract

Good performance, publicly appreciated because adequately communicated

- Fortune Magazine

Public Relations is 90 % doing good and 10 % communicating about it. Public Relations is the art and science of enhancing the credibility of the firms to its defined stakeholders. This paper focuses on how Public Relations enables a firm reaches out to stakeholders. This paper at the same time clearly highlights the fact that when there is no credibility established then PR as a platform or a tool is meaningless.

Key Words: *Public Relation, Stakeholders, Credentials*

1.0 Introduction

A firm's credentials are testimonial to the firm's expertise. But there has to be a medium to communicate the feats of the firm to enable progress. The firm needs to showcase its achievements through a conduit which will further enhance its expertise to its target audience. Public Relation is one such tool that helps firms communicate its milestone in a systematic and scientific manner.

The Challenge

PR is not about enhancing the image of a firm per se, the firm has to accomplish a milestone which has to be worthy to its stake holders. In other words, milestones have to be evaluated in such a way that there should a tangible benefit / value to the stake holders. The PR team may not always be able to identify / agree with the firm's milestone that is worth communicating to the stakeholders and this may lead to a disagreement.

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2.0 Objectives

This objective of this paper is to understand:

- How to Leverage PR to enhance the credentials of the firm to its stakeholders
- The process of communicating through various tools and platforms

3.0 Research Methodology

Type of Research: Exploratory

Scope & Limitations of Research: The study is limited to one Organization only.

The organization is based out of India and this study only focuses on the core competency of the firm.

Research Design: Case Study

Type of Data:

- Primary Data: was collected by way of researcher's observations and interactions with the firm over a period of 1 year
- Secondary data: was collected from sources viz. books on public relations, company websites and online data sources.

Procedure: The information collated from different sources (primary and secondary) is presented in the form of a case study pertaining to a firm.

Type of Data Analysis: Qualitative

4.0 Case 1: Credibility through Public Relations

Profile of the firm: CA Firm

A Gurgaon based Chartered Accountant, offers diverse financial consultancy to both domestic and international clients. The firm's core competency is international taxation and transfer pricing, which is a niche area yet attracts competition from the bigger firms. These big firms who have over the years built their credibility are well known and thus able to attract the best customers and talent.

The CA firm has successfully completed several successful tax related assignments and earned accolades from its existing clients. However the firm's success was restricted to existing clients, friends and family and of course their employees. The company had growth plans; hence it

became imperative to reach out to people who would value their credibility and in the long run offer them new business avenues. A PR firm/ Consultant was roped in; the mandate was to reach out to stakeholders who could help the firm grow.

The Firm's Credibility

The firm's strengths were based on:

- Deep understanding of international tax and its application to benefit clients
- The firm has to its credit successful completion of complicated international tax assignments that have built a strong base.

The PR Objective

- Showcase the expertise of the firm in international tax to enhance the credibility of the firm to attract the attention of:

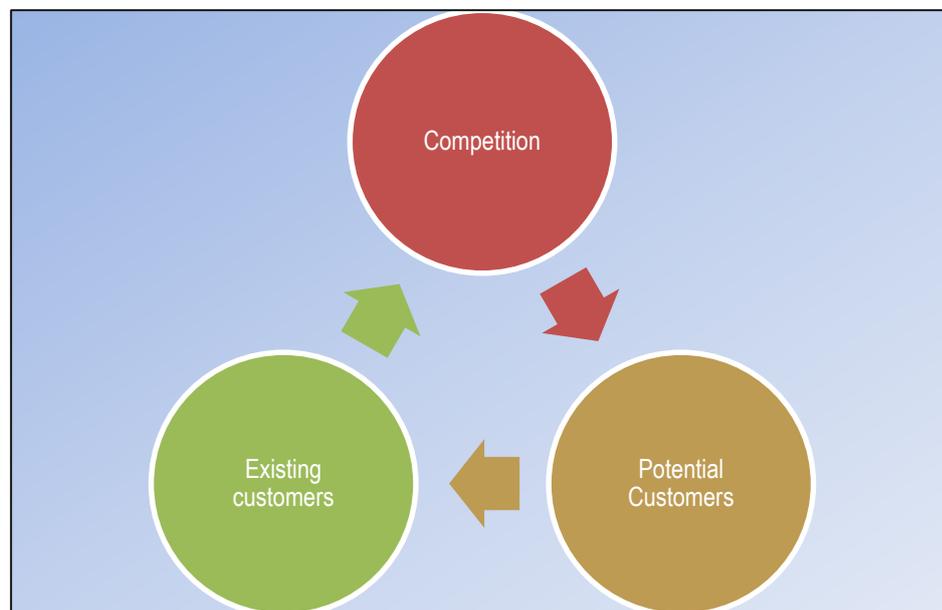


Fig. 1

The rationale of the PR objective is explained as under:

Competition: The firm's expertise and forte is similar to the bigger established ones existing in the system. AKG Global faces stiff competition despite being at par with them. Therefore the objective to create awareness was simply to earn respect from the competitors.

Existing Customers: Here the firm's objective was to gain loyalty from existing customers by ensuring that they feel good / proud of the successful work done by the firm. This leads to strong referrals to new clients or retention from the existing one.

Potential Customers: The new customer always wants the best and thus it was imperative to reach out to them to show case the firm's expertise. PR tools would thus enable reach out to this set of stakeholders.

The base for PR:

The base of PR will be the credibility achieved by the firm. The action plan is as follows:

PR in Action

- Define the areas of credibility: Understand the finer nuances of international tax. Focus on the current trends and issues.
- Identify the firm's spokesperson: The firm's experts would be the top management, who would be the face of the firm
- Identify the PR Platforms: Media is the platform to be able to reach out to the defined target audience

The Media Challenge

The focus of the plan was to create a distinction on the client's offerings but convincing the media was not easy. Why? The media was flooded with latest updates on international taxation and tier I media in any case did not have too much space allocated to tax issues per se.

PR Intervention:

The Media strategy was to keep updating the domain journalists on the latest developments before any one reaches out to them. The focus was to keep the media engaged but at the same time strike the right balance of keeping them informed and if possible to meet the spokesperson. After a series of meetings which proved to be a value add to the journalists in understating the nuances of international tax, the cord was struck. And here is the difference

- As a relatively unknown face to the media , the firm took great efforts in spending time , going deeper into the subject
- Most importantly, the firm's management was accessible at any time which proved to be the biggest asset
- The firm made it a point to meet both the senior and the junior journalists in the editorial team. This is where the larger firms played hard to get because senior management from these outfits created time only for the senior people in the system. This made it very difficult for the younger journalists to grasp the topics and

appreciating and taking cognisance of the fact that the junior ones are the ones who do the reporting.

- So to summarize the firm's media plan worked as under:
 - ✓ Accessibility to the media
 - ✓ Regular updates
 - ✓ Connecting with the junior reporters (who write the story)
 - ✓ Connecting with the senior reporters (who approve the story)

The Result

The firm was featured in

- Quotes in Financial Express : Page no 1
- Editorial column international tax: Economic Times
- Quote in Mint
- The opportunity to meet senior editors in Mint , Economic Times and Times Of India

How did this help the Firm?

- The firm's quotes were viewed seriously because of
 - ✓ Quotes appearing in papers that were widely read by the financial world
 - ✓ The authored articles in tier I financial Papers were well appreciated and respected by clients and competition. This is proved through feedback mails received by senior management (from competitor and the client)
- Based on the frequency of the articles, the firm was approached to be a part of a panel hosted by a coveted financial organization.
- Receiving invites for a panelist with no cost attached merely based on the articles read in the paper is a testimony to the credibility enhanced.
- The panelist opportunity although not a PR effort was a natural by-product of the media effort which gave the client the opportunity to network with potential clients and gain respect from its competitors.

5.0 Conclusion

The above case study clearly proves that a firm's credential can be amplified to its stakeholders only and only if there is a merit. PR as a platform can be leveraged only over a period of time.

With the right PR strategy in place compounded with the firm's credentials in place, stakeholders are sure to get impressed.

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ERRATUM

Gupta, Silpy. Employee Engagement: From Nowhere to Nowhere. **Management Vision** A Compendium of Papers, January 2013, Volume Vol 4, Issue 1.

A misprint has occurred in the afore-mentioned article. The same is being published in the correct form as the ensuing article.

The editors would like to apologise to readers for any confusion or inconvenience this may have caused.

Employee Engagement: From Nowhere to Nowhere

Ms. Silpy Gupta¹¹

Abstract

The instability caused due to economic slowdown, globalization along with other factors like Gen Y workforce and many more has forced the corporations to discover new ways of survival. Colossal change in outer environment as well as internal atmosphere has forced the organizations to consider and concentrate more on their human intellects. Organizations have realized that involvement and commitment of their people will give them an edge over competitors. Engaged workforce has become a decisive arm for organizational growth and survival. Though very difficult to measure the level of engagement, organizations are now taking every possible action to engage their new generation workforce and retain the bloomed talent within. Organizations are consciously working on their strategies and practices to build cooperative employee relationships and commitment. Last decade saw a huge shift in employee engagement interest and techniques by the employers.

Key Words: *Employee engagement, employee commitment, Generation Y, talent management, talent retention*

1.0 Introduction

‘Engaged employees are happy employees, happy employees are productive employees’.

This imports that engaged employees are a group of more productive employees.

Employee engagement in management is not a new concept. But its importance has increased and has been brought into sharp focus with the rise in domestic and global competition, volatile environment, frenziedly updating technology and advent of Gen Y workforce. Employee engagement has become a very popular term used in management now-a-days. With the advent of unprecedented change and uncertain tough time, it has become essential for the organizations to attract, develop and engage their human talent than ever before. Companies are now picking and customizing new trends of employee engagement that will help them to shape up the impact on business outcome.

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2.0 Objectives

- To study the concept of Employee Engagement
- To understand the way Employee Engagement is implemented in organizations
- To understand the emerging pattern of employee engagement tools and techniques as used in organizations
- To study the impact of Employee Engagement on various aspects of an organization

3.0 Methodology of the Study

The paper puts forth a Conceptual framework of Employee Engagement. For this purpose an exhaustive Literature survey was conducted wherein Fundamental theory in the research domain was collated with evidence obtained from varied secondary data sources namely Research journals, periodicals and reports from the industry.

Practical implications

The paper would assist Human Resource practitioners across industry in understanding the significance of engaged employee and its impact on the organization.

Scope and Limitations

The paper uses only secondary data sources as evidence. Collection of Primary data from HR Managers and employees involved in the process of employee engagement is beyond the scope of this study.

4.0 What is Employee Engagement?

However as noted by Robinson et al. (2004), there has been surprisingly little academic and empirical research on a topic that has become so popular. As a result, employee engagement has the appearance of being somewhat faddish or what some might call, ‘old wine in a new bottle.’

To make matters worse, employee engagement do not have a clear definition but has been defined in several ways. It has been defined as emotional and intellectual commitment to the organization (Baumruk, 2004; Richman, 2006; Shaw, 2005) and also as the amount of discretionary effort exhibited by employees in their jobs (Frank et al., 2004). According to Kahn (1990, 1992), engagement means to be psychologically present when occupying and performing an organizational role. Employee engagement is a desirable condition, has an organizational purpose, and connotes involvement, commitment, passion, enthusiasm, focused effort, and

energy, so it has both attitudinal and behavioral components (Erickson, 2005). Dell Inc. defines employee engagement by stating, “To compete today, companies need to win over the minds (rational commitment) and the hearts (emotional commitment) of employees in ways that lead to extraordinary effort” (Vance, 2006). Schaufeli et al. (2002) defines engagement as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption. They further state that engagement is not a momentary and specific state, but rather, it is a more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual, or behavior.

Employee engagement is defined as ‘the extent to which employees commit to something or someone in their organization, how hard they work and how long they stay as a result of that commitment’ (Corporate Leadership Council, 2004). Rothbard (2001) also defines engagement as psychological presence but goes further to state that it involves two critical components: attention and absorption. Attention refers to the cognitive availability and amount of time one spends thinking about a role while absorption means being engrossed in a role and refers to the intensity of one’s focus on a role.

Burnout researchers define engagement as the opposite or positive antithesis of burnout (Maslach et al., 2001). According to Maslach et al. (2001), engagement is characterized by energy, involvement, and efficacy, the direct opposite of the three burnout dimensions of exhaustion, cynicism, and inefficacy.

While the term can be defined and understood in several ways, every organization is well aware of the need of enthusiastic and committed employees. Organizations today aims to acquire rightly skilled people, nurture them and keep those engaged and committed talent to get a competitive edge and sustain in today’s gung ho marketplace.

Concept	Percentage Used
Commitment - cognitive, affective, behavioral	5.5%
Commitment - rational & emotional	5.5%
Discretionary effort – going above and beyond	11%
Drive innovation	5.5%
Drive business success	22%
Energy, involvement, efficacy	11%
Passion and profound connection	5.5%
Positive attitude toward company	5.5%
Psychological presence- attention and absorption	5.5%
Shared meaning, understanding- active participation	5.5%

Stay, say, strive	5.5%
Think, feel, act, during performance	11%
Translate employee potential into performance	5.5%

Table 1 : (based on 18 definitions of employee engagement)

With hopes of finding common themes or concepts, eighteen definitions were reviewed including those mentioned above and results were posted in Table 1.

Source: Dicke, C., Holwerda, J., & Kontakos, A. M. (2007). Employee Engagement: What Do We Really Know? What Do We Need to Know to Take Action?. CAHRS Spring Sponsor Meeting

5.0 Why Employee Engagement?

Companies were already competing hard in the national market when globalization made that competition tougher by opening up the international market for them. Globalization is the process of international integration, in context of social, cultural, economical, technological and many more, from the interchange of world views, products, ideas, and other aspects (Wikipedia). A lot of globalization is now happening across industries. Part of this is due to business friendly open regulations and communication medium that allows firms in different countries to do trade dealings. Globalization has changed the dynamics of management and professionals have to equip themselves to this evolution. The impact of globalization influences businesses at varying degrees. Globalization leads to augmented competition. This competition can be related to products and services provided, increase in market share, quick production process, price, target market, technological adaptation, and quick response by companies etc. As globalization becomes more ubiquitous, companies deal with increased cultural diversity within the workforce and even as customer. Along with people of different demography, organizations have to accommodate people from various cultural backgrounds. The rapid changing of the market requires a quick transfer and efficient use of knowledge available. It is very difficult to assess the unprecedented changing environment around the globe.

Generation Y, also known as the Millennial Generation, is the fastest growing segment of today's workforce. They are in their 20s and the biggest generation since the Baby Boomers. With Generation Y fast approaching the front line of our workforce, it's time for the organizations for more attention to their interest and working habits. Gen Y grew up with technology and relies on it to execute their job better. The world to them is virtual and the possibilities are endless. This new generation is willing to trade high pay for fewer billable hours, flexible work schedules to have a better work-life balance and trail their hobbies. They value teamwork and ask for the input and avowal of others. They are independent, very positive, determined, self motivated and

achievement oriented. They have soaring expectations of their company, search for new challenges and are not petrified to question authority. Generation Y desires some meaningful work and an unyielding learning curve. They can focus fully on many variables at once and can handle multi tasking. Corporations cannot take the risk of ignoring the wants, attitudes and preferences of this enormous young cohort. They have all the promising talent of a new and optimistically more engaged workforce.

‘Today’s technology is obsolete tomorrow’ – under such condition technology is increasingly playing crucial role in the success of organizations. Technology has changed the way business is done in today’s world. Technology gives organizations the strength to spread their wings. It is applied in every aspect of business function starting from research, productivity, operations, mobility, relationship building and communication. Impact of technology can be observed and felt in the entire workplace. Business processes and procedures are now more dependent on technology. It has become a crucial factor for growth and survival. Organizations have to be very careful before choosing a right system for them. They should have the right quality of talent, fanatical and passionate workforce, who will always wholeheartedly welcome and make use of the latest methods to help the organization grow and prosper. The pace of technological improvement is running at an exponentially increasing rate. Always keeping itself updated and using latest technology in a right manner and at correct time has become imperative for the corporations to achieve a competitive advantage. People using such technologies to achieve organizational objectives should be dedicated enough to reap the benefit.

The financial downturn is impacting developed as well as developing economies. The global recession and economic slowdown has scared the business world who are now always in a fear to face a double-dip recession. As recession is becoming the part of the normal business cycle, it makes just as much sense to plan for recession or downturns as it does to plan for good, economic times. Corporations need to be more proactive and innovative and try to come up with early interventions to survive during recession. The most important challenge in recession period is revolutionizing the human resource systems to identify, maintains, develop and utilize talents across the organization to their fullest capacities. The management of internal people has now assumed strategic importance in the realization of organizational escalation and excellence. A more loyal and gripped workforce is very difficult to be imitated by the competitors as done in case of other policies and processes. Engaged employees are always an asset to an organization which gives them an edge throughout competition.

6.0 New Trends in Employee Engagement Practice

Nowadays, there is diverse populace working at the same workplace. People from different demographic and geographic backdrop have their own various desires, needs, approach and way of thinking. Employers face a big challenge to meet these varying expectations. As one size does not fit all, the management policies and practices are developed specifically to cater to these varying needs. These supportive policies and practices are very important to meet the varying degree of expectations to keep the employee engagement at an elevated level. It is believed that fully engaged employees are ready to put in discretionary effort for the growth of their organization (Chabungbam, 2010). By being aware of the unique needs of diverse groups, as well as by recognizing individual differences within these groups, HR can better understand the challenges of increased diversity in the organization's workforce and work toward designing and implementing workplace policies and practices to engage diverse employee groups. The different areas where organizations are focusing for change so as to engage their employees can be covered under the following.

- Recruitment and selection
- Orientation program
- Job designing
- Training and development
- Learning and growth
- Feedback and guidance
- Quality of work life
- Pay and reward
- Performance management
- Potential appraisal
- Managing career
- Flexible working
- Work-life balance
- Communication and involvement
- Managing change
- Discipline and grievance

When done well, practices that support talent management also support employee engagement (e.g. work-life balance programs –flexitime, telecommuting, compressed workweeks, reward

programs, performance management systems) according to the Corporate Leadership Council (2004) and Martel (2003).

Recruitment and selection practices have undergone a modification based on the needs, wants, behavior and volatile environment. Presently, the job profiles are tailored according to the right candidate's interests. This tailored job profile, which suits the interests of the candidate, keeps them engaged with their work. Focus of picking the right talent is now more towards finding out employee's team management & collaborative skills, adaptability and their interest towards their work; which excites them and makes them take extra responsibilities on their own.

Employees are now encouraged to choose the training and development programs for their own. They could nominate themselves for the training programs. Employees are provided with more learning opportunities.

Performance appraisal has been molded to performance management system along with more focus on potential appraisal. Continuous guidance and feedback are provided from goal setting to achievement by the senior people. This helps both the employees and employers to find out the strength and weaknesses and track the unrevealed skills and abilities in a person. Organizations reap the benefit of more enthusiastic employees, proper career path and increased output.

As people are now more concerned about the quality of the organizational work and also maintaining a proper balance between their professional and personal life, organizations are bringing about modifications and changes in practices, giving more autonomy and flexibility to improve their employees' involvement and commitment.

For real progress in employee engagement to occur, we need to address a more fundamental issue: the employer-employee relationship (Huggett, 2009). Employer-employee relations are fragile and cannot be taken for granted. Employers want enthusiastic advocates for the organization who make the effort to give their best. Employees want to feel respected, involved, heard, well-led and valued in an organization. There exists a psychological contract between the employee and employer which refers to a commonly used exchange concept providing a framework for understanding the 'hidden' aspects of the relationship between organizations and their employees (Shore & Tetrick 1994). It is the set of expectations held by the individual employee that specify what the individual and the organization expect to give to and receive from each other in the course of their working relationship (Sims, 1994) . The psychological contract tells employees what they are required to do in order to meet their side of the bargain and what they can expect from their job (CIPD). Unlike formal contracts of employment,

psychological contracts are often tacit or implicit. They tend to be invisible, assumed, unspoken, informal or at best only partially vocalized. This unspoken expectation and relationship is evolving, especially against a background of a changing labour market and low unemployment where companies are being encouraged to do what they can to retain and engage people.

Old contract	New contract
Organization is 'parent' to employee 'child'	Organization and employee enter into 'adult' contracts focused on mutually beneficial work
Employee's identity and worth are defined by the organization	Employee's identity and worth are defined by the employee
Those who stay are good and loyal; others are bad and disloyal	The regular flow of people in and out is healthy and should be celebrated
Employees who do what they are told will work until retirement	Long-term employment is unlikely; expect and prepare for multiple relationships
The primary route for growth is through promotion	The primary route for growth is a sense of personal accomplishment

Table 2 : Kissler's(1994) distinction between old and new characteristics of psychological contract

Contract element	Old contract	New contract
Change environment	Stable, short-term focus	Continuous change
Culture	Paternalism, time served, exchange security for commitment	Those who perform get rewarded and have contract developed
Rewards	Paid on level, position and status	Paid on contribution
Motivational currency	Promotion	Job enrichment, competency development
Promotion basis	Expected, time served, technical competence	Less opportunity, new criteria, for those who deserve it
Mobility expectations	Infrequent and on employee's terms	Horizontal, used to rejuvenate organization, managed process
Redundancy/tenure guarantee	Job for life if perform	Lucky to have a job, no guarantees
Responsibility	Instrumental, employees exchange promotion for more responsibility	To be encouraged, balanced with more accountability, linked to innovation
Status	Very important	To be earned by competence and credibility
Personal development	The organization's responsibility	Individual's responsibility to improve employability
Trust	High trust possible	Desirable, but expect employees to be more committed to project or profession

Table 3 : Sparrow's (1996) differentiation between old and new psychological contracts

The new mindset has spurred many organizations to shift from strict vertical hierarchies to flexible, decentralized structures that emphasize horizontal collaboration, widespread information sharing and adaptability. Redesigning of organizations is taking place towards something called learning organization (Daft, 2013). The new learning organization promotes communication and collaboration so that everyone is more engaged in identifying and solving problems, enabling the organization to continuously experiment, improve and increase its capability. In rapidly changing environment, hierarchy becomes overloaded. Horizontal workflow enables the organizations to respond rapidly enough to problems and opportunities. Employees are now more empowered, responsible and accountable towards their role which encourages them to work with one another with more enthusiasm. The wide spread sharing of information keeps the employees updated to response quickly. Collaborative strategy helps the people to learn and contribute. The adaptive culture encourages openness, equality, continuous improvement and change. Supportive environments allow members to experiment and to try new things and even fail without fear of the consequences (Kahn, 1990).

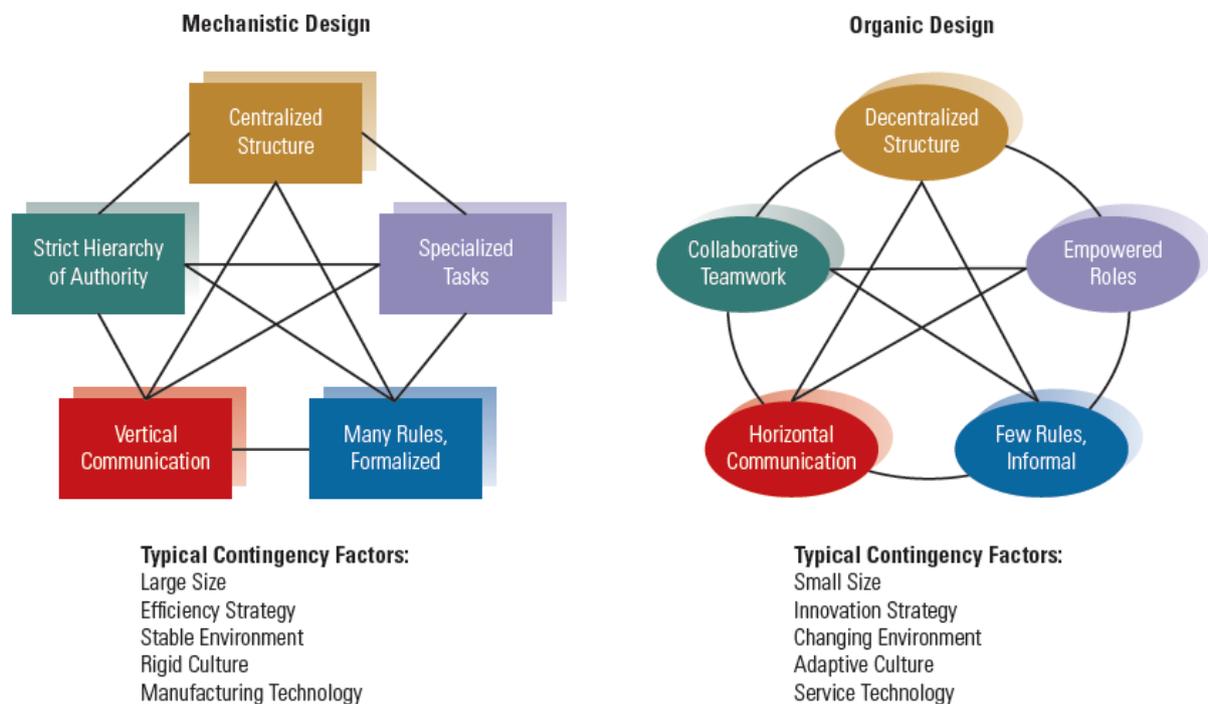


Fig. 1 : Source: Richard L. Daft (2013). Organization theory and design of organizations.11th edition. Cengage learning.

There is little qualm about the *significance* of *fairness* in the workplace. *Fairness* strives to make the employees' place of *work* healthier and more than just adequate to work. Fairness and justice is also one of the work conditions in the Maslach et al. (2001) engagement model. A lack of fairness can exacerbate burnout and while positive perceptions of fairness can improve engagement (Maslach et al., 2001). When employees have high perceptions of justice in their organization, they are more likely to feel obliged to also be fair in how they perform their roles

by giving more of themselves through greater levels of engagement (Saks, 2006). Fairness and justice are likely to be the important conditions in working environment. Organizations are focusing more on business ethics, responsibilities, justice and fairness. . The emphasis on treating everyone with equal care and respect creates the climate in which people feel safe to experiment, take risks and make mistakes, all of which encourage learning and dedication.

Organizations today, by allowing their employees to take time-off from work to pursue philanthropic activities, are redefining the engagement concept. Employees, who volunteer, experience a sense of accomplishment and are more loyal towards their organization. Many people have expressed that regular volunteering has brought a positive influence on their persona; has made them more profound to others and have started appreciating others better. In addition, employees improve critical talents while functioning with different communities, develop the capability to relate to others and get improved at collective functioning and using their skills in novel and often challenging situations. There is also confirmation that employees with favorable opinions of their organization's socially responsible activities are more engaged, confident and likely to state an intention to stay with the organization (Kenexa, 2010). Therefore inspiring employees to participate in societal activities has seen a lot of anticipated and unpremeditated benefits for establishments, such as a robust engagement and stronger attachment between employee and the organization, greater pride in being associated with the organization, networking between employees at various hierarchy levels, opportunity to take on leadership roles and cultivate confidence of employees and foundation of constructive brand ambassadors for the organization. This also works as a retention strategy since the employees connect with their organization and its cause.

7.0 Outcomes of Employee Engagement

Fully engaged performers require less command, attention and time from their superiors. They have the intrinsic motivation and passion to perform because they are very clear about their goals and know how to achieve them. In a global survey of the engagement levels of 50,000 employees in 27 countries, research by the Corporate Leadership Council emphasizes the link of engagement to business success and its direct impact on employee performance and retention. Organizations that have a highly engaged workforce were found to have almost 10 times as many committed, high-effort workers as those with a low-engaged workforce.

It supports a visceral relationship between the management, organization as a whole and its employees. Engaged workforce works more meticulously, is more faithful and more likely to go

the 'extra mile' for the employer. It is a useful retention strategy. The Gallup Q12 survey showed that the most engaged workplaces are 50% more likely to have lower staff turnover, 56% more likely to have higher than average customer loyalty, 38% more likely to have above average productivity and 27% more likely to report above average profitability.

According to Gallup survey happy and engaged employees are better equipped to handle stress and change, are much more likely to have a positive relationship with their manager, feel more valued by their employer and are more satisfied with their lives. People with higher levels of engagement appear to substantially enjoy more positive interactions with co-workers than do their less-engaged counterparts.

Harter et al. (2002) specifically equated engagement with both satisfaction and involvement. Engagement and commitment go parallel to each other. It enables employee to take risk and stretch for excellent contribution.

In recent times, various studies have focused on employee engagement and its relationship with organization's performance and sustainability. Employee engagement decreases the employer's total cost and certainly contributes to company's turnover and progression. Employee engagement, in fact, can make or break the bottom line (Lockwood, 2006). SHRM Conference (2006) reported the result of a new global employee engagement study showing a dramatic difference in bottom-line results in organizations with highly engaged employees when compared to organizations whose employees had low engagement scores. The study, gathered from surveys of over 664,000 employees from around the world, analyzed three traditional financial performance measures over a 12-month period, including operating income, net income and earnings per share. Most dramatic among its findings was the almost 52% gap in the one-year performance improvement in operating income between organizations with highly engaged employees versus organizations whose employees have low engagements cores.

Research has found that engagement boosts operating income, increases employee productivity, lowers turnover risk, provides a greater ability to attract top talent and leads to higher total returns (Towers Perrin, 2003).

The experience of engagement has been described as a fulfilling, positive work-related experience and state of mind (Schaufeli and Bakker, 2004; Sonnentag, 2003) and has been found to be related to good health and positive work affect (Sonnentag, 2003). These encouraging experiences and sentiments are more likely to result in constructive work outcomes. As noted by Schaufeli and Bakker (2004), engaged employees likely have a greater attachment to their organization and a lower tendency to leave their organization.

8.0 Conclusion

Martel (2003) is of the opinion that in order to obtain high performance in postindustrial, intangible work that demands innovation, flexibility, and speed, employers need to engage their employees. 'One question still challenges many organizations in their quest to improve performance that what can be done to significantly impact employee engagement?' (People Management, (2008). Organizations can be assured for sustained success by concentrating on the vital engagement drivers which create a positive impact on their employees and consequently keeping them engaged. Improving levels of employee engagement does not have to be expensive; it just takes some time and energy, but benefits will outweigh these costs (Bates, 2004; Robinson, (2007). The organizations that have a highly engaged workforce have escalated to the high position. They proactively understand and respond to the environment, competition, and varying workforce requirements. In turn, the employees make professional and personal progress, but still remain devoted to the values that made them successful and are well placed for persistent achievement. Engaged employees within an organization provide a competitive advantage to organizations, as explained by the resource-based view of the firm (Joo and Mclean, 2006), and hence there is a need to continuously engage employees.

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Book Review

Mackey, John & Sisodia, Raj. (2013). *Conscious Capitalism: Liberating the Heroic Spirit Of Business*. Boston: Harvard Business Review Press. pp344, Rs. 1250

Introduction

The book *Conscious Capitalism* written by author duo John Mackey, CO-CEO, Whole Foods Market and Raj Sisodia, Cofounder, Conscious Capitalism Inc is at once an impassioned plea as it is a rational explication of blending profitability with a social conscience by Businesses the world over. Mackey heavily draws on his personal experience of running a business of selling natural and organic foods in a manner he extols in the book. Dr. Rajendra (Raj) Sisodia, a prolific writer in the area of Marketing with seven books and hundred research papers/ articles to his credit brings his understanding of the market forces of free-enterprise capitalism to the writing of the book under review. His consultancy experience with majors (which include among others IBM, AT&T, POSCO, Siemens, Walmart, Sprint, MCI, McCaw Cellular Communications, Northern Telecom, Volvo, McDonalds, American Management Systems, Perot Systems, Southern California Edison, Telecom Italia, Motorola, Nokia, Ernst and Young, Price Waterhouse, The World Bank, United Nations, LG, Fidelity Bank.) across sectors as diverse as retail, healthcare, telecommunications, financial services, real estate, Non profit organizations stands him in good stead as he helps companies transition from a conventional way of operating to a “conscious way”. Together the author- duo make a compelling case for capitalism as the only sustainable way of operating business – but the capitalism they propound is bereft of the connotations associated with the system, in fact, their brand of capitalism is conscious.

Comparisons with other books in the domain

Analogy can be drawn with books authored by none other than the most quoted author in the area of marketing namely, Phillip Kotler – his book *Good Works* (2012) explores the theme of Marketing and Corporate Initiatives that have positive impact on bottom line of companies as also the world around and his other book *Marketing 3.0* ,(2010) where the Guru explicates that the consumer has matured and has “deeper needs for participation, creativity, community, and idealism.” Both these works give a plethora of examples of the business striking a delicate balance between financial profits and social dividends for a better world for all. *Conscious capitalism* on the other hand explores the possibility of transforming regular business into a

Conscious one which completely does away with the niceties of CSR or other initiatives which in any case for most firms is just “green washing” or a compliance issue.

Book Structure

Introductory Chapters

The book begins with a Foreword by Bill George the bestselling author of True North, followed by an Introduction: Awakenings by Mackey by his own admissions “in my voice”. The 18 odd chapters are a “joint effort” of the two. The first chapter delineates the ‘marvelous’ concept of Capitalism, extols Entrepreneurs as “Heroes of Free-Enterprise Capitalism” and provides answers to “Why Capitalism is under attack”. Along the way the myth of profit maximization is busted; the development the “Cancer of Crony capitalism” is traced to the unholy nexus between the government and business for self-serving interests of few instead of the well being of the larger society. Chapter 2 puts forth the construct of ‘Conscious capitalism and the Heroic Spirit of Business.’ The four tenets of Conscious Capitalism namely Higher Purpose, Stakeholder Integration, Conscious Leadership, Conscious Culture and Management are elucidated in a lucid manner. Further Conscious Capitalism is differentiated from Corporate Social Responsibility, the latter in the authors’ opinion is “based on the fallacy that the underlying structure of business is either tainted or at best ethically neutral.” The distinctions between the two concepts are brought out on various aspects of business.

The second chapter traces the history of human endeavour through the ages, in particular drawing attention to momentous events that took place in human history viz. 1776, the year of Declaration of Independence and publication of Adam Smith’s Wealth of Nation and 1989, the year marked by the fall of Berlin Wall and the birth of internet. The authors point to the fact that with the median age of most countries is rising towards forties there is a consequent ascendancy of midlife values such as compassion, caring and concern for one’s community and legacy. These events together with the rising consciousness has had impact on the expectations of stakeholders from business and hence the need for a new paradigm of business. This new model is christened as Conscious Capitalism. The second chapter enunciates the four interconnected and mutually-reinforcing tenets of Conscious Capitalism namely Higher Purpose and core values, Stakeholder integration, Conscious Leadership and Conscious Culture and Management.

The chapter also illuminates the distinction between CSR and Conscious Capitalism. As opposed to CSR which is based on the premise that business being “either tainted or at best ethically neutral” needs to redeem itself by doing good, Conscious capitalism is based on the premise that

business “is good because it creates value, it is ethical because it is based on voluntary exchange, it is noble because it can elevate our existence, and it is heroic because it lifts people out of poverty and creates prosperity.” Evidence is also given about the superlative performance of conscious businesses on the stock market.

Part I : Higher Purpose

The remaining chapters from 3 to 18 are spread over four parts corresponding to the aforementioned four tenets. Part One Higher Purpose consists of two chapters chapter 3 titled Purpose: The Corporation’s Search for Meaning –brings out the distinction between Purpose, Mission and vision ; enumerates corporate /business examples of Higher Purpose; tells why purpose matters ; underlines the importance of matching individual passions with Business Purpose which is the starting point of a Conscious business- and chapter 4 Discovering and Growing Purpose- describes four categories of great purposes as articulated by Plato namely, The Good, The True, The Beautiful, The Heroic. Container Store, Google, Apple and Grameen Bank are respectively cited as representative excellent examples for the four categories of aforementioned purposes. The mechanics and process of a business enterprise discovering its purpose are dealt with in detail.

Part II : Stakeholder Integration

Part Two (chapter 5 through 12) corresponding with the Second Tenet : Stakeholder Integration has a chapter dedicated to each of the constituency of Business viz. Customers, Inspired Team Members, Investors, Innovative Suppliers, Communities living around the company’s office or factory establishment and the Environment in the Biological sense of the term. One chapter titled The Outer Circle of Stakeholders includes in its purview Competitors, activists, critics, unions, the media and government. These don’t routinely engage in voluntary exchange with the organization for mutual benefit but do have an impact on the organization. The last Chapter of Part two establishes “The Interdependence of Stakeholders” and draws attention to the fallacy of viewing and analysing stakeholders as separate entities driven by narrow self-interests resulting in conflicts. The authors underline the need for developing systems intelligence apart from analytical intelligence which at times might prevent our understanding of unity and harmony that comes from successful integration.

Part III : Conscious Leadership

Part Three consisting of two chapters (13 & 14) dwells on the third tenet of Conscious Leadership. The attributes of Conscious leaders are described as being high on analytical, emotional, spiritual and systems intelligence. Other requisites are embracing transpersonal values

such as goodness, justice, truth, love, salvation or enlightenment of others, integrity. Leadership is what leadership does. There are sections devoted to “What conscious Leaders Do”. They help people grow and evolve as individuals and as leaders in their own right; make a lasting, positive impact on the world around; embed a shared purpose in an Organization’s DNA; make tough moral choices with clarity and consistency. Conscious Leaders need not be Charismatic as history also proves that highly charismatic ones tend to demonstrate narcissism and fail in the litmus test of any leader that is to develop successors around them. Hence the need to replace Conventional leadership with Conscious Leadership which integrates the heart and the mind, the masculine and feminine, the spirit and the soul, western systems and efficiency with Eastern Wisdom and effectiveness.

Chapter 14 “Becoming a Conscious Leader” is written as a prescription to develop conscious leadership, some of which are following the Voice of inner Heart, time-tested way of finding role-models or Coaches & Mentors, developing Emotional Intelligence and Systems Intelligence. Another advice thrown in good measure is that Life is all about learning and growing and evolution to Higher Levels of Consciousness in Stages. The importance of Physical Health is also underlined.

Part IV : Conscious Culture and Management

Part Four corresponding to The Fourth Tenet Conscious Culture and Management consists of two chapters (15 and 16). Chapter 15 titled Conscious Culture describes its seven characteristics using an acronym TACTILE- Trust, Accountability, Caring, Transparency, Integrity, Loyalty, Egalitarianism and focuses on trust and caring as being the most essential of the two. Chapter Conscious Management emphasizes on an approach to Management which is consistent with Conscious culture. The seven culture elements act as sources of creative energy and inspiration and Conscious Management seeks to utilize these energies by way of collaboration and by creating a virtuous circle of reinforcing organizational practices. Conscious Management discards the use of traditional approach which assumes that manager manages, while others do the actual work. The four key elements of conscious management are : decentralization, empowerment, innovation and collaboration. Conscious managers see their role as not to control other people but to create conditions that allow for self-management. Conscious Businesses on their part are Learning Organizations.

The penultimate Chapter 17 “Becoming a Conscious Business” provides suggestions on how to start a conscious business. The example cited is that of Google as “a business designed with conscious principles” from its inception, having a clear and compelling purpose and a conscious

stakeholder philosophy. Requirements for existing business to transform into Conscious Business are; authentic commitment by Leadership, Purpose Search, Developing a stakeholder Mind-set, Changing the company's culture to one which exhibits the seven qualities of Conscious Culture.

The concluding chapter 18 discusses how the Conscious Capitalism philosophy can be spread broadly and rapidly and offers a credo for the same.

The book has 3 appendices. Appendix A illustrates how Conscious Business exhibit Superior Financial Performance than its counterparts. Appendix B illuminates related ideas viz. Natural Capitalism, Shared-value capitalism, and Creative capitalism. Appendix C busts some of the myths about Conscious capitalism in a reasoned manner.

Conclusion

The book is a valuable addition in the area of generating new business models which contribute to the higher goal of sustainable development. It would interest policy makers, entrepreneurs raring to start-up, Management practitioners interested in establishing businesses which blend financial and social considerations in a manner which satisfies all stakeholders.

By Garima Sharma

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Book Review

Bandyopadhyay Tamal, (2012). *A Bank for the Buck*, Mumbai: Jaico. pp343, Rs 395.

Tamal Bandyopadhyay 's very first book as an author 'A Bank for the Buck' is a captivating story on HDFC bank 's success. Tamal known to be India's distinguished financial journalist is the Deputy Managing Editor of Mint, a coveted Business Daily.

Tamal commands respect, within the Banking fraternity, policy makers and of course his loyal readers. His weekly column, 'Bankers Trust' is widely appreciated. With over 15 years in financial journalism, Tamal deep understanding of banking and finance reflects in his writing which is well researched and articulated. He has the ability to make finance easy to understand and at the same time create an interest for people from the non-finance world as well.

Bank for the Buck

'Bank for the Buck' encapsulates the tale of an iconic bank called HDFC Bank which commands the largest market capitalization in India. Tamal, weaves the bank's fable into an inspiration that makes one realize the potential of how HDFC created milestones through its 'dirty dozen'.

The HDFC Bank tale is covered in 13 chapters covering the bank, its people, its infrastructure. In a nutshell, the book presents a 360 degree view of the bank and chronicles the story from day 1 to where the bank is today. Each chapter is an inspiration to the reader and is captured below

One day in Malaysia

Handpicked by Deepak Parikh, Chairman, HDFC, 'Aditya Puri' was the very first choice to be the face of the bank. Aditya Puri decided to sacrifice his successful Citibank profile in Malaysia to be the founding member of HDFC Bank at the time when the institution was yet to officially receive its banking license. This is all due to the convincing power of the bank's visionary Deepak Parekh.

Raising Toast

Way back in 1987, the HDFC bosses were keen on increasing their presence in areas besides housing finance. The HDFC team leveraged the opportunity to apply for a banking license when economy opened its doors for private players. So good was the bank's application that the Sharard, the alternative executive director representing India on IMF and the economic advisor

to the government of India complimented the HDFC team on the application. Of course the compliment came in after the bank got its license officially.

Dirty Dozen

Aditya Puri, the man who means business, creates his own limitless boundaries cherry picks his own team known as the 'dirty dozen'. This team along with the experience and wisdom of Deepak Parikh is responsible to making HDFC Bank compete with international banks with an impeccable reputation.

There's a Baby on the Trading Floor

Tamal's book captures the making of HDFC brick by brick. The initial days were chaotic with a baby on the floor because employees worked all through the week end to coping up with rats relishing computer wires.

There was a different joy in creating a bank from scratch. In fact building the bank's system was like a house hold affair , with management working overnight and merging family with work so that the bank is up and running,

The bank from day one of its existence believed in creating value in the most cost efficient manner. The top management team was frugal with expenses which include curtailing foreign trips to using basic stationary to using personal coffee mugs. The bank however ensured that the banking infrastructure required was world class. HDFC Bank today has a central data center, an expensive affair but yields rich 'Return of Investment'. Through this data centre, HDFC is now a champion at cross selling thus increasing its revenue and at the same time decreasing operational costs.

Business Before Shop Opens

Aditya believed in creating shareholder value through strong fundamentals and this is the reason when you see you HDFC stock price it shows a steady growth graph. Such was the potential of the bank's team that they managed to get business even before the bank set shop officially. The bank's first bog corporate account was Siemens

Gradually as the bank scaled up to get listened on the American stock exchange , Aditya did not all the book runners to issue shares to the chosen few and ensures that there was a fair allotment to the public in general.

Doing Ordinary things in Extraordinary Ways

Banking is no rock science; HDFC offered the same banking services that other banks offered. But there was something different in their portfolio of offerings: HDFC figured out the needs of the customers in the existing but in efficient macro banking system: a good transactional banking facility – collection, payment – and an MIS. A meticulous product and services plan, the pull of the HDFC bank and aggressive marketing create the extraordinary out of the ordinary.

The Change in Course

HDFC started with a focus on corporate banking but soon the potential in retail banking. Growth was important to HDFC Bank and tapped into feeding the unbanked / under-banked population. Of course retail was not Half Way Affair but the management created a new focus and went all out.

The Entire pyramid

HDFC after changing its course was all set to tap the huge unbanked population in India. In fact as per the RBI guidelines, 40 % of the loans have to be compulsorily given to farmers, small scale industries and economically backward classes. But was this easy? In fact HDFC failed to do so and in the year 2009-10 the bank disbursed only 6 % agricultural loans. For this under performance RBI fined HDFC Bank Rs 2000 crore. This is how RBI controls the bank and penalizes for non-performance. Aditya and his team now got their act right and set goal to reach out to the under privileged. Till March 2012, 300 loan mahotsavs have been hold across India and so far have given 4 lakh households through SHGs (Self help Groups)

The bank today successfully covers the pyramid : the Tata and the Birla , the salaried class, the SME business man and the farmer who is at the bottom of the pyramid. The bank covers each layer with equal zest.

Merger on the wall

HDFC soon began its take- over marathon. The team tapped on the opportunity to take over the weaker banks and merge them in such manner so that the bank becomes stronger and larger. With the take over of Centurion Bank of Punjab to Times Bank, the Aditya Puri led bank only become the second largest bank in India after State Bank of India.

Anatomy of a Big Bang Merger

Centurion Bank of Punjab was headed by Rana Talwar who was known to be very aggressive at the cost of being reckless. One fine day the bank's board decided to sell it off to HDFC simply because the bank was under pressure to perform due the undue risk taken. HDFC decided to buy the bank but bargained very hard to get the best deal. This merger resulted in 2 things : the swap share deal : for every 1 HDFC Bank : 29 shares of Century bank of Punjab was given to the existing shareholders. The second thing was such that no one in Centurion Bank of Punjab lost his job. Such was the deal which was marked as India's largest banking deal at the cost of over Rs 9000 crores.

Warts and All

No one is picture perfect and the bank went through its own share of grave mistakes. Exotic and structured products like derivatives and swaps were the flavor of the season and every banker was trying hard to woo customers. The exotic products were beautifully carved that they soon turned toxic. Customers lost money and the bank so lost its reputation. In banking , reputation risk is big and even HDFC faced the wrath of its customers and the regulator.

The Common Sense Banker

Bankers are known to work late till night but not Aditya. He believes in leaving office at 5:30 and taking his walk for a walk. His lunch is at home and he never carries his wallet so forget about being treated by him for lunch at least. He wears his tie over a half sleeve shirt; well that is his signature style. He is simple but he loves his life to be balanced and that got him lured to banking. In this day and era he does not carry a mobile phone and holidays in Lonavala instead of Europe. Aditya loves his life and is a great banker but he sets the rule which is based on common sense.

Whose bank is it Anyway

This is the last chapter which helps fully understand the bank's future plans and where it stands today. Who has built the bank? Deepak who has the vision and chose Aditya to fulfill it or Aditya who got the team together and runs the business? Aditya is the longest serving managing director in the Indian banking industry.

It is Aditya's bank but would it have been possible without Parkeh? No this is because every leader or a CEO builds an enterprise needs an understanding head. Deepak may not have been the chairman but his influence was enormous.

This book is apt for students and professionals who are keen to know how banking works in India. The fast paced narrative style of the book makes banking an interesting story. The language is lucid making it easy for the lay reader.

Tamal's professional background as a financial journalist adds the touch of a veteran writer although this happens to be his very first book. Technical banking terms are over simplified and the context well explained. HDFC is an inspiration to every Indian who aspires to be a banker. With praises for the book from the former RBI governor, Bimal Jalan to HDFC's closest competitor Chairman of ICICI Bank, Tamal promises to give the reader the best in banking through a story called the A Bank for the Buck.

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