

Rizvi Institute
of
Management Studies & Research



Management Vision

A Compendium of Papers
January 2014
Volume 5
Issue 1
ISSN: 0975-7813

RIZVI
www.rizvi.edu.in

EDITORIAL BOARD

Editor

Dr. Kalim Khan

Director

Rizvi Institute of Management Studies & Research

Dr. C. G. D'lima

Expert

HR & Psychometrics

Dr. RB Smarta

Managing Director

Interlink Consultancy

Dr. Suresh Kumar

AVP HR

Aurobindo Pharmaceuticals

Dr. M.A. Ganachari

Trainer & Consultant

Financial Management

Dr. Vijaya Manerikar

Trainer & Consultant

HRM

Dr. Tanaya Mishra

Sr. Vice President - Group HR

JSW Steel

Dr. V. Saxena

Trainer & Consultant

Operations Management

Dr. Hemant Rajguru

Associate Professor

YCMOU

Murali Gopalan

National Business Editor

Hindu Business Line

EDITORIAL DEPARTMENT

Garima Sharma

Anjali Talreja

ADMINISTRATIVE DEPARTMENT

Swati Ghag

COVER DESIGN AND LAYOUT

Mohd. Osaid Koti

The views expressed in this publication "Management Vision" do not reflect the opinions of the institute.

Copyright ©, Rizvi Institute of Management Studies & Research, Mumbai.

All Rights Reserved. ISSN 0975-7813

Contact:

Rizvi Institute of Management Studies & Research,

New Rizvi Educational Complex, Off. Carter Road,

Bandra (West), Mumbai – 400 050.

Tel.: +91 22 2604 2180, 2604 0924

Email: managementjournal@rmi.rizvi.edu.in

Website: www.rmi.rizvi.edu.in

Dear Valuable Researchers

We at Rizvi Institute of Management Studies usher in the New Year on a triumphant note.

The success of Dimensions in Research, the Annual National Conference held on January 25 witnessed the very best in Research. We had the honor of having amongst us Mr. Muder Chiba, Ex MD, Millward Brown as Chief Guest and Guest of Honor, Dr. Pandit Palande, Pro-Vice Chancellor of Yashwantrao Chavan Maharashtra Open University

Our esteemed panelists brought in deep insights in their respective domains, which added immense value to our researchers. We profusely thank our researchers, whose contribution has truly added a richer and meaningful Dimension to Research.

As we progress into the New Year, we at Rizvi will continue our endeavor to unearth the potential in you to research. We urge you to keep up the research momentum and look forward to your papers in our July Issue.

Till then, keep exploring, keep discovering!!

Have a successful year

Dr. Kalim Khan

Contents

RESEARCH PAPERS

World Bank and Financial Inclusion <i>Sreelatha Guntupalli</i>	1-9
A Profile of Potential Managers using Tenets of Positive Psychology <i>Sumeet Manerikar</i>	10-14
Analytical study of Correlation between Major Currency Pairs to Manage Forex Exposure <i>Imran Kazji</i>	15-23
Sales Promotions: A Marketing Weapon or A Struggling Effort <i>Furqan Shaikh</i>	24-34
A Study on Competency Mapping Tools and their Usage in Organisations across Sectors <i>Garima Sharma</i>	35-56
Islamic Finance can help in Achieving Equilibrium in Wealth Distribution <i>Umar Farooq</i>	57-68
Assessing the SEBI frame work set up for Algorithmic Trading in India <i>Jamil Saudagar</i>	69-73
Benchmarking: A Tool for Portfolio Performance Measurement <i>Albert Baretto</i>	74-84
Talent Management for Employee Effectiveness <i>Sapna Malhotra</i>	85-91
Solid Waste Management in the Metro Cities of India <i>Shitala Prabhu</i>	92-101
Challenges and Opportunities for Recruitments through Social Media <i>Tabassum Dhange</i>	102-110
The Case For Strategic Human Capital Measurement <i>Kavita Sherron</i>	111-136
Six Sigma – A Process Enhancement Tool in Information Technology <i>Anit Bhatnagar</i>	137-146
Measuring Benefits of Google Analytics <i>Sanjay Gupta</i>	147-153
Role of Public Relations in Private Equity in Turbulent Times <i>Anjali Talreja</i>	154-160
Future of The Pharmaceutical Industry Depends On Values-Based Leadership <i>Ruth Dsonza</i>	161-170
Training for Leadership Development: a Discussion <i>Swati Mankad</i>	171-176
An Approach Paper - Imbibing Leadership through Structured Training at College Level <i>Amit Sanyal</i>	177-187

Contents

RESEARCH PAPERS

The Essence of Online Reputation in Business <i>Mohd. Osaïd Koti</i>	188-194
Studying the training needs of companies across sectors – Analysis, Implementation and Challenges <i>Divya Ramakrishnan</i>	195-206
Influence of Advertising on Consumer Behavior and Attitude <i>Rabul Madhyani</i>	207-214
The Indian Call Center Experience: The Role of Family as a Coping Mechanism for Customer Service Representatives (CSR) Engaging in Emotional Labor <i>Kirti K. Shenoi</i>	215-227
Leveraging Literature as a Management Teaching Tool <i>Soma Tandon</i>	228-241
An Exploration of Factors that Play A Vital Role in Facilitating Transfer of Learning From A Training Programme into Enhancement of Performance at the Workplace <i>Rita Rangnekar</i>	242-266
Stakeholder Management as a Route to Sustainable Business Model <i>Kavita Kaslimal & Sudarshan Srinivasan</i>	267-283
Assessing Consumer’s Preferences for Private Label Apparel Brands in Mumbai <i>Sameer V Charania</i>	284-292
The Changing Role of Print News Media in India <i>Manjula Srinivasan</i>	293-298
JUGAAD to Reverse Innovation and the Ascent of Indian Management Professionals as Global Shapers through Globally Collaborative Education Platforms <i>Dr. Pandit Palande & Dr. Vijay Page</i>	299-302

GUIDELINES

Detailed Guidelines on Submitting Research Papers

World Bank and Financial Inclusion

Ms. Sreelatha Guntupalli¹

Abstract

According to World Bank 'financial inclusion implies universal access to appropriate and affordable financial services which are essential to inclusive growth'. Removal of poverty, creation of employment, providing minimum standard of living, accessibility to financial services are the indicators of inclusive growth. The strategy for financial inclusion of World Bank is a global strategy which is aimed at comprehensive economic growth and poverty alleviation. Poverty reduction through an inclusive and sustainable globalization remains the all encompassing goal of world banks activities and programs.

The little data book on financial inclusion 2012, which is a pocket edition of Global Findex, summarizes the findings in India. The findings and conclusions of Global Findex summarize the elements of savings, borrowings, and making payments and managing risks.

Objectives of the study:

- *To understand and emphasize the role of World Bank in Global Financial inclusion*
- *To study the initiatives taken by global economies for financial inclusion*
- *To outline the progress of financial inclusion in India*

Development of an efficient financial system paves way for growth opportunities, resource allocations and mobilizes savings leading to financial security to individuals and entrepreneurs. The regulatory bodies and policy makers need to ensure establishment of such system for financial inclusion.

Key Words: *Financial inclusion, Global Findex, unbanked, underbanked, World Bank*

1.0 Introduction

According to World Bank 'financial inclusion implies universal access to appropriate and affordable financial services which are essential to inclusive growth'. Removal of poverty, creation of employment, providing minimum standard of living, accessibility to financial services are the indicators of inclusive growth. The strategy for financial inclusion of World Bank is a

¹ Assistant Professor – Sinhgad Institute of Management, Chandivali, sreelatha1106@gmail.com

global strategy which is aimed at comprehensive economic growth and poverty alleviation. The prime objective of World Bank with which it started its operations in 1945 was promoting, restructuring, developing and extending financial help to the low and developing economies. It has eventually emerged to play a pivotal role in the development of financial systems, build capacity by helping countries strengthen governments and provide training and research facilities to those who are interested in development issues. The term financial inclusion is itself moulded in various ways by the World Bank through its diverse functions.

Financial inclusion encompasses the range, quality and availability of financial services and delivery of banking services at an affordable cost. The term affordable connotes the approachability to the facilities offered by banks and within the financial reach of the underserved and unbanked. Obscure processes and complicated systems repel the individuals in approaching a bank. The World Bank Institute (WBI)² initiates many programs to proliferate financial inclusion through various modes like entertainment education, school based curriculum and technology based solutions which include vastly mobile to the unbanked and underbanked³. Poverty reduction through an inclusive and sustainable globalization remains the strategic goal of world banks activities and programs.

There are 188 member countries of World Bank which mostly includes economies of Africa and Asia. Almost 70% or 2.7 billions of the adult population in these developing countries lack access to basic financial services such as savings, remittances and insurance products. Informal modes of remittances and payments are used. The transactions are still 'cash to cash' exchanges rather than 'bank to bank'. The largest share of unbanked populations is Sub-Saharan Africa where only 12% are banked and South Asia with only 24% banked. In 2012, according to FINMARK⁴ trust, out of total 33.7 million, 22.5 million or 67% of population are banked in South Africa.

According to FDIC⁵, in USA, which is considered to be the most advanced country, 17 million adults or 8.2% of households are unbanked, and around 24 million or 20.1% households are under banked. The Gross domestic product in Middle East and North Africa (MENA) indicates a healthy sign for financial sector but only 10.4 percent of population in Yemen and 19.2 percent

² WBI or World Bank Institute supports the World Bank in its operational work in three major areas of collaborative Governance, Innovative solutions and Knowledge based programs

³ Unbanked and underbanked: According to FDIC (Federal Deposit Insurance Corporation) Unbanked population are individuals who do not use banks or institutions for financial transactions and under banked are individuals who use bank account and also rely on alternative financial services

⁴ Fin Mark trust is an independent trust whose business is controlled by seven trustees from countries in South Africa which is funded by UK Departments for International development (DFID)

⁵ FDIC, (Federal Deposit Insurance corporation), National survey of unbanked and under banked households (September 2012)

in Syria have a bank account. This signals an alert for accelerating of financial inclusive programs in these countries.

2.0 Research Methodology

The study is based on secondary research, which includes extensive reference to World Bank journals, research articles, and relevant websites.

3.0 Objectives of the study

- To understand and emphasize the role of World Bank in Global Financial inclusion
- To study the initiatives taken by global economies for financial inclusion
- To outline the progress of financial inclusion in India

4.0

A. Approach to Financial Inclusion

The focus is on a Comprehensive approach⁶ to financial inclusion which covers 3 aspects: Access, Usage and Quality

Access: The access to financial services implies a strong financial system with appropriate channels which can reach the underserved and unbanked. The financial system in an economy, need to pave way for the growth opportunities, resource allocations and mobilize small savings of individuals and small entrepreneurs.

Usage: The usage aspect covers the identification of innovative financial products which need to be framed according to the needs of individuals. World Bank focuses the financial growth for unbanked and underserved including the small and medium entrepreneurs. In this process the bank has geared its support by working with more than 200 financial sector specialists dealing with national strategies for financial inclusion.

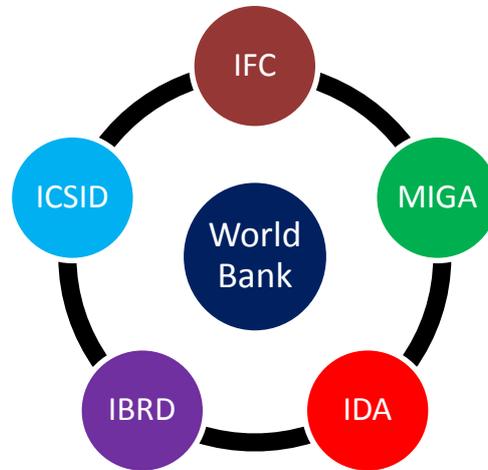
Quality: It emphasizes on identifying need-based financial products and services. The basal needs of low income groups and entrepreneurs are, manage day to day transactions, and improve quality of life and investments with stable returns to manage the assets, and thereby fulfill the economic transactions and channelize savings and remittances. Therefore, banks and financial institutions which are the pillars of the country need to innovate those financial products and

⁶ Comprehensive Approach, given by International finance corporation (IFC), for implementation of financial strategies

services which qualify and satisfy these requirements of unbanked groups and small entrepreneurs.

B. World Bank and its Five Wings

The activities and programs of World Bank are developed, supported, promoted and facilitated by the following organizations:



IFC- International Finance Corporation: It is the largest global development institution focused extensively on private sector, providing advisory services to businesses and government. It helps the GPMI (Global partnership for financial inclusion), which is formed by G20⁷ countries, to implement financial inclusion programs. It also plays a leading role in SME finance and extends its financial and technical assistance to women entrepreneurs through its BOW-Banking for women program.

MIGA-Multilateral Investment Guarantee Agency: It offers political risk insurance to investors and lenders and supports economic growth. MIGA's mission is to promote foreign direct investment (FDI) into developing countries to support economic growth, reduce poverty, and improve people's lives.

IDA-International development association is part of the World Bank that helps world's poorest countries reduce poverty by providing loans (credits) and grants. It is considered as World Bank's fund for poorest countries. It provides financial support to education, health, agriculture and institutional development and has covered more than 108 countries since its inception. The 'ABCs of IDA'⁸ provide an insight into its support activities of development, primarily and largely that of Africa.

⁷ The Group of Twenty (G20) is the premier forum for international cooperation on the most important issues of the global economic and financial agenda

⁸ The data, analysis and achievements of IDA are outlined in 'ABCs of India'

IBRD- International bank for Reconstruction and Development: The main mission of IBRD is to help reduce poverty and lends to Governments of middle income and creditworthy low income countries. Its main aim is to help countries achieve inclusive and sustainable growth, through loans, risk management products and advisory services. It grants low or no-interest loans to low-income countries. India, Indonesia, Pakistan are examples of credit-worthy low- income countries.

ICSID-International centre for settlement of Investment disputes: It provides for conciliation and arbitration of investment disputes. It encourages free flow of international investments. There are 158 signatory states of which 149 states have deposited instruments of ratification, acceptance and approval of the convention.

C. World Bank research group

The activities of World Bank are focused towards elevating citizens to ‘financial citizens’ by facilitating financial channels for individual self sustenance and growth, creation of economic assets and thereby augment the financial resources. The World Bank Financial Inclusion and Consumer Protection Service Line supports low and middle income countries strengthen financial consumer protection frameworks. The 2011 GWP⁹ surveyed at least 1,000 individuals per country in 148 economies—representing approximately 97 percent of the world’s population—using randomly selected, nationally representative samples. This results of the research was released by World Bank as ‘Global Findex’ in April 2012. The findings and conclusions of Global Findex summarize the elements of savings, borrowings, and making payments and managing risks. The recent update of Global Findex indicates three quarters of world’s poor lack a bank account because of poverty, costs, travel distances and burdensome requirements in opening an account (World Bank, March 2013). IFC (International Finance Corporation), CGAP (The Consultative Group to Assist the Poor), UN (United Nations) also provide a range of complementary forms of assistance such as country-led surveys, monitoring advisory services and demonstration models. FISF (Financial Inclusion Support Framework) was launched in April 2013 to support countries achieve their national commitments and accelerate the financial development programs. CGAP, established in 1995 by the World Bank is another epochal organization working towards development of innovative solutions for financial inclusion and ameliorate research programs for the same. Its Global forum 2020 for financial inclusion is conducted in October 2013, aimed to reckon innovative ways in the roadmap to Global Financial inclusion.

⁹ Gallup World Poll or GWP is a division of Gallup Inc, headquarters in Washington DC, which is a research based performance –management consulting company

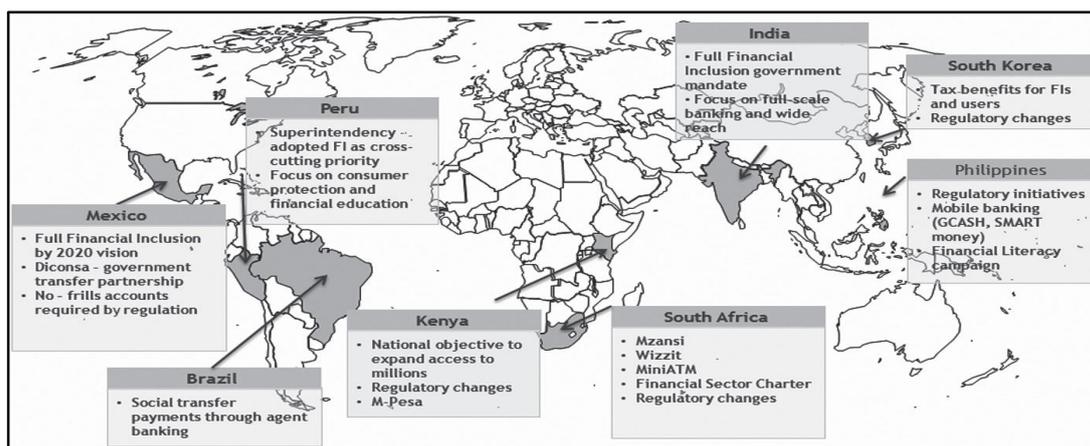
‘For the poor, money management is a fundamental and well understood part of everyday life and it is key factor in determining the level of success that poor households have in improving their own lives. Financial inclusion of rural masses may be viewed as opportunity and a challenge for banks and other players in formal financial sector.’ CAB

CGAP and CAB¹⁰, in ‘India Banking Agents Survey, 2012’, conducted a survey across 11 states in India. The survey concluded that inspite of India’s strong banking network; there are many implementation issues, like lack of awareness, high transaction costs, inflexible and non-customized products, and a huge imbalance between demand side and supply side.

D. Support to G20 Countries by World Bank:

The formation of G20 is another major step taken by countries to promote not just financial inclusion but innovative financial inclusion which will help in preventing financial risks and crisis and also ‘modernize international financial architecture. It has established GPMI (Global Partnership for Financial Inclusion) which counts the World Bank, IFC, and CGAP as implementation partners.

The countries which have advanced and geared up in financial inclusion with the help of World Bank can be summarized in the following map:



The World Bank was instituted to assist the economic development of nations by extending loans where private capital was not available. But its rudimentary functions, aims, objectives now are more comprehensive, extending its support to nations including policy advice, data and diagnostics, technical assistance for legal and regulatory reforms, institutional development, risk-sharing and financing.

¹⁰ CAB is College of Agricultural Banking in India which is actively involved in research for innovative ways of financial inclusion, rural banking and ICT (Information and Communication Technology) solutions for financial inclusion

Percentage of Unbanked population as given by The Alliance for Financial Inclusion (AFI, 2012) are Rwanda 77%, Brazil 57%, Mexico 75%, India 52%, China 61%, Russia 31%, South Africa 61%, USA 9%. It is not just the individuals that need to be considered as unbanked but the ignored sector is small and medium enterprises. Keeping this in view by the end of 2012, World Bank reached more than 53 million MSMEs (Medium, Small, and Micro enterprises) with active loan portfolios of more than \$4.5 billion and with lending and technical assistance of projects in more than 70 countries (World Bank group, 2013).

E. World Bank and India

Financial inclusion is a process of ensuring access to appropriate financial products and services needed by all members of society in general and vulnerable groups in particular, at an affordable cost in a fair and transparent manner by mainstream institutional players.(KC Chakrobarthy, Deputy Governor, RBI, 2012)

The little data book on financial inclusion 2012, which is a pocket edition of Global Findex, summarizes the findings in India. Adults who are 15+ having account with formal institutions account top 35% in which 43.7% are male and 26% are female. This indicates the great need of financial literacy programmes and also financial independence for women. 33% of adults in the rural areas have a formal account compared to 41% in urban areas which is not a significant difference. If financial inclusion is all about opening of an account then India scores a good percentage of almost 72% of adults using the account for deposit transaction and 68% using for withdrawals, but once or twice a month.

The recent document¹¹, March 2013, of the World Bank on Country Partnership Strategy for India for the Period FY: 2013–2017 states the targets for financial inclusion as follows:

- Additional one million households with access to formal financial services by 2017.
- Additional 20 million loans provided to micro, small, and medium-enterprises in targeted states by 2017 including 0.5 million to female-owned microenterprises.
- Additional 750,000 payment accounts to be opened by 2017.

5.0 Conclusion

The Indian banking system has undergone a huge transformation for the past decade. Many new models and reforms have been introduced to include more and more of under banked and unbanked into the financial stream. Easing of KYC (Know Your Customer) norms, introducing

¹¹ Document of The World Bank Report No. 76176-IN

no-frills account, the BC model are introduced for inclusion. A Business Correspondent or BC is an entity that acts as a teller for the bank and carries out a full range of transactions on behalf of the bank. BCs are paid commissions by banks for the services they render. The number of BCs in villages, which was 35,174 in 2010, increased to 2.21 lakh by March 2012. While 447 BCs served un-banked people in urban locations in 2010, their number increased to 27,143 during 2012-13.*(IIBF, Vision)

The Reserve bank of India is embarking on ICT (Information and communications technology), through the tools of mobiles and wireless. RBI's annual report for 2012-13 says that nearly 7,400 rural branches were opened during 2010-13. However, the country had witnessed a reduction of about 1,300 rural branches during the past two decades. There is humongous work to be done by financial institutions, regulatory agencies, and technology service providers, to enable sustainable financial inclusion. Encouraging banks to initiate the ICT based payment system; Shri Harun R. Khan, Deputy Governor, Reserve Bank of India at BANCON 2012, (held at Pune organized by Indian Bankers Association) connotes the seven cornerstones of financial inclusion as, Accessibility, Availability, Affordability, Awareness, Acceptability, Assurance and Appropriateness. An unrestrained access to public good and services by the population of the country signals an open and efficient economy. The regulatory agencies along with government and RBI are consistently working towards identifying the causes of financial exclusion and strategies to be adopted to ensure financial inclusion of the poor and underprivileged.

While the has played a significant role in opening of bank accounts by urban, semi-urban, rural poor population, the percentage of 'active accounts' seem to be very less. Thus, the work on financial inclusion has just begun and there is substantial scope to be covered. This magnanimous task should be carried out with the experience gained from western, African and Asian countries, supported by World Bank.

References

- Asli Demirguc-Kunt and Leora Klapper, Policy, *The Global Findex Database*, Research Working Paper 6025, 2012.
- Document of the world bank, Report no: 76176-N;
- Dr. Bimal Anjum, Rajesh Tiwari, 'Role of Private Sector banks for financial inclusion' International Journal of Multidisciplinary Research, Volume 2, Issue 1, Jan 2012,;
- FDIC, National Survey of underbanked and unbanked households, 2011;
- GPMI, Principle Report on Innovative Financial inclusion, May 2010;
- GPMI, The G20 basic set of financial indicators; June 2012;
- IIBF Vision, Vol: 6; Issue 2; Sept 2013;
- K G Karmakar, 'Towards Financial inclusion in India', SAGE India publications, 2011;
- M Andrianaivo, *Review of economics and institutions*; Volume 3-No 2, Spring 2012, Article 4
- Michael S Bare, Anjali Kumar and Robert E Litan, 'Building inclusive financial systems', Brookings Institution Press, c2007.
- Nirupam Mehrotra, Dr. V. Puhazhendhi, Gopakumaran Nair G, Dr. B. B. Sahoo, Occasional, Paper48, *Financial inclusion overview*, NABARD;
- Rangarajan Committee, *Report of committee on financial inclusion*, 2008, Govt of India;
- V Leeladhar, 'Taking Banking Services to the Common Man', 2005
- World bank, 'The World Bank's fund for poorest', ABCs of IDA', vol 5, No 8, 2012
- World Bank, The little data book on financial inclusion, 2012

A Profile of Potential Managers using Tenets of Positive Psychology

Mr. Sumeet Manerikar¹²

Abstract

Dr. Martin Seligman's contribution of positive psychology is well known and has proved its utility in various fields. In this paper we have used concept of "flourishing" and tried to test its applicability in establishing a profile of potential managers. The objective of this paper is to identify their character strengths using Dr. Seligman's scale(48items covering 24 strengths)The scale was administered on a sample of 150 management students studying for post-graduate management degree programme (potential managers). The data was analysed and used to identify the areas of strengths and weaknesses as per Dr. Seligman's classification. These in turn are used to suggest the "flourishing" strategies, to create effective managers. The 2 main strategies which emerged are:1.Use of positive psychology scale to select future managers.2.conduct training programmers to improve managerial effectiveness. The study also established the utility of positive scale in identification of character strengths of managers.

Key Words: : Tenets of positive psychology, potential managers

1.0 Introduction

Positive psychology has roots in the humanistic psychology of the 20th century, which focused heavily on happiness and fulfillment. Earlier influences on positive psychology came primarily from philosophical and religious sources

Several humanistics and practices pertaining to human happiness and flourishing. More recently, positive psychologists have found empirical support for the humanistic theories of flourishing. In addition, positive psychology has moved ahead in a variety of new directions.

Positive psychology began as a new area of psychology in 1998 when Martin Seligman, considered the father of the modern positive psychology movement, chose it as the theme for his term as president of the American Psychological Association. Though the term originates with Maslow, in his 1954 book Motivation and Personality, and there have been indications that

¹² Associate Professor – Research Centre, WE School

psychologists since the 1950s have been increasingly focused on the promotion of mental health rather than merely treating illness. In the first sentence of his book *Authentic Happiness*, Seligman claimed: "for the last half century psychology has been consumed with a single topic only - mental illness", expanding on Maslow's comments. He urged psychologists to continue the earlier missions of psychology of nurturing talent and improving normal life.

The first positive psychology summit took place in 1999. The First International Conference on Positive Psychology took place in 2002. More attention was given by the general public in 2006 when, using the same framework, a course at Harvard University became particularly popular. In June 2009, the First World Congress on Positive Psychology took place.

2.0 Literature Review

Isen & Reeve (2005) proposed that positive affect led to positive intrinsic motivation for completing task. As a result of the intrinsic motivation, the employees enjoyed the task more and were more optimistic when having to complete more uninteresting task. The combination of having the freedom to choose tasks and maintaining positive affect results in better task performance. Positive affect promotes self-control to remain focused on any task and forward-looking thinking that motivates workers to look-forward to more enjoyable tasks.

Concepts of positive psychology like hope and altruism provide a positive work environment that influences the moods and attitudes of workers. Youssef & Luthans (2007) examined the effects hope, optimism, and resilience had in the workplace on employees' job performance, job satisfaction, work happiness, and organizational commitment. Hope and resilience had a more direct effect on organizational commitment whereas hope had a greater impact on performance. Hope allows employees to be better at creating more realistic plans for completing task so as not to focus on the failure that accompanies an incomplete task. Optimism strengthens the employee's resilience to break through barriers and causes the employee to build social support and other strengths to overcome obstacle he or she may encounter.

3.0 Objectives of the study

- To identify the signature strengths of a group of potential managers and develop a profile.
- To recommend strategies to enhance their strengths with a view to make them effective managers.

4.0 Research Methodology

A survey was conducted using a questionnaire method. For this purpose Dr.Martin Seligman’s test of signature strengths (source – flourish) was used. It consists of 24 character strengths. These in turn are used to form 6 clusters.

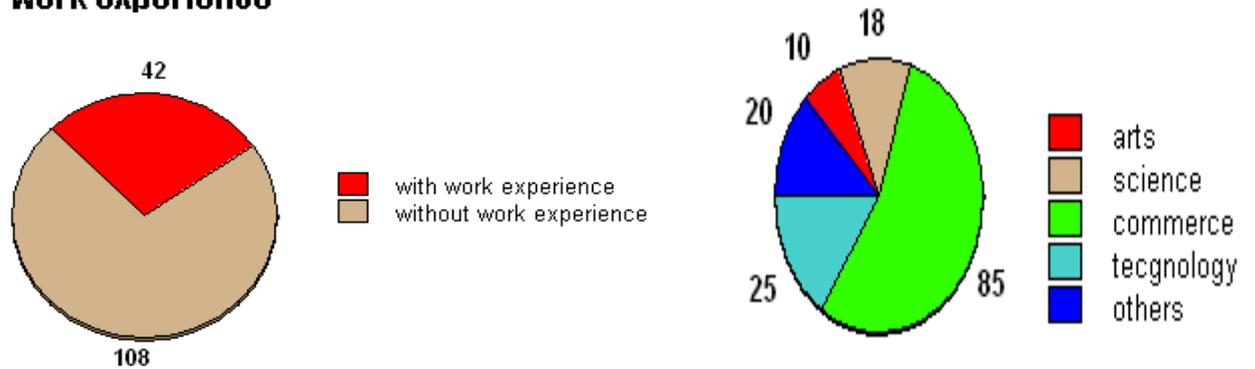
Dr. Seligman and Dr. Peterson report Cronbach’s alpha of .70 and the test -retest correlation of .70. They also state that the test is useful in classifying the character strengths of individuals.

In this study it is used for identifying strengths of potential managers.

Sample: A group of students studying for master of management studies was administered character strengths questionnaire and their scores were used to get a group profile.

Sample size: N=150.

work experience



Characteristics of sample (educational background)

5.0 Analysis and Findings

The scores of potential managers on 24 character strengths were converted into 6 clusters. The clusters and the corresponding scores are given below.

Character strengths	Means
Wisdom and knowledge	7.00
Courage	6.76
Humanity and love	6.72
Justice	6.96
Temperance	6.44
Transcendence	6.50

Table 1 :

Wisdom and knowledge
Justice
Courage
Humanity and love
Transcendence
Temperance

Table 2 : Hierarchy of character strengths for potential managers

Descriptive profile of potential managers using character strengths (group means)

Wisdom and knowledge:

Do not like ambiguity, like learning new things, are reality oriented, like to maximise skills and interest in work, are approached by other people for help and guidance, can get easily bored

Courage:

Can face danger and take risks, are persevering, are flexible, realistic and goal oriented.

Humanity and love:

Have positive social interaction with others, acknowledge, people’s worth, are both empathetic and sympathetic.

Justice:

Do well as group members/team member, take objective decision, try to treat everybody equally, and can be good leaders.

Temperance:

Have self -control, have moderate humility, are careful and are somewhat impatient

Transcendence:

Are hopeful, zestful, but moderately spiritual and grateful, and tend to take things for granted.

Discussion:

The study shows that Dr. Seligman scale can be fruitfully applied to get the profile of potential managers. This profile was discussed with a few management educators and human resource managers to gain a better insight the following points immersed. They confirmed that these are in agreement with their perceptions about the group. They describe the group as being cognition oriented, practical and worldly, goal oriented, and possessing decision making and leadership skills. But added that they don’t have time for finer things which have no impact on their immediate progress.

6.0 Recommendations

The following strategies emerged.

- Use of Dr. Seligman scale at the time of selecting potential managers. It may be added that they already go through a rigorous selection procedure consisting of aptitude test, group discussion, and personal interview.
- Training programs to enhance the character strengths and make them effective managers. It may be added that they already go through a number of behavioural management programs.

References

- Authentic Happiness: Using the New Positive Psychology to Realize Your Potential for Lasting Fulfillment, by Martin E.P. Seligman
- Seligman, Martin E.P.; Csikszentmihalyi, Mihaly (2000). "Positive Psychology: An Introduction". *American Psychologist* 55 (1): 5–14. doi: 10.1037 / 0003-066X.55.1.5. PMID 11392865
- Peterson, C. (2009). Positive psychology. *Reclaiming Children and Youth*, 18(2), 3-7. Retrieved from <http://search.proquest.com/docview/852771573?accountid=14771>
- Peterson, Christopher (27 July 2006). *A Primer in Positive Psychology*. Oxford University Press. ISBN 978-0-19-518833-2.
- Snyder, C. R. (Ed.). (2000). *Handbook of hope: Theory, measures, and applications*. San Diego, CA: Academic Press

Analytical study of Correlation between Major Currency Pairs to Manage Forex Exposure

Mr. Imran Kazi¹³

The Forex Market is the biggest and the most liquid financial market in the world. It boasts a daily volume of more than 4 trillion dollars.

Abstract

The Foreign Exchange market (FX Market) is a form of exchange for the global decentralized trading of international currencies. Financial centers around the world function as anchors. Any one exposed to the Foreign Exchange market cannot ignore the fact that some currencies pairs are highly correlated as compared to others, either having a positive or negative relationship. The correlation between such pairs is used as a tool by various entities to devise risk management or speculative strategies. This research paper intends to identify such pairs, and understand the reason behind the high degree of correlation.

Key Words: Arbitrage, Currency pair, Correlation, Foreign Exchange Market, Derivatives, Hedging, Speculation

1.0 Introduction

Some currency pairs tend to move in the same direction while others move in the opposite direction. Over the long term, most currencies that trade against the U.S. dollar have an above 50% correlation. This is the case because the U.S. dollar is a dominant currency that is involved in 90% of all currency transactions (*Apte, P., 2006*). Furthermore, the U.S. economy is the largest in the world, which means that its health has an impact on the health of many other nations. But USD strength is not the only fundamental that drives the currency pairs; some have a high degree of correlation due to various domestic, regional or global factors. This can interest many market participants including hedgers, speculators and arbitrageurs (*Clark, E. et al., 2004*).

¹³ Research Scholar – Shri Jagdishprasad Jhabarmal Tibrewala University, imrankazi@rmi.rizvi.edu.in

2.0 Objectives

- To study the correlation between major currency pairs.
- To identify the currency pair with high degree of correlation.
- To understand the reasons behind the high degree of correlations between such currency pairs.

3.0 Scope and Limitations of Study

- The study only takes into account major currency pairs which are widely traded in the Forex market.
- The study analyses correlation using 5 min, hourly, daily and weekly data.
- The study does not include any predictive study to forecast the impending movement of major currency pairs.

4.0 Research Methodology

Sources of Data

Secondary data:

- The currency data was referred from Bloomberg and the correlation values were obtained from www.forexticket.us
- Other data gathered from books and publications, magazines, internet, journals and periodicals, etc.

5.0 Research Design

Quantitative Descriptive Cross-sectional

The research intends to collect and analyze the correlation between the major currency pairs and analyzing the reasons and implications. It is temporal in nature and conducted using a subsection of the total available data points.

6.0 Literature Review

Correlation is the statistical measure of the relationship between two securities or assets. The correlation coefficient ranges from -1 to +1.

- A correlation of +1 means two currency pairs will move in the same direction 100% of the time.
- A correlation of -1 means two currency pairs will move in the opposite direction 100% of the time.
- A correlation of 0 means no relationship exists between currency pairs.

There are many official currencies that are used all over the world, but there only a handful of currencies that are traded actively in the Foreign Exchange market. In currency trading, only the most economically/politically stable and liquid currencies are demanded in sufficient quantities (Nelson, M., 2005). For example, due to the size and strength of the United States economy, the American dollar is the world's most actively traded currency. In general, the eight most traded currencies (in no specific order) are the U.S. dollar (USD), the Canadian dollar (CAD), the euro (EUR), the British pound (GBP), the Swiss franc (CHF), the New Zealand dollar (NZD), the Australian dollar (AUD) and the Japanese yen (JPY).

Currencies must be traded in pairs. Mathematically, there are 27 different currency pairs that can be derived from those eight currencies alone. However, there are about 18 currency pairs that are conventionally quoted by Foreign Exchange market makers as a result of their overall liquidity.

These pairs are:

USD/CAD	EUR/JPY	USD/JPY	CHF/JPY	GBP/USD	AUD/CAD
EUR/USD	EUR/CHF	EUR/CAD	AUD/JPY	NZD/USD	GBP/CHF
USD/CHF	EUR/GBP	EUR/AUD	AUD/NZD	AUD/USD	GBP/JPY

Table 1 :

The total amount of currency trading involving these 18 pairs represents the majority of the trading volume in the FX market. This manageable number of choices makes trading a lot less complicated compared to dealing with equities, which has thousands of possible choices to choose from.

7.0 Data Analysis and Findings

Data Analysis and Findings

Pearson’s r (R) is a measure of correlation; sometimes, we just call it the correlation coefficient. R tells us about the strength of relationship between ‘X’ and ‘Y’. The formula for Pearson’s r is somewhat similar to the formula for the slope (b). It is as follows:

$$r = \frac{\sum XY - \frac{(\sum X)(\sum Y)}{n}}{\sqrt{\sum X^2 - \frac{(\sum X)^2}{n}} \sqrt{\sum Y^2 - \frac{(\sum Y)^2}{n}}}$$

R value of around 0.7 or more indicates that the two variables are fairly highly associated.

The tables below shows the one on one correlation between major currency pairs like AUDUSD, EURJPY, EURUSD, GBPUSD, NZDUSD, USDCAD, USDCHF, and USDJPY.

Correlation between the major currency pairs– 5 min, Hourly, Daily and weekly is shown below. The data collected is of 200 periods. *Source: <http://www.forexticket.us/en/tools/01-01-correlation>, taken at 5.30 pm on 18th Dec 13.*

5MIN CORRELATION

	AUDUSD	EURJPY	EURUSD	GBPUSD	NZDUSD	USDCAD	USDCHF	USDJPY	
AUDUSD	100	25.7	43.3	-43.6	71.3	-56.6	-39.8	-25.1	AUDUSD
EURJPY	25.7	100	86.7	-86.7	55.8	-45.3	-81.9	50.3	EURJPY
EURUSD	43.3	86.7	100	-94.4	77.2	-71.7	-95.6	1.3	EURUSD
GBPUSD	-43.6	-86.7	-94.4	100	78.5	74.1	95.3	-11.7	GBPUSD
NZDUSD	71.3	55.8	77.2	-78.5	100	-71.8	-80.6	-21.7	NZDUSD
USDCAD	-56.6	-45.3	-71.7	74.1	-71.8	100	69.8	32.1	USDCAD
USDCHF	-39.8	-81.9	-95.6	95.3	-80.6	69.8	100	0.6	USDCHF
USDJPY	-25.1	50.3	1.3	-11.7	-21.7	32.1	0.6	100	USDJPY
	AUDUSD	EURJPY	EURUSD	GBPUSD	NZDUSD	USDCAD	USDCHF	USDJPY	

Fig. 1:

HOURLY CORRELATION

	AUDUSD	EURJPY	EURUSD	GBPUSD	NZDUSD	USDCAD	USDCHF	USDJPY	
AUDUSD	100	53.7	13.1	57.4	44	-82.5	35.8	56.8	AUDUSD
EURJPY	53.7	100	56.9	60.5	17.2	-45.5	-0.3	87.5	EURJPY
EURUSD	13.1	56.9	100	31.2	22.9	-6.5	-73	10.1	EURUSD
GBPUSD	57.4	60.5	31.2	100	20.6	-32	29.3	54.9	GBPUSD
NZDUSD	44	17.2	22.9	20.6	100	-59.7	-2.3	7	NZDUSD
USDCAD	-82.5	-45.5	-6.5	-32	-59.7	100	-38.5	-51	USDCAD
USDCHF	35.8	-0.3	-73	29.3	-2.3	-38.5	100	42.6	USDCHF
USDJPY	56.8	87.5	10.1	54.9	7	-51	42.6	100	USDJPY
	AUDUSD	EURJPY	EURUSD	GBPUSD	NZDUSD	USDCAD	USDCHF	USDJPY	

Fig. 2 :

DAILY CORRELATION

	AUDUSD	EURJPY	EURUSD	GBPUSD	NZDUSD	USDCAD	USDCHF	USDJPY	
AUDUSD	100	-86.4	-9.9	-66.8	73.1	-91.8	32.1	-95.6	AUDUSD
EURJPY	-86.4	100	52	87.7	-45.3	82.3	-68.3	92	EURJPY
EURUSD	-9.9	52	100	54.8	16	15.9	-95.4	14.3	EURUSD
GBPUSD	-66.8	87.7	54.8	100	-31.8	72.8	-66.8	76.5	GBPUSD
NZDUSD	73.1	-45.3	16	-31.8	100	-77.6	-4	-60.1	NZDUSD
USDCAD	-91.8	82.3	15.9	72.8	-77.6	100	-35.6	88.1	USDCAD
USDCHF	32.1	-68.3	-95.4	-66.8	-4	-35.6	100	-35.2	USDCHF
USDJPY	-95.6	92	14.3	76.5	-60.1	88.1	-35.2	100	USDJPY
	AUDUSD	EURJPY	EURUSD	GBPUSD	NZDUSD	USDCAD	USDCHF	USDJPY	

Fig. 3:

WEEKLY CORRELATION

	AUDUSD	EURJPY	EURUSD	GBPUSD	NZDUSD	USDCAD	USDCHF	USDJPY	
AUDUSD	100	-71.6	-28.8	-24.7	72.5	-82.9	21	-65.8	AUDUSD
EURJPY	-71.6	100	49	51	-16.8	73.8	-43.2	86.6	EURJPY
EURUSD	-28.8	49	100	88.8	25.1	17.8	-95	-1.2	EURUSD
GBPUSD	-24.7	51	88.8	100	31.3	15.4	-86.6	7.3	GBPUSD
NZDUSD	72.5	-16.8	25.1	31.3	100	-55.8	-33.2	-34.3	NZDUSD
USDCAD	-82.9	73.8	17.8	15.4	-55.8	100	-16.5	74	USDCAD
USDCHF	21	-43.2	-95	-86.6	-33.2	-16.5	100	5.5	USDCHF
USDJPY	-65.8	86.6	-1.2	7.3	-34.3	74	5.5	100	USDJPY
	AUDUSD	EURJPY	EURUSD	GBPUSD	NZDUSD	USDCAD	USDCHF	USDJPY	

Fig. 4:

All the currency pairs which have a high positive correlation i.e. more than 70% are marked with rectangle.

All the currency pairs which have a high negative correlation i.e. more than 70% are marked with oval.

It is evident that of all pairs the currency pairs with high degree of correlation – either positive or negative are USDCHF & EURUSD, USDJPY & EURJPY, USDCHF & GBPUSD, USDCAD & AUDUSD and EURUSD & GBPUSD. Although the strong relationship between these currency pairs is partially due to the common dollar factor in the two currency pairs, the fact that the relationship is far stronger than that of other currency pairs, stems from specific fundamentals factors. For example, AUDUSD and USDCAD are highly related as both Australian Dollar and Canadian Dollar are commodity price driven currencies. The correlation is highest between USDCHF & EURUSD, due to the close ties between the Euro zone and Switzerland.

CHF stands for the Swiss franc and it happens to be the legal and certified currency of exchange belonging to Switzerland and Liechtenstein. The only remaining currency across Europe still named franc, even the Central Bank of Switzerland uses the currency. As a country surrounded by other members of the Euro zone, Switzerland has very close political and economic ties with its larger neighbors. The close economic relationship began with the free trade agreement established back in 1972 and was then followed by more than 100 bilateral agreements. These

agreements have allowed the free flow of Swiss citizens into the workforce of the European Union (EU) and the gradual opening of the Swiss labor market to citizens of the EU. The two economies are very intimately linked. Therefore, if the Euro zone contracts, Switzerland feels the ripple effects. To add to this, Swiss franc was pegged against the Euro on 5th September 2011 in an attempt to protect its economy from the European debt crisis. The Swiss National Bank in effect devalued the franc, pledging to buy "unlimited quantities" of foreign currencies to force down its value. The SNB warned that it would no longer allow one Swiss franc to be worth more than €0.83 – equivalent to SFr1.20 to the euro – having watched the two currencies move closer to parity as Switzerland became a "safe haven" from the ravages of the Euro zone crisis. It was done as the massive overvaluation of the Swiss franc which was being bought in uncertain scenario due to its safe haven status posed an acute threat to the Swiss economy and carries the risk of a deflationary development according to Switzerland's central bank.

The long term correlation is further depicted in the following graphs which depict that USDCHF and EURUSD currency pair are water images of each other.

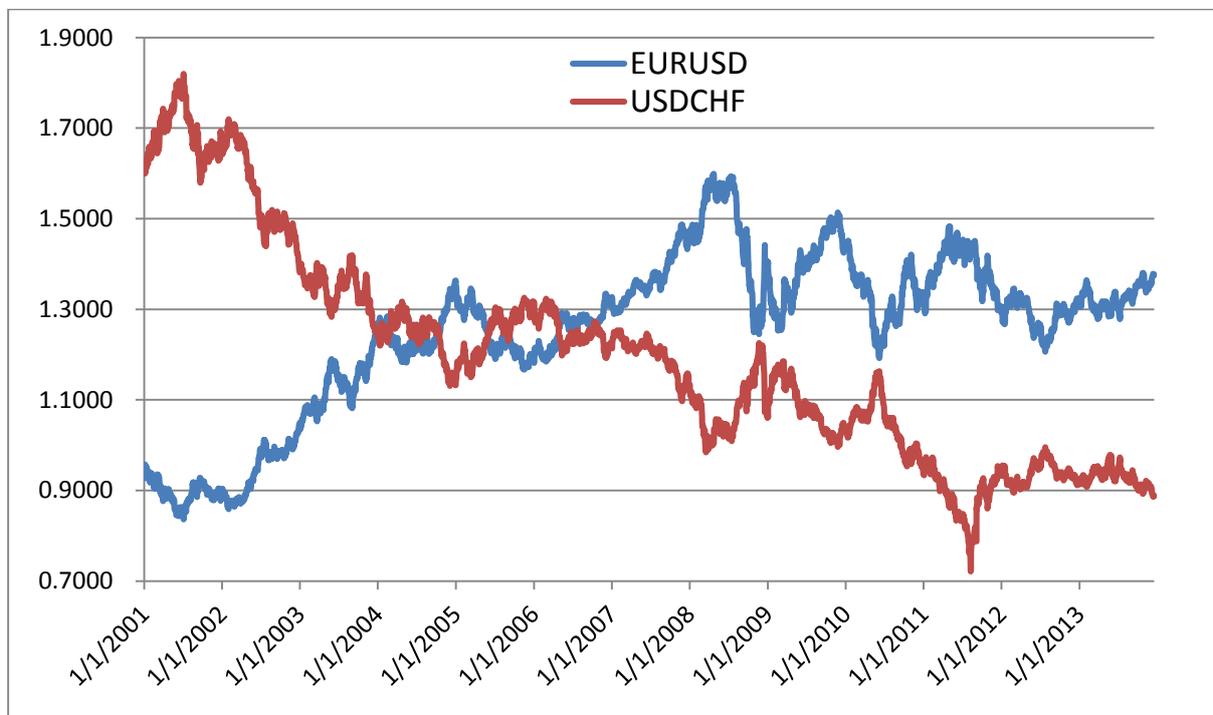


Fig. 5: Dotcom bubble burst - Daily closing prices since 1st Jan 2001 till 15th Dec 2013

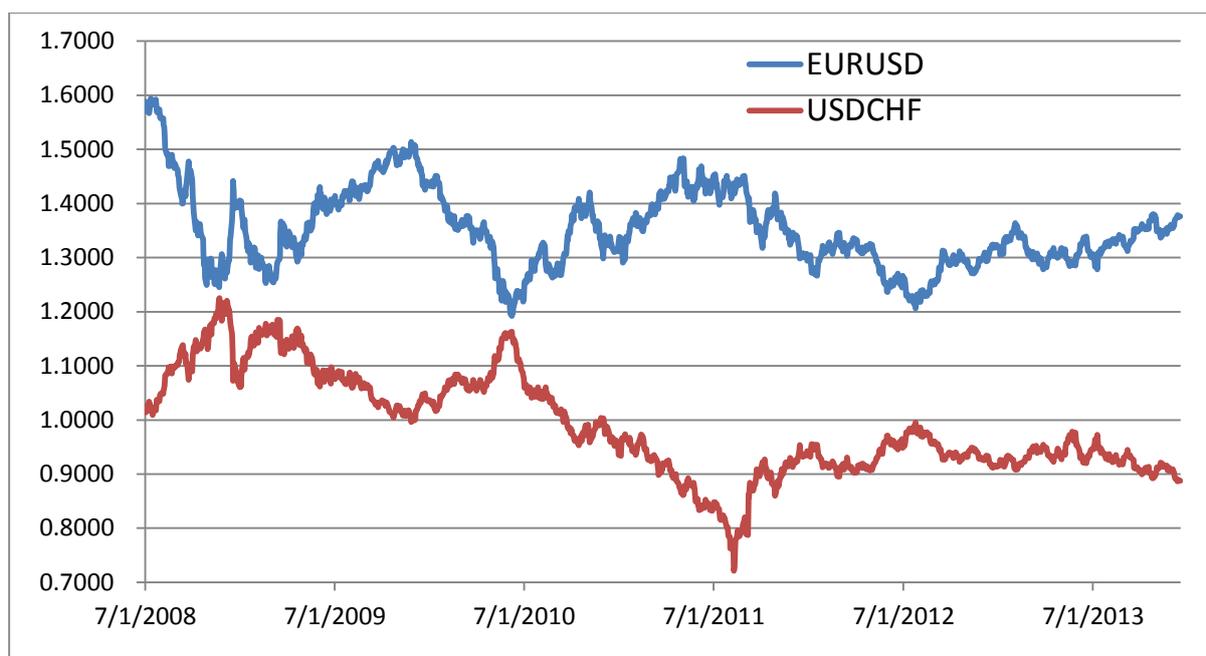


Fig. 6: Post Subprime crisis - Daily closing prices since 7th July 2008 till 15th Dec 2013

As EUR/USD and USD/CHF move in opposite directions, for a trader having a portfolio of long EUR/USD and long USD/CHF is the same as having virtually no position - this is true because, as the correlation indicates, when the EUR/USD rallies, USD/CHF undergoes a selloff. Almost every time, USDCHF movement lags the EURUSD slightly.

8.0 Conclusion

To be an effective trader, it is important to understand how different currency pairs move in relation to each other so traders can better understand and manage their net exposure. Some currency pairs move in tandem with each other, while others may be polar opposites. Currency traders who place bets on more than one currency pair can use this degree of correlation to their advantage by making strategies on correlated pairs, to avoid overexposure, to double profitable positions, to diversify risks, and to hedge. Thus learning about currency correlation can help traders manage their portfolios more appropriately.

One way of managing exposure to such currency pairs would be by means of a natural hedge wherein an import related exposure in EUR can offset an export related exposure in CHF with no fresh hedge position needed to be initiated in the derivatives market. Currency traders can also use it to initiate calls as USDCHF movement lags EURUSD movement slightly.

Regardless of your trading or hedging strategy and whether you are looking to diversify your positions or find alternate pairs to leverage your view, it is very important to keep in mind the correlation between various currency pairs and their shifting trends.

Scope For Future Research

- More currency pairs can be covered and studied extensively
- More time frames can be considered to check correlation
- Predictive study to forecast the impending movement of major currency pairs can be done

References

- Apte, P., (2006) – *International Finance, 2nd Edition*, Tata – McGraw Hill Publication
- Clark, E. & Ghosh, D. (2004) – *Arbitrage, Hedging and Speculation – Foreign Exchange Market*, Greenwood Publishing Group
- Nelson, C. Mark, (Mar., 2005), - 'Exchange Rates and Fundamentals: Evidence on Long' -Horizon Predictability, *The American Economic Review*, Vol. 85, No. 1 pp. 201-218

Sales Promotions: A Marketing Weapon or A Struggling Effort

Mr. Furqan Shaikh¹⁴

Abstract

This study is an attempt to understand sales promotion and thereby identify related prospects and problems. Sales Promotion, a short-term inducement, offered to a consumer or trade has gained momentum as a promotional tool world over. Tougher market conditions and complexity of modern business have led managers to make frequent use of sales promotions. Sales promotion is used to reduce dissonance and in turn the risk involved in the purchase process of a consumer. The risk could be financial, functional, social or psychological. As a result it becomes necessary for the marketers to evaluate their sales promotion programs and assess its success or failures in achieving a targeted number.

This paper makes an attempt to review some instances of success as well as failure of sales promotion programs

Key Words: *promotions, prospects, problems, success, failure*

1.0 Introduction

At the turn of new millennium, Indian economy had undergone a sea change. Influx of competition in every product market with entry of multinationals, inflationary pressures, and consumer and trade becoming deal prone brought around pressure on managers to use sales promotions which would add value and show results within the constraint of tighter budget.

However, a survey shows that most companies had spent 50 to 100 per cent more on promotions over the last few years. On one hand a highly competitive market place compels marketer to increase the spending on promotional mix, on the other hand promotional expenditures are under heavy scrutiny by top management for cutting costs. Hence managers look for avenues to pool in resources to increase effectiveness and efficiency of their resources. In India even though sales promotion expenditure is on rise, very few companies are found to follow systematic way of budgeting, planning and implementation as most sales promotion decisions are made on ad-hoc basis. This leads to many unsuccessful promotional campaigns.

¹⁴ Research Scholar – Shri Jagdishprasad Jhabarmal Tibrewala University, Rajasthan. shk.furqan@gmail.com

And it calls for proper planning so as to create a promotion which is feasible to both, the customers as well as marketers.

2.0 Sales Promotions: Major Prospects & Issues

Sales promotion is a key factor & strategy for marketers within the promotional mix. Sales promotion refers to many kinds of incentives & techniques directed towards consumers & traders with the intention to produce immediate or short term effects. Sales promotion helps in stimulating trial or purchase by final customers or others in the channel. A marketer can increase the value of its product by offering an extra incentive to purchase a product or brand.

A few definitions of sales promotions are as quoted below,;-

- American Marketing Association – “Sales promotions is media & non media marketing pressure applied for a predetermined, limited period of time in order to stimulate trial & impulse purchases, increase consumer demand or improve product quality”.
- Council of Sales Promotion Agencies – “Sales promotion is a marketing discipline that utilizes a variety of incentives techniques to structure sales related programs targeted to consumers/trade/ and or sales level, that generate a specific measurable action or response for a product/service”.
- Institute of sales promotion, U.K. – “Sales promotion comprises that range of techniques used to attain sales/marketing objectives a cost effective manner adding value to a product or service either to intermediate or end users, normally but not exclusively within a definite time period”.

If one carefully inspects the few definitions given above, it is noteworthy that the definitions are worded aptly and differently gives an understanding of how sales promotions can be used a tool for reasons varying from strategic to aggressive. It is not only about making the customer buy a product but also influencing and defining the quantum of the customers purchase.

Many studies have shown that price and sales promotions have a significant impact on consumers' brand choice, purchase time, and purchase quantity decisions. Though brand sales are the result of consumers' decisions about when, what, and how much to buy, very little work has been done to capture these three consumer decisions at the same time for decomposing the effect of a marketing instrument into these three components. A question of continuing interest to marketing researchers and practitioners is how marketing mix variables affect consumers'

purchase decisions and thus the sales of a brand. The interest is growing with the escalation in promotional expenditures. Though manufacturers can see a gratifying sales increase during a promotion period, a nagging question remains—is the increase in sales due to consumers switching from other brands or is the brand borrowing sales from the future as consumers advance their purchases in time or stockpile the product?

3.0 Objectives

The objective of the paper is to understand:

- To understand the current sales promotion practices
- To understand the nature and extent of sales promotion practices
- To understand issues that are likely to arise in managing these activities

4.0 Review of Literature

The Indian market is well known for its diversities in terms of demographic, economic, social and cultural variables. Understanding the requirements of the different segments of the market is imperative and obviously important for the success of any market. Age, Gender, Family Size, Income Status, Marital Status, Occupation, etc. are some factors that influence the strategies (Majumdar, 2010).

With the emergence of big players such as Bharati, Reliance, Future group and others, the retail sector is facing stiff competition, both in terms of product and service mix. Each and every organized retailer is under threshold pressure to offer their best to customers. Retailers may carry the best product mix, but they may not be able to reach the possible sales levels if promotions are not conceptualized and implemented aggressively (Chavadi & Kokatnur, 2010).

Pravin Patil & Vidyadhar Vedak (2011) highlights that consumer preference towards private label is an alternative to national brands & is considered as retailers value proposition for the customer. Preference of Indian consumers towards national brands is essentially due to their trustworthiness & quality factor. Retailers need to maximize their efforts in positioning of their private brands. Private label products are usually priced 15 to 40 percent lower than branded products. Primary objective of introducing a private label is to gain leverage during negotiation with national level brand manufacturer for extra margin. Private labels are preferred by price sensitiveness segment of customers. Retailers' major benefit is higher gross margin earning on private brands. Operational benefit includes control on quality, supply chain & ease of

merchandise movement. Store brands & national brands play complementary roles, while former becomes a source of store differentiation & loyalty; the latter plays the role of increasing the price of store labels thereby contributing towards store profitability. Variety of private brands impacts price reduction of national brands which benefits the consumers.

The importance of sales promotions- short term activities which induces trade or consumer to buy now rather than in future as the value of apparel after the season, goes down substantially and inventory carrying burden turns out to be very high. Apparel retailer needs to understand critical role of sales promotions. Attractive promotions induces purchase acceleration, stock piling and brand switching on the part of a consumer which substantially reduces retailer's financial and inventory risk and consumer's financial risk and psychological risk (**Vyas, Preeta 2007**).

Krishna (2011), aims at understanding and identifying the important determinant factors affecting the consumer buying behavior towards Private Label apparel. The consumers who purchase Private Label apparel brands are mainly affected by several variables like, brand awareness of store, brand image of store, cheaper price, Sales Promotion offers (discounts), Comfort, Durability, Ambience and Visual Merchandising (Store Atmospherics & Design).

The most important factors having a very strong positive effect on the buying behaviour of customers in the organised sector are Pricing and Schemes/ offers. These are followed by Quality, Income and Service. Other factors are social status, lifestyle, references and convenience. The most important factor in the unorganised sector is convenience. This is followed by Income, References, Schemes/ Offers. Other factors are pricing, social status, lifestyle and service (**Misra, 2011**).

Price-value equation has emerged as the most important determinant of the customer's buying behavior and decisions. Greed and comparisons with other customers' purchases emerged as another important factor for the customer buying decisions. Another important factor that influences quick purchases is the fear of any opportunity lost. All these three factors have a positive effect on the buying decisions on the customers (**Pathak & Tripathi, 2009**).

In a bid to strengthen relationships with their customers marketers are showing renewed interest in customer loyalty programs. But how effective are these programs? Surprisingly—given their current popularity—the evidence is equivocal. Research on “normal” patterns of loyalty in established competitive markets suggests that in many cases it is hard to obtain exceptional advantages through the launch of a loyalty program. Also, competitive forces tend quickly to erode any differential gains (**Dowling & Uncles, 1997**).

5.0 Research Methodology

Type of Research:

Exploratory

Scope & Limitation of Research:

The study is limited to 3 reference cases from 3 different sectors industry only. As a result generalization of this study to other sectors and/or the concept in general cannot be established with certainty.

Research Design:

Case Study

Type of Data:

Secondary Data – collected from sources viz. research journals, company websites, online data sources, etc.

Type of Data Analysis:

Qualitative

6.0 Case Study

Case 1: Fast Food

Kentucky Fried Chicken or KFC has been a late entrant in the Indian market. Even though it has an unique offering with “Crispy Chicken”, it faces stiff competition in the fast food segment from organised players like McDonalds which competes with its range of value meals and Dominos which is symbolised by its 30-minutes delivery of Pizza. In fact, in all major markets across the globe, KFC competes with these two companies. Both the brands have looked at catering their product offerings suited to Indian tastes. KFC has also included items such as Rizo (Rice) which is served only in South-east Asian countries. The company is owned by Yum Brands! and has several licensees in India including KFC Malaysia with Kolkata forming a major sourcing destination.

Sales Promotion Campaign adopted by KFC

KFC has a tie-up with FreeCharge.in through which it offers food coupons currently. The various offers that it has are:

- Get three piece hot wings free with any meal
- Get a Choco cake on purchase of Rs 300
- Value Snacker meal at INR 70 (veg) and INR 80 (non-veg)

In terms of in-store sales promotion, KFC offers a special offer to promote breakfast sales. If a meal is ordered in the breakfast slot, the customer can avail another piece of crispy chicken for an additional INR 20 instead of INR 75 in normal case. This can be seen in direct response to McDonald which is promoting its breakfast menu quite heavily with its loyalty cards that offer free McMuffin during breakfast. Both the FreeCharge campaign and the in-store campaign are not valid for home delivery order. However, there is a slight fallacy in this assumption on KFC's part as Indians are not likely to consume chicken in breakfast.

If we closely analyse the three offers above, the third coupon is redundant as the snacker meals are available at these prices even without the coupons. The second coupon ensures a minimum ticket size of INR 300 in order to avail the offer, which is possible only in groups of 2 or more generally. The only value coupon appears to be three piece hot wings free (INR 59) which can be availed with meals starting from INR 70 (Taxes extra in both cases).

KFC recently started its home delivery service in India, for which it has similar offers. However the minimum order size for home delivery has to be INR 150. In addition to it, KFC was also offering 2 Litre Pepsi free with Chicken buckets for home delivery. The FreeCharge offers were introduced after the home delivery offers got discontinued in January, this year. As a consumer, there is enormous value in the deals as KFC is often perceived as a premium product due to its unique offering.

In fact, the value deals can also be looked at as targeting the college student and the family market to change its perception from a fast food to family food. If we analyse the monetary value of the deals, KFC has a significant cushion as margins are quite high due to the price difference between the final product and the raw materials. The only problem for KFC though will be who redeems it and how it is being redeemed. For instance, the coupon for three piece hot wings free might pose serious challenge towards the profitability in case it is redeemed with the low priced meals. However, there is little doubt that the strategy is bound to increase market share for KFC in the fast food segment in short run.

Food for thought: Can KFC actually emerge as the breakfast destination in India and successfully compete with McDonalds?

Analysis:

KFC has tried to hit a nail hard and has almost proved successful considering the point that the Indian consumers have very rapidly moved to fast food consumption. However what has proved a slight deterrent for KFC is the fact that a meal for most Indian has to have a lot of variety which may be difficult for KFC to provide. Even with the variety it provides it became difficult for KFC to sustain the customers' interest. Also the concept of "coupons" has still not caught on with the Indian consumer. They are still comfortable to the idea of preferring a spot/cash discount, and as a result the idea of purchase now and get the discount next time, has not proved so successful in this market. All said KFC has got a lot of head start in this fiercely competitive market and sector.

Case 2: IT/ Technology

Dell India, subsidiary of global computers manufacturer Dell Inc, has kicked off the festive season with its celebrate Dell Se campaign and interesting festive offers for the consumers. This festive season the retail (individual) personal computer buyers will receive something extra with every Dell Inspiron, XPS or Alienware purchase above Rs 35,000, the company said in a statement.

Dell will also offer special discounts on warranty extensions for Dell customers to ensure that they continue to enjoy the peace of mind on their Dell products for an extended duration.

The campaign "Celebrate Dell Se" is in keeping with the recently launched Dell festive television commercial which aims to spread the concept amongst consumers to give their loved ones a hint on the gift they want this festive season.

"This is the time of the year that is considered auspicious and is celebrated all over India by the exchange of gifts and purchasing new things, a tradition that has been in place since time immemorial. We believe that when you give the gift of technology to your loved ones or yourself, you are providing inspiration and the tools to unlock their passions." said P Krishnakumar, executive director and general manager, consumer and small business, Dell India.

Analysis:

Dell has targeted the "emotional" aspect of the Indian consumer. While most sales promotional schemes define the quantum of discounts initially, Dell strategized to make the customer purchase first in want of a discount. Also Dell identified that the Indian consumer times most of their purchases, whether discounted or non-discounted, during and around festive seasons, which is true in most cases even for a technology brand. Dell, in this case, has

adopted a correct strategy. However it faced a stiff competition from other already established foreign brands as well as cheaper options of national brands.

Case 3: Apparel

A couple of years back some brands descended on the Indian apparel marketing space with a very interesting value model. These included LaFanso, Cantabil, TNG, Lee Solly, TQS, and Koutons. The brands announced 'drop a bomb discounts' previously unseen and unheard to lure value conscious middle class buyers. Take a look at the following:

- Buy 1 get 3 free
- Flat 80% Off
- Buy 1 get 5 free

But now most of these brands are reeling under crises. The results of Cantabil Retail India have not been good. It reported a standalone sales turnover of Rs 37.83 crore and a net loss of Rs 4.24 crore for the quarter ended Dec '12. The case is no different for the other discount brand Koutons. The company is debt ridden and has been incurring losses. It has been closing down its showrooms discontinued its another brand 'Charlie'. Once a common sight on the market space, these brands seem to be slowly vanishing from the scene. A variety of factors have contributed to their fate including excise duty, raw material costs and inflation. But it is interesting to explore these brands from marketing perspective. Is deep discount model which rests on a perpetual promotional offer by which a high maximum retail price (often greater than top brands like Van Heusen and Park Avenue) is discounted by a big percentage to give an impression of irresistible bargain tenable in the long run?

Peter England arrived on the market and went on to write an impressive success story. Unlike Van Heusen and Louis Philippe which were premium offerings, this was a value for money offering by Madura Garments. It went on to carve out a niche in ready to wear menswear market by intelligently packaging its value for money proposition as 'honest brand'. By calling itself as an 'honest shirt' it indirectly struck a chord with value sensitive Indian buyer without bringing price into an explicit consideration. The affordability was brilliantly packaged as honesty. The idea was to deflect consumer consciousness from a discourse involving price, cheap, economy and bargain. It was 'economy' decently packaged. The brand developed 'down to earth' 'unpretentious' personality which connoted 'value proportionate to price'. Later the communication took the brand to a notch higher by a symbolic campaign 'More is less' in order to appeal the younger audience (psychographic matching).

Analysis:

The concept of sales promotions is very difficult to adapt for a longer and certain manner in the organized apparel sector especially because the unorganized sector is giving very tough competition. Also local customized stitched apparels are still in vogue and will be here to stay. As a result apparel retailers have come out with varied promotional schemes, ranging from an acceptable and appealing “50%” off to an unbelievable sounding “flat 90% off”. This sometimes makes the customer think a lot of negative about the product, such as the product could be defective, it could be an old stock, it may not be a genuine product, etc. On the other hand it may even be a steal for some customers who could definitely gain from such atrocious sounding bargains.

7.0 Conclusion

The attribution theory explains how people interpret events. People try to figure out why things happen in a particular way or why people behave in a certain manner. People try to make sense by determining cause behind a phenomenon. A short term deep discount can be interpreted as sudden stock liquidation or a celebration offer or competitive maneuver. But a long term use is likely to make people suspicious about genuineness of the offer.

Discount brands tread on a difficult territory. Perpetual discounting can position a brand as cheap and create undesirable connotation. It is psychologically gratifying to be able to grab a bargain but socially it is undesirable to be associated with a bargain brand. People love to buy an aspirational brand (brand imagery) at a discount (made affordable) but shy away from a brand cheap brand (personality). There is fine distinction between a cheap brand and inexpensive brand. The concept of social signification applies equally to economy customers. It is here that the brand needs to deflect bargain oriented discourse from their image.

How long a discount offer is likely to be perceived as golden opportunity? The adaptation theory explains that people have a tendency to get used to or adapt to a situation. As a result a situation/ stimulus ceases to be stimulating which causes people to seek novelty elsewhere. An offer like 50% off is likely to be perceived as an exciting offer for some time in the beginning and act like a magnet but its long term usage is likely to rob uniqueness out of it.

References

Books

- Majumdar, Ramanuj, 2010, “Consumer Behaviour – Insights from Indian Market”, Prentice Hall India.

Journals

- Chavadi, Dr. C. & Kokatnur, S., 2010, Driving Factors and Effectiveness of Sales Promotion In Shopping Malls: A Consumer Perspective, *Indian Journal of Marketing*, Volume 40; Number 4, Page 18-26
- Krishna (2011), “Determinants of Consumer Buying Behaviour: An Empirical Study of Private Label Brands in Apparel Retail”, Vilakshan, *XIMB Journal of Management*, 43-56
- Misra V., 2011, The Study of Consumer Purchasing Behaviour in Organised and Unorganised Markets in Lucknow District of Uttar Pradesh, *IMS Manthan*, Volume VI – Issue 1, Page 117-121
- Pathak, Dr. S. & Tripathi, A., 2009, Customer Shopping Behavior Among Modern Retail Formats: A Study of Delhi & NCR, *Indian Journal of Marketing*, Volume 39; Number 2, Page 3-12
- Patil Pravin & Vedak Vidyadhar (2011), “The Private Label: Retailers’ Value Proposition & Strategic Tool of Differentiation”, *Indian Journal of Marketing*, 54-60
- Shekhar, Dr. S., 2011, Building Successful Retail Strategies – ‘A Case Study of Coupon Store’, *Indian Journal of Marketing*, Volume 41; Number 10, Page 45-55
- Vyas, Preeti H., 2007, Sales Promotion Practices in Apparel Retail Sector and Challenges Ahead, *Working Paper* No.2007-11-02, Indian Institute of Management, Ahmedabad

Electronic Documents

- Abhirup Bhattacharya, 2013, Sales Promotion Campaign of KFC, March 26, <http://www.ideasmakemarket.com/2013/03/sales-promotion-campaign-of-kfc.html>, Accessed on December 20, 2013
- Dileep Athavale, 2013, Dell to run month long sales promotion campaign 'Dell Se', *Times of India*, October 12, <http://timesofindia.indiatimes.com/business/india->

business/Dell-to-run-month-long-sales-promotion-campaign-Dell-
Se/articleshow/24049465.cms, Accessed on December 21, 2013

- Harsh Verma, 2013, Value Branding, Perpetual Discounting, Customer Intelligence, Marketing Crow, March 15, Koutons and Peter England, <http://marketingcrow.wordpress.com/tag/cantabil/>

A Study on Competency Mapping Tools and their Usage in Organisations across Sectors

Ms. Garima Sharma¹⁵

Abstract

Competency Mapping is the process of identification of the competencies required for effective performance on any given job/role at a given point of time and assessment of competencies of individual to measure the competency gaps against the desired level of competencies. Competency mapping consists of breaking down any role/job into its constituent tasks or activities and identifying the competencies (technical, managerial, behavioural, conceptual knowledge, attitudes, skills, etc.) needed to perform the same effectively.

A plethora of tools are used for competency identification, competency assessment and competency validation. This study is an exploration of the extent of usage of various Competency Mapping Tools.

Key Words: *Competency Mapping, Competency Mapping Tools, Competency Assessment, Competency Identification, Competency Validation*

1.0 Introduction

Competency Mapping is the process of identification of the competencies required for effective performance on any given job/role at a given point of time and assessment of competencies of individual to measure the competency gaps against the desired level of competencies.

Competency mapping consists of breaking down any role/job into its constituent tasks or activities and identifying the competencies (technical, managerial, behavioural, conceptual knowledge, attitudes, skills, etc.) needed to perform the same effectively.

There are multifarious benefits of implementing a competency-based approach in an organization. For the organization, competency based HRM practices reinforces corporate strategy, culture and vision throughout the organization; In the words of Dubois(2003) “Organization leaders are increasingly understanding that when competencies are aligned with or tied to their organization’s culture, values and expectations then productivity improvements can

¹⁵ Associate Professor – Rizvi Institute of Management Studies & Research, garima@rmi.rizvi.edu.in

be realized” ; sets up expectations for performance excellence in a manner which leads to professional development, enhanced job satisfaction and better employee retention; enhance the effectiveness of training and development by relating them to success criteria (i.e., behavioural standards of excellence),enables focus on job relevant behaviours and skills; provide data on development needs that emerge from group and/or organizational composites that are an outcome of multi-rater assessments; provide a common framework and language for discussing how to implement and communicate key strategies; provide a common understanding of the scope and requirements of a specific role; provide common, organization-wide standards for career levels that enable employees to move across business boundaries. “Competencies focus individual achievement on the outputs or results expected of persons rather than the traditional approach of focussing on employees’ successful completion of work activities which might or might not result in obtaining the outputs or results that are valued by customers, clients, or constituents”(Dubois, 2003).

On a larger level, Competency based HRM benefits organization through provision of competent workforce. A great part of performance owes its roots to competency, though one cannot discount the impact of job demands and organizational environment. Competency almost always leads to enhanced productivity, better quality of work, delighted and satisfied customers and high customer retention or repeat business. Further, high service levels and higher levels of outputs also builds tremendous goodwill and reputation for the organisation, thereby helping the organization not only in customer acquisition but also attracting investors.

Competency based practices in organization help managers determine performance criteria to enable accuracy and ease of hiring and selection process; “provides a complete picture of job requirements (Sanghi) ”; enhances the probability of hiring people who will perform effectively and minimize chances of hiring a wrong person, thereby affording tremendous cost savings; provide more objective performance standards; clarify standards of excellence for effective communication of performance expectations to direct reports; provide a clear platform for dialogue to occur between the manager and employee about performance, development and career-related issues. By way of isolating the competencies used by successful or best –in –class performers that distinguish their performance from average or below average, managers/supervisors can raise the performance bar for all Employees doing the same work

Competency-based practices aid employees in identifying the success criteria (i.e. behavioural standards of performance excellence) required to be successful in their role; provide a more

specific and objective assessment of their strengths and specify targeted areas for professional development and career related issues.

Competencies can be used as a driver for determining one's career path and also affords in the words of Dubois "life-career advantage". Competency Mapping identifies or "map" the key competitive strengths for marketing their capabilities to obtain career opportunities through participation in competency-based interview and selection activities.

Identify

In today's age of flatter organizations with project or matrix structure and more so in the future, "jobs" are a less meaningful entity for describing performance expectations than is the 'work' that must be completed for organization success (Dubois, 2003)". This "work-based" approach help organizations define desired outputs or results and thereafter tasks and competencies required to achieve these very outputs are determined. The approach in its matching of employees competencies to work runs counter to the conventional norm wherein the attempt was to "fit the work to the employees". The outcome is a very "high goodness of fit" between an employee's capabilities and the task/work that is to be accomplished.

Developing Competency Frameworks

The prime reason for organizations going for development of competency frameworks is to furnish a clear, definite link between business objectives and HR policies and practices. Hollyforde and Whiddett(2004) state "competency frameworks are tools to enhance individual and organizational performance-and not, as some may believe, to keep HR professionals in a job!" This development of Competency framework requires a structured approach, discipline and specialized skills. The afore-mentioned author duo also elaborate on three key principles that need to be followed –"involve the people who will be affected by the framework; keep the people informed about what is happening and why; create competencies that are relevant to all those who will be affected by them as well as to organizational needs and intended applications." The five ways in which a competency framework might be developed in an organization are – development from the scratch where none exists; extension of an existing framework to include wider range of jobs hitherto outside its purview; updating existing framework to ensure its relevance in changed times and circumstances; developing a specific framework for a particular domain in the organization (for example performance management); adaptation of an existing framework to meet peculiar needs in a specific part of the organization or for a particular application.

Most HR experts concur that the development of competency framework broadly entails a four step process of – Preparation and Ground work, Collecting Information, Compiling the framework and lastly Rolling out the framework. The interim two steps of Collecting information about jobs and works and Compiling the framework and validation of the draft competencies entails use of a plethora of tools and techniques.

2.0 Tools/ Techniques of Competency Identification

Competency Identification constitutes the preliminary step towards development of frameworks in an organization. It is the process of identification/recognition of the competencies required for successful performance of a given Job/ Role or a set of tasks at a given point of time. There are various tools, techniques and practices available for identification of competencies which are discussed as follows:

Task Force

The organization can constitute a special task force comprising 3 to 5 members dedicated to the task of identifying competencies required for a particular Job/ Role. Competencies can also be identified for the organization, various functions/departments, for various levels of individual competencies.

This task force generates ‘task descriptions through review training manuals or direct observation of the job performance’(Shermon, 2004). Dr. Shermon in his seminal work titled ‘Competency based HRM. A strategic resource for competency mapping, assessment and development centres’ lucidly describes the ‘Task Analysis Approach’ as consisting of following steps:

- Generation of task description item banks by scientific staff
- Subject matter specialists review the consolidated list and delete the tasks not performed or out of date tasks
- The task list narrowed down to most representative tasks.
- Experts rank the tasks based on the importance (least/most), sort tasks into clusters based on the performance requirements
- Competencies required performing the tasks identified

Job Task Analysis

This approach also called Job Task Analysis approach while performing studies uses conventional methods like interviewing or documentation review. The task force members should be experienced and mature enough to find when employees dupe the observer by giving

less than the optimal performance they can deliver so as to keep the demands they face later as low as possible and thereby preventing the task force members to get a realistic view of the position.

Overall, it's a practical approach to observe employees at close quarters and explore how people work, examine what they do on the job and enquire into what exactly is being done in a particular position. For the process to be feasible on ground requires a certain standardization & regimentation of approach, methodology and analysis used.

Bench-marking

This means comparing an Organization's Organization Competencies, functional Competencies, Behavioural and Technical Competencies with the more successful or better ones in one or more of the following ways:

- Benchmarking against the Leader or Superior performers within the Industry : For this organization needs to identify competencies of Superior performers for different Jobs/Roles or levels working in any other organization and adopt it in any of the following ways:
- Adopt competencies present/evident in Organization 'B' in toto or adopt with appropriate modifications according to its own needs
- If it has already identified its competency requirement, it can compare those with Organization 'B' and modify its competency requirements accordingly for different Jobs or levels
- Benchmarking against the best-in-class outside the industry: If Organization 'A' considers that organization 'B' which is from a different industry is performing better than it, then it can go for getting acquainted with the competencies evident in Organization 'B' in any of the following ways. (to illustrate an Organization 'A' in Banking Industry can compare its Behavioural Competency of Customer Service Orientation with Organization 'B' in Hospitality Industry displaying superior performance in Client/Customer servicing
- Adopt competencies present/evident in Organization 'B' in toto or adopt with appropriate modifications according to its own needs
- if it has already identified its competency requirement, it can compare those with Organization 'B' and modify its competency requirements accordingly for different Jobs or levels
- Benchmark against the Competitors within the Industry

Bench-marking usually entails the following steps:

- Choose the Job/Roles or levels in the organization for which competencies have to be identified through benchmarking
- Select the organization which may be a leader within the industry or Superior Performer in a particular domain which may be from outside the industry (i.e best-in-class)
- Recognize the competencies of selected organization or Superior Performers
- Adopt the competencies of benchmarked organization or Superior Performers

Critical Incident Technique

This technique was developed by Flanagan in 1954. It requires those people as observers who are frequently doing the job such as supervisors, clients, peers or subordinates. Observers are supposed to describe incidents of effective or ineffective behaviour of an employee/job incumbent over a period of time. There would typically be occasions when the job incumbent displayed superior performance and on other occasions the performance was woefully inadequate or in plain words poor. Job holders/ incumbents are asked questions in a methodical and orderly manner . The questions dwell on situations and challenges faced by them. The responses in terms of their thoughts, action and consequences are all captured. Both the incidents where the job holder has been successful and unsuccessful are documented. The interviewee is also interrogated as regards factors he/she ascribes to success or failure in a particular incidence

This technique is based on the assumption that employees displays his/her best self or worst self during a crisis. The limitation of this technique lies in its dependence on past behaviour to draw lessons for the future. Owing to the dynamic nature of business, the strategies are also in flux rendering learnings from past behaviour to be a futile exercise.

Repertory Grid Techniques

This technique developed by George Kelly way back in 1955 is rather projective (qualitative) in nature as opposed to other cut and dry techniques which are amenable to quantitative analysis. Unlike closed ended questionnaires which put limits or restrictions on the answers/ responses , the advantage of Repertory Grid lies in its ability to elicit skills required to perform on a job from observers who hold forth in a free-wheeling discussion. It highlights those behaviours which are associated with effective performance.

Customer Contact Maps

This is a commonly used quality tool for examining customer service. This entails capturing each and every Moment of Truth (i.e. every instance when the Company interacts or touches/ interfaces with a customer- be it internal or external. Contact maps provide a different perspective of viewing processes in an organization- that is from the standpoint of customer. These Moment of Truth instances could be face-to face conversations, inbound and outbound phone calls, mailers brochures, advertisements. The question asked for identifying competencies is 'What do job incumbents need to know or act /perform to be able to satisfy customers for this particular contact?'

Other tools and techniques of Competency Identification include by self and superior, by HR specialist, Job expert/ Subject matter specialists, Psychologists, Industrial Engineers, Questionnaires, Interviews, Group Work.

These tools and techniques can be used alone as well as in conjunction. Competency Identification would be more relevant and authentic if it combines various methods as per need thereby overcoming the limitation of one method –by setting off one tool's limitation by other tool's strength.

3.0 Competency Assessment and Its Tools

Competency Assessment is the process of measuring the competency gaps or deficiency of an individual or group of individuals against the required competencies in relation to existing or expected Job Requirements or Superior Performance. These required competencies are identified for the Job/Role through Competency Identification Models using tools /techniques discussed above.

Competency Assessment process typically goes through the following steps:

- Identification of Competency Required for Job/Role
- Select Individuals for Competency Assessment
- Design Competency Assessment Tools
- Apply Competency Assessment Tool
- Identify Competency Gaps or Deficiencies
- Post Competency Assessment Applications in Recruitment, Reward, Development, Performance Management, Career Planning, Job redesign, Succession Planning

Competency Assessment Tools

A plethora of tools are used in isolation or combination for the purpose of Competency Assessment in Organizations. To elaborate, Self and Superior Assessment can be deployed alone or it can also be a part of 360° Feedback. Likewise, Role Play can be used as a separate tool for competency assessment or it can be employed as one of the sub tools in combination with other sub tools through assessment centres.

Sanghi (2007) in her book ‘The Handbook of Competency Mapping. Understanding, Designing and Implementing Competency Models in Organizations’ presents an exhaustive list of Exercises used for Assessing Competencies of employees.

- Written Exercises:

These are of the nature of simulations of the written work typically undertaken by the job incumbent in his/her average work day. These exercises are completed by the participants themselves. Sanghi(2007) adds a word of caution that the written exercises should not be administered in large numbers lest they become dull and boring.

- In-Tray or In-basket:

This is another form of simulation exercise where the in-basket represents day-to-day decision making situation which a manager is likely to face in written form from various sources. The in-basket contains a wide variety of materials in the form of memos, correspondence, telephone messages, notes and requests for the participant’s attention. The design of this exercise requires a thorough job analysis in terms of responsibilities and duties discharged/ carried out and competencies required thereof. The participant is expected to deal with each of the task or situation within a stipulated period of time as well as put down their reactions in writing. A participant’s general activity level, problem analysis skills, planning and organizing, time management, delegation and concern for priorities can be assessed based on his reactions to the in-basket. With Information Technology advances, in-basket can be presented to employees by using computers. The in-basket can include simulated e-mails.

- Role playing:

This involved players/participants essaying different roles from real life, other than those being played by the person concerned. It helps understand the dynamics of the role. It is used for assessment or evaluation owing to the insights it provides into various processes of human relations and also the person’s attitude and behaviour in a particular role. Role

plays are particularly useful in evaluating Conflict management, leadership skills, group problem solving, team skills, verbal and non-verbal communication, interpersonal skills, flexibility, motivational style, etc., depending on the type of situation in which it is employed.

Role playing is widely believed to be the most effective of all the techniques used in assessment centers. This is because it enables least distortions to real life situation to concentrate on certain aspects. Moreover for development purposes also giving feedback to participants is relatively easier as the person is able to accept the feedback without his ego being hurt and hence not being forced to take a defensive stance

- Management Games:

This is still another form of real life simulation. Unlike those discussed above, it requires involvement of entire group-for example running a manufacturing operation, stock trading and running a large multi divisional organization. Though the games vary in terms of degree of complexity,the common thread running through them is the somewhat unstructured nature of interactions among the participants and the variety of actions that can be taken by all participants. Complex management games more often than not have other exercises embedded like leaderless group discussions, role-plays or problem analysis. These days computer based management games are being developed, where computers generate information and simulate the game. Participants are not allowed direct access to the computer, but the person acts as a mediator between the group and the computer. The mediator plays the role of a neutral observer giving any information that a particular group might need and ask for. The mediator also introduces various environmental factors such as entry of competitor, reneging on the agreement by the supplier or recession as a part of simulation. The interactive nature of the game and in some cases live games with real time feeds provides opportunities to assess competencies like strategic thinking, team player skills, leadership, analytical ability etc. These games require a certain level of expertise and assessor training also facilitates the conduct of the same.

- Leaderless Group Discussions:

This consists of four to six players and at times even more. The group is given a problem to solve (it can be in the form of a case study) which they are expected to discuss and arrive at a consensus within a stipulated period of time. More often than not the group gets a real life problem. Some of the norms adhered to in a LGD are: no chairperson is

appointed or designated, roles may or may not be assigned to group members. LGDs with roles assigned to members simulate decision-making meetings with resources equitably divided amongst them. LGDs with no role assigned to members are quite like adhoc committees constituted for specific purposes in organizations, for example, evaluating the marketing strategy, studying a particular issue or problem facing the organization.

- Psychometric Tests :

The word Psychometric means ‘mental measurement’, so a psychometric test can measure aspects of the individuals such as ability, personality, motivation, competencies, behaviours and interests. The word test is generic: it is applied generally to all instruments. Some ‘tests’ are not tests per se, hence the tendency to interchangeably use words like questionnaire, inventory, tool, assessment or instrument.

The British Psychological Society defines a psychological test as “any procedure on the basis of which inferences are made concerning a person’s capacity ,propensity or liability to act, react, experience, or to structure or order thought or behaviour in particular way.”

Psychometric Tests can be used to measure aptitude, ability tests and personality. Aptitude tests evaluate verbal and numerical reasoning ability. Ability test measure awareness and knowledge, like problem solving skills, computer literacy or financial management skills. Personality tests like 16 PF, MBTI, DISC and Extended DISC study various dimensions of personality.

There are thousands of Psychometric tests available off the shelf. The test to be selected has to meet the criteria of a Good test ; it has to be valid i.e. measure what it purports to measure. Other ingredients of a good test are among others a user’s guide or technical manual stating what statistical trials the test has been through and explaining how to administer, score, analyse and interpret. The test should have been trialled/run on a large representative sample of people (preferably over 500.The test should be reliable meaning give consistent results day after day.

The test should have been validated across cultures, occupations, age and gender. A valid test measures what it purports to measure e.g. an aspect of individual/self such as ability, intelligence, behaviour, personality, motivation or aptitude. Moreover, instruments need to have faking detectors built in to check signs of manipulation from the test taker.

Prior to choosing a test, a careful job analysis needs to be carried out so that there is a match between the test and the attributes actually required to do a job.

Psychometric tests need to be administered with caution and there are a few good and ethical practices, which if followed would help HR personnel avoid pitfalls. The test takers have a right to know in what ways the results will be used and interpreted. The test administrators and users should be competent to score and interpret results. Test takers need to know how test scores will be communicated and to whom; who would have access to results. Test users have to protect the confidentiality. The test takers should be informed how long test scores will be stored. Last, the tests should be properly constructed.

Tests are not to be used as a singular means of making HR related decisions. Organizations would do well to appreciate that a single measure of an individual employee takes cognizance of only one aspect and factors only on perspective. This is not adequate and does not suffice in the complex work environment of today's world. Ability or personality alone does not describe the whole person; interests, motivation, sociability, emotional intelligence, track record, experience are equally important and need to be factored in.

No single test is 100% accurate; all tests are subject to error. Errors can creep in multiple ways: resulting from the way candidates interpret the words used in the test inventory; during administration of the test; time of the day when it is administered.

- Interviews :

Structured interviews are employed to enhance inter-assessor reliability. Questions to be asked are decided; sample responses are generated and classified as good, bad or average. This in turn is used to rate the employee's response. In fact several competency dimensions can be assessed through interviews.

Background interviews are a very popular and effective way of predicting an employee's success on future role by way of ascertaining his performance on current and previous jobs. The participant gives detailed account of how he performed job duties in the past and how he grappled with job related problems.

Interviews can be situational wherein the candidate can be asked what he would do if a tricky or unique job situation crops up. Some interviews are related to job knowledge. Others are stress interviews meant to ask pressure-related questions. Interviews are

effective only if planned carefully and carried out systematically. Competency dimensions to be assessed through interviews and the corresponding questions to be asked have to be decided beforehand. Expert interviews as the name suggests have experts on panel and are based on desirable experiences and qualifications.

- Self-assessment:

This compels individual employees to assess/think about themselves in terms of competency dimensions. However such assessments cannot be used solely, because more often than not an individual employee will select himself for a higher position. Further, there are significant differences between the assessment of assessors and ratings of self-assessment.

- Peer Assessment:

These are typically carried out before the conduct of assessment centers in an organization. These can be an important basis of how participants viewed each other prior to the exercises and compare it with their contribution at the group exercises. Moreover, these provide useful and worthwhile information for selection as also validity of peer assessment. Notable or serious differences in assessment by peers and assessors provide critical information about line managers' ratings.

Involvement of line managers in assessment ensures a holistic understanding of the ratings given by various players like assessors, participants and peers.

- Behavioural Event Interview:

Conventional selection interviews are marred by bias on the part of interviewers and display inadequacy as accurate predictors of future performance. BEI tries to overcome this lacuna by adopting the assumption that the best predictor of future behaviour is past behaviour. BEI allows interviewer to garner detailed job-related examples from the candidates, assess their past performance on the job and assess competencies desired for a specific job position. The explicit aim is to enhance the fit between the candidate (with his skills, Task Mastery & Competencies) and the position (with its assigned tasks and success factors). This matching of the candidates' skills, competencies and motives with the requirements and success factors of the position results in enhanced productivity and job satisfaction outcome.

BEI also falls in the category of 'structured interviews' which represent a variety of ways to achieve fairness and accuracy in predicting performance. Questions are posed in such

a manner so as to gather information relevant to key job requirements. Criteria for evaluation are established through job or role analysis and are used to compare with job evidence gathered during interviews to pass judgement on a candidate. This avoids direct comparisons amongst candidates on the basis of the interviewer's overall impression.

- Behavioural Description Interview:

Sanghi (2007) lucidly describes "BDI is a version of BEI, one of the main competency definition techniques. Both are related to the Critical Incident Technique, but differ from it in the scope and length of the examples or 'events' that interviewees are asked to describe and in the trigger questions that are used by the interviewer to elicit these examples. The BDI and BEI techniques are considered to be more suitable for complex jobs (such as management roles) or those involving a high level of interpersonal skill (such as sales roles). This is because they elicit a small number of examples of complex behaviour, which can then be explored in depth, whereas a Critical Incident Interview may elicit up to a hundred brief examples. We have found BDI to be highly effective, even at the most senior levels, including that of a chief executive."

- 360-degree feedback:

This is a multi-source, multi-rater system of obtaining information about an employee's performance from peers, subordinates, and internal and external customers. 360° assessment is based on the assessment of an individual's management styles, competencies and behaviour by colleagues horizontally and vertically by involving his boss, peers and direct reports. This can be complemented with self-ratings and customer ratings. 360° feedback is powerful tool through which information regarding an individual's personal development and his training needs can be procured.

"The 360° feedback process involves collecting perceptions about a person's behaviour and the impact of that behaviour from the person's boss or bosses, direct reports, colleagues, fellow members in the project team, internal and external customers and suppliers"- Lepsinger, 1997.

Its advantage lies in its getting data from numerous sources and from people who work with candidate on an everyday basis and are impacted in some way by the employee's behaviour.

Origin and Evolution of 360° Feedback

The concept has its roots in industrial and organizational psychology when Nadler(1977) conducted an employee attitude survey in which he asked employee to rate their level of satisfaction with their immediate supervisor and top executives. In, 1998, It was labelled as the ‘360° Appraisal’ in US. There are various schools of thoughts regarding the origin of this method.

According to Forbes (1996), upward feedback was developed by Peter Farey of the British Airways in 1973. Other viewpoints were offered by Harris and Schaubroeck (1998), who quoted a 1978 review of 24 commercial feedback instruments that existed at the time.

It gained traction in India in the mid 1980s and is emerging as a prominent HR tool being used for developmental purpose by companies like Wipro, Nokia, Shell, Philips, Aditya Birla Group, NIIT and Star TV, among other companies practising progressive HR practices.

360° feedback as a tool has undergone significant change in design and approach over the years. With the advancements in Information Technology, the whole process of 360° feedback has changed from manual to the electronic method. The paper or scan forms of feedback are being replaced by computer-based electronic, paperless feedback communicated using emails. The rigid design of the survey yielded place to more customised survey taking into account the unique context of the company and the dynamics of the industry to which it belongs. The feedback is no longer solely numeric or spelt out in quantitative terms but is increasingly moving to incorporate the qualitative aspects also. The rigidity of the formats is also giving way to a lot more customisation to company’s unique requirements.

Good Practices of 360° feedback

Winning Employee’s trust is a Pre-requisite for Applying 360° feedback for Competency Assessment. If the employees are convinced that 360° feedback introduced in the organization is intended to enable their development, they would evince interest in the tool and will place trust in the whole process of multi-rating. If the perception grows amongst employees that the management is trying to find their shortcomings / deficiency and penalize them for the same, it would foment resistance and a negative attitude among them.

360° feedback works as a tool of Competency Assessment as well as Development. For the purpose of developing Competency Models organizations need to specify the various types of desired competencies viz. knowledge, skills, and attitudes required for superior performance and on the job success. 360° feedback with its spotlight on employee's competencies, facilitates in the recognition and diagnosis of competency-deficiency and enhance those.

Once the employees are convinced about the multiple benefits to their own self and the need for introducing multisource feedback at an early stage of change in the organization, it helps in focussing on priorities and facilitates employee development.

One important factor deciding the efficacy of 360° feedback is the validity of the tool. The face validity of the tool can be established by conducting a pilot study on a representative sample drawn from various departments and levels in the organization. These sample respondents would comment on the various items in a questionnaire. Questions figuring in the questionnaire can also be cross-examined on relevance and ambiguity. Only a valid tool will give correct results.

Another requisite for the successful implementation of 360° feedback is formal and informal training of the players involved in some way or the other in process. Training should be conducted to create awareness about the tool, to enhance employee's exposure to the tool and the process.

Steps involved in 360° feedback Process

The steps required for the process are described hereunder

- The first step is ascertaining Organizational readiness for 360° feedback for competency assessment
- The next logical step is to motivate key decision-makers and all the participants involved, followed by confirming fulfilment of skill requirements among participants and managers to handle the process.
- Thereafter, orientation briefings of the key players are to be organized before administering the process .
- This process generates Competency Assessment Ratings which are to be compiled, tabulated and analysed.
- The analysis reveals Competency gaps for further actions

Drawbacks associated with 360° feedback:

- Some organizations treat it as a one-off special event, consequently the process does not get integrated in various sub-system of HR like PMS, Training & Development etc.
- Lack of willingness on the part of organizations to follow up causes more harm than good
- If affirmative action in terms of development of required skills identified through multi-rater system is not taken, employees lose interest and would resist participating in the exercise again.
- Domain experts concur that to improve the efficacy of multi-rater 360 degree feedback, it has to be used as development tool in several rounds before being introduced as an appraisal tool.
- The tool loses its credibility if used during downsizing or layoff.
- The process should be voluntary to start with, once confidence of all is gained, it could be extended to other levels as well.

4.0 Tools used for Competency validation

There are a number of tools available to validate the competencies identified to make certain and confirm their relevance and authenticity for a superior performance on the job. Some of the tools are described as follows:

- Duplication:

Replicating the original research results. This is done by identifying another set of superior performers chosen as a sample, conducting interviews and obtaining a competency model. The newly developed competency model is compared to the previous/ original one. A competency model can also be created based on average performers thereby facilitating cross-reference with the one made for superior performer.

- Jury :

Impartial, independent Subject Matter Experts, or “Jurors” who possess expert knowledge or domain expertise proffer their best professional opinion on the various aspects of the model. The Jury should best have a judicious mix of internal and external experts. They present their unbiased opinion on the model.

- Survey

A survey is sent to a selected sample of employees throughout the organization. Respondents are asked to number each competency by its order of importance. A few areas are deliberately left blank to allow respondents to add a few competencies which they think are important. Caution should be exercised in not listing the competencies in the order that competency team ranked them, lest respondents take the easy way out of concurring with the team's order rather than thinking it through for themselves.

- Departmental Focus Group

Each department in the organization or a cross sectional representation of the department performs the rankings as a group. Its advantage lies in its involvement of more people yet giving less information to compile. Each member of the department gets to participate and each department and each department turns in one survey of their compiled results. The disadvantages are the Herculean effort required facilitate each department to exert to the task and the time involved in bringing each department to work together as a group.

- Structured Interviews/ Observation

A random number of employees at the leadership are selected across the organization and one-on-one interviews are conducted and observations recorded in order to determine which competencies get displayed during performance. Moreover their opinion is sought as to which competencies are more important for the purpose of job execution.

- Benchmarking:

This entails comparing one's results with another best-of-class organization in similar business or belonging to same industry.

- Balanced Scorecard

Organizational goals are decided and Subject matter experts deliberate and identify the specific competencies required to achieve the same. " Balanced Scorecard is a measurement framework that helps managers translate strategic goals into operational objectives".(Snell, Bohlander, Vora 2007) The scorecard typically measures organizational performance across four areas namely financial, customers, internal business processes, and people. Its strength lies in the strategic alignment of these four

areas and its ability to measure long-term growth, rather than strictly measuring short term financial success. Hence the focus is on those competencies that impact long-term strategic goals of the organization.

- Customer Service Standards

The focus is on measuring those competencies that help meet desired customer service standards. Typically used in organizations where performance oriented budgets are allocated for meeting desired service standards and not line items

- Interviews

Explore the attributes of superior performers and examine the differences between superior and average performers by employing critical behaviour interview. During these interviews, individuals recount work situations in which they were effective and times when they were ineffective. The interviewer is unaware whether the person being interviewed is an average or superior performer on the job.

The analysis generates two sets of competencies: minimum or threshold competencies required by both average and superior performer and differentiating or major competencies required and displayed only by superior performer.

Job holders/Incumbents rate the competencies in terms of their importance for superior job performance. Their responses are then used to develop an inventory that contains the “best estimate” characteristics of superior performers.

The output generated/produced by various tools used during validation process are collected, compiled and the Competency team uses the information to refine the instrument. The process may go through a few iterations till the time the Focus Team is satisfied with the end results. At times it is advisable to use a different tool in each round of validation process.

From the above discussion it is clear that a plethora of competency mapping tools is available for competency identification, competency assessment and competency validation. All these tools have their relative advantages and disadvantages. Experts advise resorting to multiple tools for gaining a holistic perspective on competencies required for a position or role; competencies possessed by its employees and for validation of competencies as a part of competency model or framework.

5.0 Research Methodology

The study was conducted to understand if there exists a gap between theory and practice as far as deployment of Competency Mapping tools is concerned. The study also seeks to determine the extent of usage of Competency models in the area of competency identification, competency assessment and competency validation. 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.

Research Question

Are Competency Mapping tools being deployed for the purpose of competency identification, competency assessment and competency validation in various types of Organization?

Which Competency Mapping tools are used in Organisations and for what purpose?

Objectives of the study

To determine the extent of usage of Competency Mapping tools in various organisations

Variables studied

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

Dependent variable: Usage of Competency Mapping Tools

Research Design

Survey

Tool used for Data Gathering

Questionnaire, One-on-one interviews with HR Managers

Sampling Plan

Sample Size: 40

Nature of Sample: Consultants, HR Managers & Line 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 and line managers.

6.0 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. 40% of the organisations contacted were neither aware nor were they using any Competency Mapping tools in their Organizations. Of the remaining organizations, where competency Mapping tools were deployed, it found greatest application in the sub-segment of Recruitment & Selection for competency identification; as a part of Development Centers in Training and Development, and as a part of ACs in Performance Appraisal or Performance Management. Most tools being used by organisations were bought off the shelf. 360° multi rater assessment was also used in organisations. Use of BEI and BDI was also found to be low owing to lack of training and expertise amongst HR professionals in the organisation.

90% of the respondents were not aware of Competency mapping tools like Mock Centers, BARS, Threshold scales, Repertory Grids and Forced Rank order. Also 90% of respondents admitted to non-usage of these tools in their organisations. It can be inferred from the above discussion that Competency Mapping has not been formalised in many organisations. Moreover in smaller organisations and organisations of age less than 5 years the usage is almost nil. The only industry where is used the maximum is IT and IT Enabled services, probably due to the fact that adoption of competency based systems is a requirement of SEI certification and to be as assessed as level 3 onwards as a part of People-Capability Maturity Model. This finding corroborates Noronha's (2000) prediction in his study almost 13 years ago, when he said there would be a rush for adoption of Competency based systems for SEI certification.

7.0 Conclusion

The findings clearly illuminate that the level of awareness and usage of competency mapping tools is quite low in Indian Organisation. Indirectly, it points to the fact that 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 as also CSFs (critical success factors) so that Competency can be integrated with HR processes, thereby building their capabilities to perform excellently and attain superior competitive advantage.

References

Books

- Gomez-Mejia, Luis R., Balkin, David. B., & Cardy, Robert L. (2008). *Managing Human Resources*. New Delhi: Pearson Education, Inc.
- Rao, T.V. (1999). *HRD Audit Evaluating the Human Resource Function for Business Improvement*, New Delhi: Response Books
- Sanghi, Seema, (2004). *The Handbook of Competency Mapping*, New Delhi: Response Books.
- Shermon, Dr. Ganesh. (2004). *Competency based HRM-A strategic resource for competency mapping, assessment and development centres*. New Delhi: Tata McGraw-Hill Publishing Company Limited.
- Spencer, Signe. M. & Spencer, Lyle M. (2008). *Competence At Work Models For Superior Performance*. New Delhi: Wiley India Pvt. Ltd.

Journal & Magazine Articles

- Das, Smitha. (2007). Employee Competency and Trust Management. *HRM Review, ICFAI University Press*, November.
- ICFAI University Press, November.
- Kattarwala, Nafisa Habilbhai (2007). Competency Mapping: Creating a Successful Road-Map for Effective Leadership. *Training & Management*, September.
- Khandwalla, Pradip N. (2004). Competencies for Senior Manager Roles. *Vikalp*, Volume 29, No 4, October-December.
- Khosla, Arunachal. (2006). Competency Mapping. *Global CEO*
- Kivland, Cynthia. & Nass, Lisa. (2000). Applying the use of Emotional Intelligence Competencies: A Business Case Report, *CPAD Journal* Vol 18. No4.
- Krishnaveni, Dr. R. & Ramkumar, N. (2006). Assessing the Effectiveness of HRD Practices in an Organization, *HRM Review ICFAI University Press*, October
- Noronha, Rajiv. (2000). Competency, not Intelligence that Matters. *Indian Management*, November.
- Parveen, Nikhat. (2002). HR Competencies: Results of a recent survey on human technology for information technology. *Human Capital* Volume 5 No10, March.

- Sharma, Radha R. (2003) Assessment and Development Centre as Tools for Competency Development. *Indian Journal of Training and Development*, Vol XXXIII, No 1&2, January-June.
- Stevens, Jeff, (2005). Competency Cluster Validation Model an Empirical Study, *The Journal of American Academy of Business*, Cambridge, No 2, Page No. 264-272.
- Suar, Damodar. & Dan, Abhik. (2001). Competency Assessment and Need Identification for Training. *Journal of Training and Development*. XXXI: 4, October-December.
- Suhasini, J., & Bhojanna, Dr. U. (2007). Competency Mapping, *Training & Management*, September.
- Suri, Dr. Gunmala and Vohra, Nikhil. (2003) Competency Mapping in Performance Management. *HRM Review* ICFAI University Press.
- Wagh, Pushkaraj. (2007). Competency Mapping The Job Description Way. *Training and Management*, September.

Electronic Sources

- Kemp, Linda (2004) *Competency-Based Employee Development: A Gold Standard for Talent Management*, Career Planning and Adult Development Network <http://www.careertrainer.com> Page No. 1-2.
- Rao, T.V. (2007). Art and Science of Competency Mapping [On-line] Available <http://www.tvlrs.com/> Page No. 1-4.

Islamic Finance can help in Achieving Equilibrium in Wealth Distribution

Mr. Umar Farooq¹⁶

“The causes which destroyed the ancient republics were numerous; but in Rome, one principal cause was the vast inequality of fortunes.”

Abstract

Income inequality is one of the most widely discussed topics amongst policy makers and politicians globally. World Economic Forum rated it as one of the top global risks of 2013. The effects of income inequality are far, wide and off course long lasting. It can ruin generations to come and can have a severe impact on the very existence of the society. Further, it has adverse impact on the well being of the economy as well. Policy initiatives by various economies and global organisations like World Bank, United Nations among others have had little or no impact. The roots of inequality rest in the very foundation of the conventional financial system. So if we want to eliminate inequality, an alternative financial system which can help in justifiable redistribution of resources is required. Islamic finance with its deep rooted core values provides an alternative. This paper attempts to understand the key factors responsible for rising income inequality and how Islamic finance can help in the same.

Key Words: *Income Inequality, Islamic Finance, Capitalism, Capital Gains and Dividends, Taxation system*

1.0 Objectives

- To understand the pattern of income/wealth distribution globally
- To measure the extent of income inequality using Gini's co-efficient
- To identify the factor(s) responsible for an ever increasing income inequality globally
- To understand the impact of income inequality on society globally
- To understand the potential role Islamic Finance can play in curtailing the rising inequality

¹⁶ Research Scholar – Shri Jagdishprasad Jhabarmal Tibrewala University, umarfarooq@rmi.rizvi.edu.in

2.0 Research Approach

A secondary data survey was conducted wherein various sources viz. World Bank reports, United Nations Development reports, IMF and World Economic Forum reports along with reports of Finance Ministry and Planning Commission of India. Further, views of Nobel Laureate Prof. Joseph Stiglitz, Prof. Emmanuel Saez amongst other noteworthy economists, publications from research and consulting organisations, online databases, research papers, newspaper articles, videos/interviews of experts on youtube, etc. are tapped in to understand the present scenario of income inequality and the role that Islamic Finance can play in an effective and more even distribution of global wealth

3.0 Introduction

Notwithstanding the global economic growth as reflected in the past two decades, a vast majority of the population is unable to participate in the development process and the accrued benefits have favoured a few. The fruits of growth, in this manner seem to have favoured the corporate sector more than vast sections of the population. Across the world, there is a growing concern about rising income inequality and how severely it can damage the social fabric of a nation. This was not the scenario since the evolution of mankind. In the 19th century, the rich countries were only three times richer than their poor counterparts. By the end of Colonialism in 1960s, the gap between rich and poor widened to 35 times and at present it is in excess of 80 times. The World Economic Forum's Global Risk Report¹⁷ rated income inequality as one of the top global risks of 2013.

“If poverty persists, the poorer, including sections of minorities could become an economic liability. Instead of actually participating and contributing to the development process, they will start acting as retardation of the development process”¹⁸.

¹⁷ Global Risks 2013; Eighth Edition, World Economic Forum, Switzerland

¹⁸ Habibullah, Wajahat; Chairman, National Commission for Minorities at Skoch Conference “Reaching Banking and Financial Services for Minorities”, Mumbai, June 2011

4.0 Distribution of Wealth

As per the 27th Annual Forbes Billionaires list¹⁹, there are 1426 billionaires in the year 2013, 210 more than the previous year. The combined wealth of these individuals is in excess of USD 5.4 trillion, up from USD 4.6 trillion in the preceding year. An analysis by Forbes says that if these 1426 individuals (0.0000002 per cent of world population) were to come together and form a country, it would be 4th richest in the world, just behind Japan at third position and way ahead of Germany at number five. The wealthiest one per cent own more than 43 per cent of the total global wealth. Further, a geographical bifurcation of these billionaires shows that there are 442 in US, 386 in Asia-Pacific Region, 366 in Europe, 129 in South America and 103 in Middle East & Africa. Apart from the mind boggling numbers, what is astonishing is the fact that the global economy is in a state of slump since 2008, people are losing employment, there are pay-cuts, and finances of various economies are severely strained. US and Europe are the worst hit, even emerging markets are facing the toughest time since the start of the new millennia. In spite of all these, the alarming factor is the number of new billionaires and the wealth of existing ones is on an upward curve.

In stark contrast, a World Bank report estimates that worldwide 1.22 billion people or 17.4 per cent are living Below Poverty Line (the World Bank measures absolute poverty as income below USD 1.25 a day as per its revised standards in 2005) as at the end of 2010 . Further, more than 2.4 billion people or 34.3 per cent of the world population lives on less than USD 2 per day. The bottom 40 per cent of the world population on the wealth chart owns a miniscule one per cent of the total wealth and the bottom 80 per cent owns only six per cent. So what we see here are two extremes and the distance between them is only increasing. What exactly we are seeing in today's society, there are super rich and then there are the super poor. There are oceans of poverty and islands of prosperity.

“No person, I think ever saw a herd of buffalo, of which a few were fat and the great majority lean. No person ever saw a flock of birds, of which two or three swimming in grease, and the others all skin and bone.”

- Henry George, American Political Economist

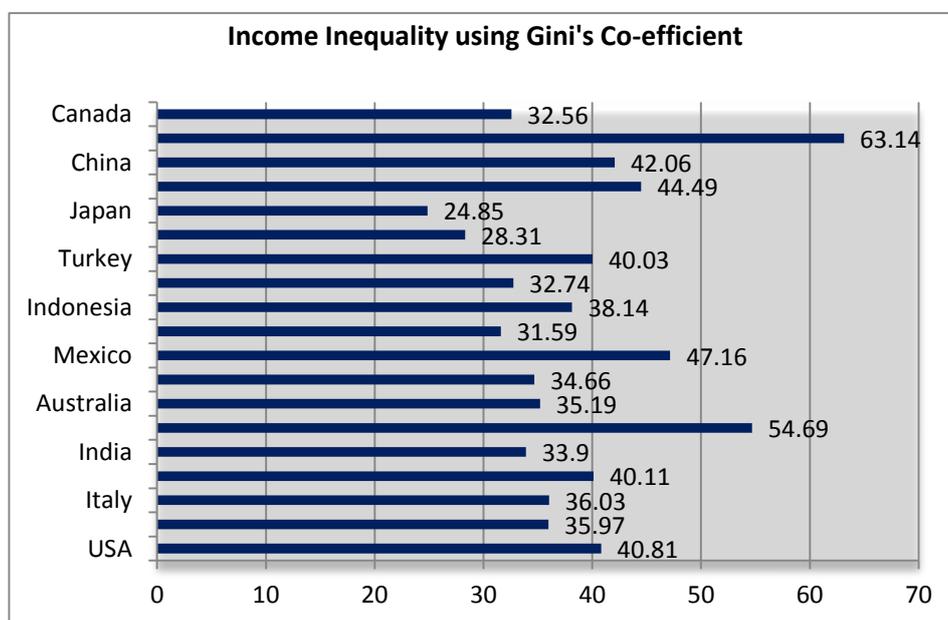
¹⁹ <http://www.forbes.com/sites/briansolomon/2013/03/04/what-the-combined-wealth-of-all-1426-billionaires-could-do/>

5.0 Gini's Co-efficient

Gini's Co-efficient named after its developer Corrado Gini, helps to understand the extent of equality or inequality in the distribution of wealth in a country at a given time. The index is measured from 0 to 1 or from 0 to 100 where 0 indicates wealth distribution is equal and 1 or 100 indicates extreme inequality. As per a Quandl.com survey (Quandl.com is one of the leading online database provider in the domain of Finance, Economics and Social Indicators), the Gini's co-efficient of all G20 economies is in excess of 30 except for Japan and Germany, which has a co-efficient of 24.85 and 28.31, respectively (G20 countries account for 90 per cent of the global wealth). Amongst G20 countries, South Africa leads the inequality chart with a co-efficient of 63.14 followed by Brazil at 54.69 and Mexico at 47.16. The countries with co-efficient in excess of 40 are USA, Argentina, China, Russia and Turkey. The Gini's co-efficient for India is 33.9. The countries with highest income inequality worldwide are Seychelles (65.77), Comoros (64.30) and Namibia (63.90). This helps us to break the myth that income inequality is extreme in under developed or developing countries vis-à-vis the advanced nations. The most advanced and developed economies of the present day are also amongst the leading ones. Infact, some of the poorest / under developed countries like Afghanistan (27.82), Kazakhstan (29.04), Egypt (30.77), Sudan (35.29), Guinea Bissau (35.52) among others are way ahead of many developed and developing nations.

“Our inequality materializes our upper class, vulgarizes our middle class and brutalizes our lower class.”

- Mathew Arnold, English Essayist

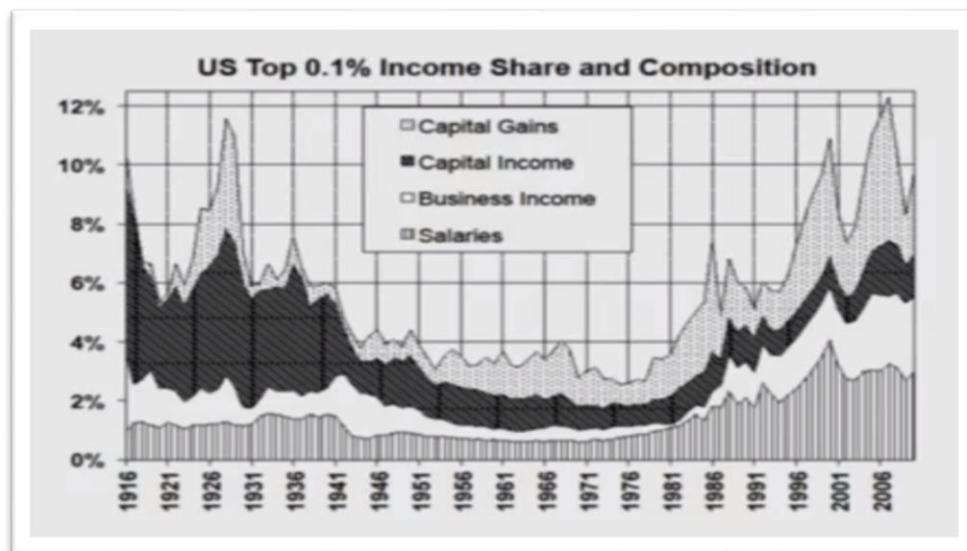


Source : Quandl.com, Note : The data is not available for Saudi Arabia (A member of G20)

6.0 Factors responsible for rising Income Inequality

There are multiple factors responsible for this inequality. The prominent ones amongst them are interest based borrowings, the taxation system and the economic policies. Individually they may not have a severe impact, but collectively they are a force. Let us understand how each is contributing to the rising inequality.

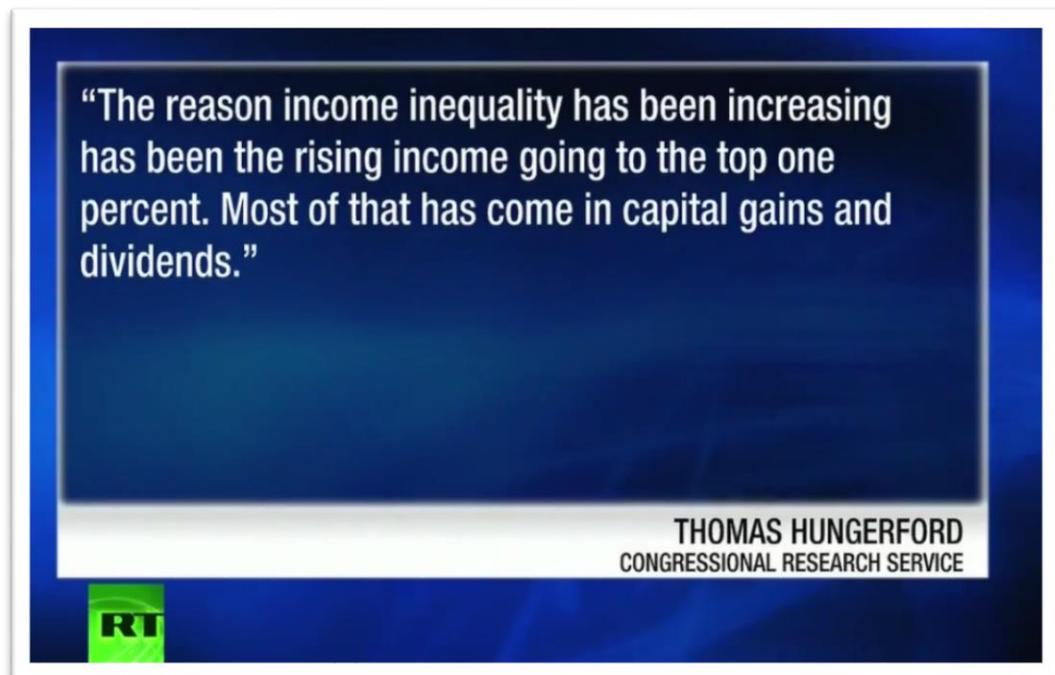
- Interest Based Borrowings:** A person / organisation should borrow capital when in need. But unfortunately, today the borrowings are greed based. Organisations with healthy financial positions also borrow. And they borrow huge sums as it helps in reducing the organisations cost of capital. The theory is that equity capital is expensive then the borrowed capital. So large organisation borrow more and more money and because of their strong financial positions, they get this capital at interest rates that are far less than what an organisation with not so strong financial position has to pay. Let's look at a case in point. A company like Reliance Industries (RIL) with cash profits in excess of Rs.90,000 crore borrows capital at an interest rate of 5 – 6 per cent per annum. The company's net profits (CAGR) for the past 10 years are 18 per cent. This implies that the owners of the company have earned 12 – 13 per cent over and above the profits made without investing a rupee. The capital gains are huge. A research done by Emmanuel Saez²⁰ says that capital gains is the biggest contributor to the income of the top 0.1 per cent in US. The same can be said for other geographies as well.



Source: [www.youtube.com/Income Inequality - Implications and Evidence with Emmanuel Saez](http://www.youtube.com/Income%20Inequality%20-%20Implications%20and%20Evidence%20with%20Emmanuel%20Saez)

²⁰ [www.youtube.com/Income Inequality - Implications and Evidence with Emmanuel Saez](http://www.youtube.com/Income%20Inequality%20-%20Implications%20and%20Evidence%20with%20Emmanuel%20Saez)

- **Taxation System:** The existing taxation structure is ridden with loopholes which favour the upper strata of the society more than the ones at the bottom. The salaried class is strictly taxed, whereas, there are intentional loopholes when it comes to taxing those with business income and earnings through capital gains. Though the tax rate is higher for individuals with higher income vis-à-vis their not so affluent counterparts, but the net rate at which the tax is paid is far lesser due to deductions allowed from capital gains, dividends, etc. Further, if you observe the taxation system carefully, investments in debt securities are encouraged for a reduction in tax liability. The individual investors believe they are the beneficiaries but the real gainers are large corporate houses which borrow this capital at a relatively cheaper cost and in turns multiply the returns on their capital employed (Capital Gains) for the large shareholders of these companies. A study by RT News, US²¹ confirms this through one of its research which says that the single greatest driver of income inequality is Capital Gains. An ideal taxation system should be the one which taxes the haves and gives it to the have not's.



Source : www.youtube.com/The_Single_Largest_Driver_of_Income_of_Inequality

- **Government Policies:** The governments of all countries promise policies designed to favour the lowest strata of the society. Unfortunately, this never happens. Rather, the policies in an economy are designed by and designed to support the growth and development of the people in the upper echelon. A look at few glaring evidences of

²¹ www.youtube.com/The_single_greatest_driver_of_income_inequality

the same. In the wake of recent global meltdown, the policy makers worldwide did little to curtail the impact of the catastrophe on the poor. In US, the Federal Reserve announced a USD 700 bn package to save Goldman Sachs, Citi Group, The Bank of America and Morgan Stanley. It didn't allocate a single penny to save the insurance giants Fannie Mae and Freddie Mac, which would have cushioned the average salaried American and his family. Further, the economies worldwide are announcing budget cuts on spending in their respective economies to tide over the present economic scenario. Surprisingly, these cuts are announced on spending towards the basic necessities of human life like food and shelter. At the same time, the defence budgets of the very economies have gone up, without any imminent threat. Even in India, the government announced a cut in subsidies on petroleum products, fertilizers and food grains along with a cut in rural spending, though the defense budget has spiraled multiple times.

- The biggest problem the economies are facing worldwide is the payment of interest accrued on the capital borrowed. Each year, this component is on the rise. As per India's annual budget for the financial year 2014, the capital spent towards servicing the debt is in excess of Rs.3,70,000²² crore or more than 20 per cent of the total budget outlay, up from Rs.3,19,000 crore in the preceding year. If the interest component on the capital borrowed is taken off, the development of the economies would be much faster than what it is today.

7.0 Impact of inequality on Society

Ill fares the land, to hastening ills a prey, where wealth accumulates and men decay.

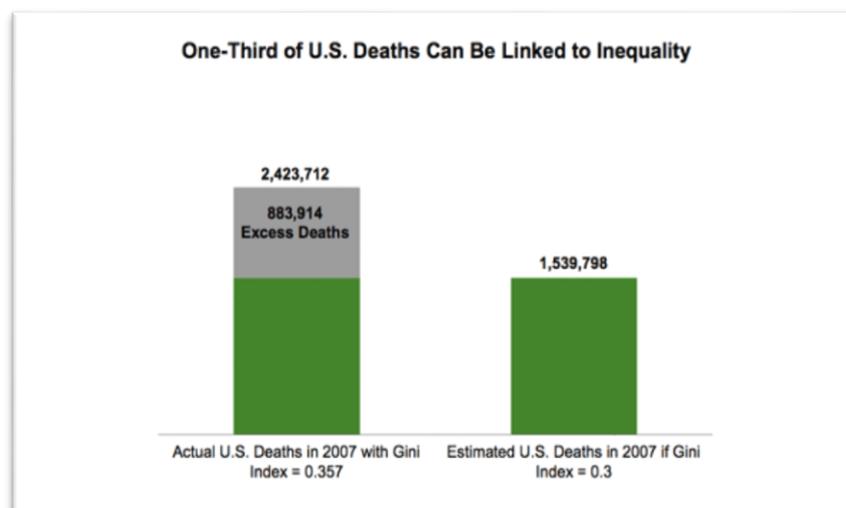
- Oliver Goldsmith, Anglo-Irish Writer
- Inequality is economically inefficient: While a certain level of inequality may benefit growth by rewarding risk takers and innovators, the current levels of inequality are economically damaging and inefficient²³. Concentration of wealth in the hands of few depresses demand as mentioned by Henry Ford²⁴. If money is distributed more evenly amongst the population, then it would give more people higher spending power which in turn would drive growth and reduce inequality.

²² Ministry of Finance, Government of India, 2013

²³ Cost of Inequality: Oxfam mb180113

²⁴ <http://corporate.ford.com/news-center/press-releases-detail/677-5-dollar-a-day>

- Inequality is socially divisive: Inequality undermines societies. It leads to far less social mobility. Social mobility has fallen rapidly in many countries as inequality has grown²⁵. If rich elites use their money to buy services, whether it is private schooling or private healthcare, they have less interest in public services or paying the taxes to support them. Those from elites are much more likely to end up in political office or other positions of power, further entrenching inequality. Their children are likely to be as rich, if not richer, than their parents, with inter-generational inequality increasing²⁶. Inequality has been linked to many different social ills, including violence, mental health, crime and obesity²⁷. Naoki Kondo et.al., in their paper “Income Inequality, Mortality and Self-rated Health: Meta-analysis of Multi Level Studies,” published in British Medical Journal, 2009 say that One-Third of the deaths in US can be attributed to inequality. As Richard Wilkinson, co-author of the Spirit Level²⁸, has said, the American dream is more real in Sweden than it has ever been in US²⁹.



Source: Naoki Kondo et al., “Income Inequality, Mortality, and Self-rated Health: Meta-analysis of Multi-level Studies,” British Medical Journal, 2009.

- **Inequality is politically corrosive:** If, in the words of the old adage ‘money equals power’ then more unequal societies represent a threat to meaningful democracy. This power can be exercised legally, with hundreds of millions spent each year in many countries on lobbying politicians, or illegitimately with money used to corrupt the

²⁵ <http://www.economist.com/node/21564417>

²⁶ World Bank World Development Report 2006, page 47

²⁷ World Bank World Development Report 2006, Equity and Development and Wilkinson, R and Pickett, K, *The Spirit Level*

²⁸ Wilkinson, R and Pickett K, *The Spirit Level*

²⁹ http://www.ted.com/talks/richard_wilkinson.html

political process and purchase democratic decision making. Joseph Stiglitz³⁰ and others³¹ have pointed out the way in which financial liberalisation led to huge power for the financial industry, which in turn has led to further liberalisation. In the UK the governing Conservative party receives over half its donations from the financial services industry³². Capture of politics by elites is also very prevalent in developing countries, leading to policies that benefit the richest few and not the poor majority, even in democracies³³.

8.0 What is Islamic Finance?

Islamic Finance is a system of finance based on Islamic law, or Shariah. It aims to achieve economic and social justice in all financial matters. Islamic Banking and Finance is more stable option vis-à-vis the conventional system as its fundamentals are not based on interest and speculation, uncertainty and gambling which are the key ingredients of the current levels of inequality. In contrast to conventional finance, Islamic finance takes into consideration the moral consequences of financial transactions. It ensures that financial contracts are fair and equitable and guarantees that financial rewards are correlated with the level of risk and responsibility borne by all parties. Islamic finance is also commonly known as “Ethical Finance” or “Participatory Finance”, Profit and Loss Sharing Finance or “Interest-free Finance”. It is growing annually at a rate of more than 15%. Not only Muslim countries but modern, secular and industrialized countries like UK, France, Japan, Singapore and Hong Kong have Islamic finance hubs. Islamic financial institutions are operating in more than 75 countries and assets under management are in excess of US\$ 1.5 trillion³⁴.

³⁰ <http://www.nytimes.com/2012/08/05/books/review/the-price-of-inequality-by-joseph-e-stiglitz.html?pagewanted=all>

³¹ Winner-Take-All Politics: How Washington Made the Rich Richer--and Turned Its Back on the Middle Class by Jacob Hacker and Paul Pierson

³² <http://www.guardian.co.uk/politics/2011/sep/30/city-conservatives-donations>

³³ <http://tinyurl.com/aq9k7nk> Democratisation and the Dynamics of Income Distribution in Low and Middle-income Countries, 1985 -- 1995

³⁴ Farooq, Umar., “*Seeking Financial Inclusion Through Islamic Finance : Opportunities and Challenges*”, Management Vision, Vol. No. 3, Issue No. 2, July 2012.

10.0 How will Islamic Finance help in curtailing inequality

Let us understand the principles of Islamic Finance and how each will help in reinstating equality in the society. Here are a few key principles;

- **Real Economy:** The most important factor for an equitable society is that the economy should rest on real factors which are quantifiable and stable. The conventional system of economy rests on paper currency which is created out of thin air as per the requirement, thus leading to huge ups and downs as it's not stable. Also, since money is created as per the requirement, there is a problem of excess supply, leading to erosion in the value of the currencies. The high inflation phenomenon in today's scenario is courtesy the paper currency which doesn't have the backing of real assets like gold and its equivalents. Also, the real economy factor will drive away toxic instruments like derivatives which were one of the biggest factors for the present global economic meltdown.
- **Encouraging Risk Sharing:** Another important concept of Islamic Finance is that it encourages risk sharing rather than risk transferring. The conventional financial system propagates transfer of risk through interest-based borrowing/lending. The advantage of encouraging risk taking is that the rewards will be linked to sweat and money will not attract money. This shall also streamline the lending process and also improve the returns and reduce the possibility of nonperforming assets as money will be lent on the basis of the potential of the business and not on the basis of the person borrowing it. There will be equal opportunity for everyone in the society.
- **Tax on Wealth and not on Income:** Islamic finance says the income of an individual is the fruit for his labour and he should get to savour it. The current practice of tax on income robs an individual (assuming he falls in the highest tax bracket) of his earning of approximately three months in a year. He doesn't receive the money for which he has worked hard for those three months. On the other hand, Islamic finance says that a tax on accumulated wealth of merely 2.5 per cent per annum is what an individual has to pay after taking care of his basic necessities. This has multiple advantages. First, it will let an individual enjoy the fruit of his labour and since the tax rate is only 2.5 per cent, it will encourage payment. Secondly, this will discourage accumulation of wealth as with an increase in wealth, the tax liability will also go up. Also, this will lead to spending and there will always be capital in circulation.

11.0 Conclusion

With the conventional financial system leading to global income inequality, a financial system that can help in justifiable redistribution of wealth in the society has become the need of the hour. So, if we want justice and equity, Islamic Finance can be an alternative as its core principle is sharing of profit and loss. One of the most important characteristics is, that the distribution of wealth should be just and fair and it should percolate from top to the bottom, from bottom to the top, so that it may not circulate only amongst the rich. Thus, it can help in reforming the lives of the communities by eliminating barriers.

“The world should call for an alternative global financial architecture, which is built on the real economy and not on the paper economy”.

- R. Vaidyanathan, Prof. of Finance, Indian Institute of Management, Bangalore

References

- Cost of Inequality: Oxfam mb180113
- Farooq, Umar., “Seeking Financial Inclusion Through Islamic Finance : Opportunities and Challenges”, Management Vision, Vol. No. 3, Issue No. 2, July 2012.
- Global Risks 2013; Eighth Edition, World Economic Forum, Switzerland.
- Habibullah, Wajahat; Chairman, National Commission for Minorities at Skoch Conference “Reaching Banking and Financial Services for Minorities”, Mumbai, June 2011.
- <http://corporate.ford.com/news-center/press-releases-detail/677-5-dollar-a-day>
- <http://tinyurl.com/aq9k7nk> Democratisation and the Dynamics of Income Distribution in Low and Middle-income Countries, 1985 – 1995
- <http://www.economist.com/node/21564417>
- <http://www.forbes.com/sites/briansolomon/2013/03/04/what-the-combined-wealth-of-all-1426-billionaires-could-do/>
- <http://www.guardian.co.uk/politics/2011/sep/30/city-conservatives-donations>
- <http://www.nytimes.com/2012/08/05/books/review/the-price-of-inequality-by-joseph-e-stiglitz.html?pagewanted=all->
- <http://www.quandl.com/demography/gini-index-all-countries>
- http://www.ted.com/talks/richard_wilkinson.html
- <http://www.worldbank.org/en/topic/poverty/overview>

- Ministry of Finance, Government of India, 2013
- Wilkinson, R and Pickett K, *The Spirit Level*
- Winner-Take-All Politics: How Washington Made the Rich Richer--and Turned Its Back on the Middle Class by Jacob Hacker and Paul Pierson
- World Bank World Development Report 2006, Equity and Development and Wilkinson, R and Pickett, K, *The Spirit Level*
- World Bank World Development Report 2006,page 47
- [www.youtube.com/Income Inequality - Implications and Evidence with Emmanuel Saez](http://www.youtube.com/Income%20Inequality%20-%20Implications%20and%20Evidence%20with%20Emmanuel%20Saez)
- [www.youtube.com/The single greatest driver of income inequality](http://www.youtube.com/The%20single%20greatest%20driver%20of%20income%20inequality)

Assessing the SEBI frame work set up for Algorithmic Trading in India

Mr. Jamil Saudagar³⁵

Abstract

Algorithmic Trading refers to the use of computer programs to track the movement of securities, filter profitable opportunities and execute a trade. Unlike the human mind, a computer program does not have the cognitive ability. One wrong trade emanating from any of the hundreds of terminals can snowball into a major catastrophe.

Since, the trade is controlled by a computer program, in a worst case scenario; a small glitch can bring down the entire securities trading system. This in turn can have financial implications for market participants and will negatively impact the confidence of the retail participants. Despite the inherent risk in this form of trading, it is gaining popularity and thus it is an area of high concern for our capital market regulator, SEBI – Securities Exchange Board Of India.

This paper attempts to assess whether the current regulatory framework created by SEBI is adequate enough to prevent a wrong trade therefore creating undue volatilities in the securities price.

Key Words: *Algorithmic Trading, Frame work, SEBI Guidelines, Terminals*

1.0 Introduction

Essentially, trade execution is a two step process. The first step is to select the constituents of a trade. The next step is to execute the trade. While the first step was automated in the early nineties, the next step was largely a manual one with analysts trying to look at different variables and using different tools to decide the direction of their trade. But with increasing pressures on margins and increased volatility, there was a definite need to be able to quickly assess the emerging situation, take quick decisions and execute profitable trades immediately. To be able to do this, financial institutions began to look at marrying quantitative models to computer programs. This is known as algorithmic trading. Though market regulators in some countries have approved this mode of trade execution, they are still skeptical about the impact it can have

³⁵ Assistant Professor – Rizvi Institute of Management Studies & Research, jamilsaudagar@rmi.rizvi.edu.in

on markets in terms of volatility, market efficiency and its impact on retail players. Although, algorithmic trading started in India in 2005, it started gaining traction amongst market participants from 2008 onwards when the Securities and Exchange Board of India (SEBI) allowed Direct Market Access (DMA). As per data available from stock exchanges, algorithmic trading accounted for 39.2% of the total cash market turnover on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) for the month of June 2013. Algorithmic trading on the BSE alone contributed 19.50% of total cash market turnover on BSE. The numbers hover around the 40% mark for exchanges that are located in the United States. The flip side to allowing DMA is that one errant trade can pull down the entire system besides these trades may also impact the price volatility of the securities.

Consider this, on 06th May 2010, one computer driven sale order to sell about 75,000 E-Mini S&P 500 contracts valued at about 4.1 billion USD as a hedge to an existing equity position triggered buy and sell trades from other market participants also using algorithmic trading softwares. This algorithmic software sniffed at a profiteering opportunity because of the unusually high initial sell order and these back and forth orders pulled down the Dow Jones Industrial Average by 700 points in a matter of 5 minutes. Similarly, on 05th October 2012 the National Stock Exchange's Nifty index was pulled down by about 900 points (15.5%) because of an errant trade executed by broking firm. The losses because of this trade were estimated to be about Rs 51 crores.

2.0 Objectives

The objective of this paper is to study the current SEBI framework and guidelines and assess if the framework is robust enough to prevent systemic failures.

3.0 Research Methodology

For purposes of this study, data from the financial newspapers and SEBI circulars were analyzed.

4.0 Scope and Limitations of the Study

- This paper restricts itself to assessing the current SEBI framework. This paper does not suggest improvements to the existing framework.
- All the points necessarily in the relevant SEBI circulars do not pertain to addressing systemic risk, these points are not covered in this paper.

5.0 The SEBI Framework

The guidelines from SEBI have been issued via two circulars:

- CIR/MRD/DP/ 09 /2012 dated 30th March 2012
- CIR/MRD/DP/ 16 /2013 dated 21st May 2013.

The points in these circulars have been studied to understand if these are robust enough to prevent systemic failure of the exchange systems.

Generation of dummy orders to understand market direction

There is a risk that algorithmic programs might generate a lot of dummy orders which do not get translated into a trade. This is one risk that can occur with permitting Direct Market Access (DMA). Market players might do this because they want to get a feel of the order book of a particular security. They might generate an order and then later either cancel the order or modify the order. These dummy orders put a lot of stress on a trading system and also impede price discovery. Therefore, in order to ensure maintenance of orderly trading in the market, SEBI's suggestion that stock exchanges should put in place "effective economic disincentives" with regard to high daily order-to-trade ratio of algorithmic orders of the stock broker. Earlier, the National Stock Exchange, for trades where the order trade ratio (OTR) more than 50, the penalties for trades were between 1 and 5 paise per trade. Beyond 500, the algorithmic trader was not allowed to place an order for the first 15 minutes of the next day. As per its revised circular, SEBI has doubled the penalty amounts and also ordered a 1 hour trading suspension the next trading day if the offense is repeated on 10 occasions in 30 previous trading days.

SEBI has also permitted stock exchanges to impose "suitable penalties" in case of failure of the stock broker or trading member to take satisfactory corrective action within a time-period specified by the bourses.

Quoting an incorrect price which can make the market more volatile

Another risk area could be that the price quoted in the order would be outside the permissible price band for that security. If such an order is generated, it could severely impact the functioning of the market either because such a trade would distort the order book or because of a snowballing effect. SEBI has mandated that exchanges should maintain a price check and that the orders should not violate the price band. In case, price bands are not maintained for a security then dummy filters should be used to detect a sharp movement in the price of the security.

Incorrect quantity being sent in the trade

Besides price, quantity is another area which can hamper the orderly functioning of the securities market. If one errant order with high quantity is placed, it can distort the order book. Also, if a huge quantity is placed on the trading block, it might impact the liquidity in the market. It might also result in panic selling by other market participants. Therefore, SEBI has ordered that no trade shall violate the maximum permissible quantity set by the exchange.

Software Requirements

To keep a check on the functionality of algorithmic software used by market participants, SEBI has mandated that these systems be audited every six months by a competent authority.

6.0 Conclusion

For orderly functioning of the market, it is imperative that all variables in a trade which can potentially abet wild swings in the price of a security are suitably monitored and validated. Price and Quantity are two such variables and the SEBI guidelines are robust enough to ensure that errors in these variables do not lead to a systemic failure. As per NSE circular # 3/2012 dated 29 June 2012, the following will be the charges for a high order to trade ratio:

Daily Algorithmic Order to Trade ratio	Charges per Algorithmic order
Less than 50	Nil
50 to less than 250 (on incremental basis)	1 paisa
250 to less than 500 (on incremental basis)	5 paisa
* 500 or more than 500 (on incremental basis)	5 paisa

** For a ratio of 500 or more such orders to a trade, the next trading day, the participant will not be allowed to trade for a period of 15 minutes.*

Further, for purposes of calculation, all entered, modified, cancelled trades will be considered unless the entered, modified or cancelled trade is within the 1% limit of the Last traded price.

Assuming a participant generates 500 such orders per minute and does this for 375 minutes (09:15 am to 03:30 pm : Cash Market), he would have generated 187500 such orders. A penalty of 5 paisa per transaction would mean that the participant gets away with paying only Rs 9375.00. On the other hand, the potential to gain undue advantage from these dummy orders is immense. Therefore, the penalty should be looked into to ensure that market participants are more circumspect towards compliance.

References

- Doshi, Ankit (2013, July 16). In a volatile mkt, Algo trading turnover touches new high. Financial Express. Retrieved from <http://www.financialexpress.com>
- ET Bureau (2012, March 31). SEBI issues rules for algorithmic trading. Economic Times. Retrieved from <http://economictimes.indiatimes.com>
- National Stock Exchange Of India Limited (2012). Levy of charges for High Order to Trade Ratio. (Advisory Circular 3/2012), Retrieved from <http://www.nseindia.com>
- PTI (2012, March 31). Sebi tightens algorithmic trading norms; ups penalty for errant brokers. Economic Times. Retrieved from <http://economictimes.indiatimes.com>
- Securities and Exchange Board of India (2012). Broad Guidelines on Algorithmic Trading. (Advisory Circular CIR/MRD/DP/ 09 /2012), Retrieved from <http://www.sebi.gov.in>
- Securities and Exchange Board of India (2012). Broad Guidelines on Algorithmic Trading. (Advisory Circular CIR/MRD/DP/ 16 /2013), Retrieved from <http://www.sebi.gov.in>

Benchmarking: A Tool for Portfolio Performance Measurement

Mr. Albert Baretto³⁶

*Believe me, no: I thank my fortune for it,
My ventures are not in one bottom trusted,
Nor to one place; nor is my whole estate
Upon the fortune of this present year:
Therefore my merchandise makes me not sad.*

Antonio, in William Shakespeare's "The Merchant of Venice", Act 1, Scene 1.

Abstract

Like Shakespeare's Antonio, most people understand that it is not in their best interest to put all their eggs in the same basket. The same people might also agree that the different baskets of eggs should not be placed right next to each other. Unfortunately, investments aren't as simple as basket of eggs.

The Investment Portfolio is a basket of individual investments, when clubbed together; one can value all the investments at any point of time. This Portfolio is essentially a group of financial assets such as equities, bonds, debt instruments, mutual funds, cash equivalents amongst others. The portfolio is planned to meet the risk and return trade-off of the investor. Usually Investors and Financial Managers (also referred as Portfolio Managers) evaluate the performance of individual securities under a portfolio.

This study aims to bring into light a whole new process of performance evaluation of a set of securities under a given portfolio using Benchmarking as a tool.

Key Words: *Benchmarking, Portfolio Evaluation, Portfolio Manager, Alpha, Tracking Error.*

1.0 Introduction

Portfolio Management is the art and science of making decisions about investment mix and policy, matching investments to objectives, asset allocation for individuals and institutions, and balancing risk against performance.

³⁶ Financial Consultant, albertbaretto@gmail.com

It is all about strengths, weaknesses, opportunities and threats in the choice of debt vs. equity, domestic vs. international, growth vs. safety, and many other trade-offs that are encountered in an attempt to maximize return at a given appetite for risk.

The objective of Portfolio Management is to achieve the expected rate of return while mitigating (reducing) associated risks. This process involves selecting the appropriate securities and adopting an approach to monitor the performance at regular intervals. This dynamic process of evaluation involves various tools and this paper will focus on one such tool called Benchmarking.

2.0 Objectives

The objective of this study is to understand:

- The importance of Portfolio Management
- Benchmarking as a tool for Portfolio Performance evaluation
- Selecting of Benchmarks across Domestic and International markets

3.0 Research Methodology

Sources of Data

- The study is based on observations and analysis of Benchmarking as a tool in Portfolio Performance Management.
- Secondary data:
 - ✓ Data was gathered from books and publications, magazines, internet, journals and periodicals.

4.0 Scope and Limitation of the Study

- This paper only focuses on Benchmarking with respect to Equity and Fixed Income Indices.
- With respect to Foreign Markets, this study assumes unchanged Forex rates.
- Similarly, Inflation is assumed to remain unchanged for the period of evaluation.

5.0 Benchmarking: A Tool for Performance Measurement

- Typically each security in a portfolio can be benchmarked individually, but the onus lies in benchmarking the entire portfolio, to understand the movement of the entire portfolio against the market performance.
- A blended benchmark is used to measure the relative performance of the entire portfolio against a blend of securities. To take a simple example, if an investor's assets are allocated to 70% stocks and 30% bonds, the portfolio's performance would be measured against a blended benchmark consisting of 70% in a stock index and 30% in a bond index.

Selecting a Benchmark

With the vast number of benchmarks to choose from, deciding which one, or which combination of Indices, to use as a benchmark can be difficult. But this decision is critically important for several reasons.

- Portfolio risk and return will be heavily influenced by the benchmark. When portfolio managers construct a portfolio, they typically take the securities in the benchmark as a starting point from which to take active positions in an effort to add value.
- The benchmark indicates not only the kinds of securities that should be included in the portfolio, but also the types of securities that should not be in the portfolio. For example, choosing a government bond index as the benchmark for a fixed income portfolio is a strong indicator its holdings should not include many securities with a high degree of risk. Choosing a small cap stock index, such as the Russell 2000, means an investor is not seeking exposure to the large companies in the Dow Jones Industrial Average.
- Some benchmarks are better suited to specific investment goals than others. For an investor whose primary goal is capital preservation, an important criterion for a bond index might be credit quality. If the portfolio is intended to offset liabilities that change with interest rates, the most important consideration when selecting a benchmark might be the benchmark's interest rate sensitivity (or duration), rather than its prospective returns.
- Market Indices as Benchmarks

- The most commonly used benchmarks are market indices such as the BSE Sensex & Nifty (for Indian Market), Dow Jones Industrial Average, the S&P 500, or the Russell 2000 (for the US Market) amongst others. However, there are dozens of other market indices out there that focus on specific industry sectors, security classes, or other market segments.
- LIBOR (London Inter-bank Offer Rate) is one of the most widely used benchmarks for short-term interest rates while US Fed controls another common interest benchmark known as the Fed Funds rate.

Selecting the right benchmark can be particularly important for investors looking to invest in international securities. Because foreign currency exposure can affect the value and the volatility of a portfolio, global securities can serve two distinctly different purposes, depending on whether the foreign currency exposure is hedged or unhedged.

A global investor who wants to take a position on currency by investing in foreign holdings would use an unhedged index – one that is exposed to changes in currency values. For example, an investor who believes that the U.S. dollar will weaken may choose to invest in securities denominated in other currencies because they will increase in value if the dollar falls. However, investors seeking capital preservation or to meet liabilities typically opt for Indices that hedge currency risk and avoid the volatility that currency investing can bring.

These are among the most widely followed stock Indices, or benchmarks:

Index	Origin	Description
DJIA	U.S.	Price-weighted average of 30 large publicly traded U.S. “blue chip” stocks
FTSE100	U.K.	Market capitalization-weighted index of the 100 largest U.K. companies traded on the London Stock Exchange
Hang Seng Index	Hong Kong	Free float-adjusted market capitalization-weighted index of the 45 largest companies on the Hong Kong stock market
MSCI World Index	Global Equities	Free float-adjusted market capitalization index consist of 24 developed market country Indices
NASDAQ Composite	U.S.	More than 3,000 technology and growth domestic and international based companies on the NASDAQ stock market
Nikkei 225	Japan	225 leading stocks traded on the Tokyo Stock Exchange
S&P 500	U.S.	500 leading companies in the Large-Cap segment of the U.S. equities market.

Since stocks trade on open exchanges and prices are public, the major Indices are maintained by publishing companies like Dow Jones and the Financial Times, or the stock exchanges.

Fixed income securities do not trade on open exchanges, and bond prices are therefore less transparent. As a result, the most commonly used Indices are those created by large broker-dealers that buy and sell bonds, including Barclays Capital (which now also manages the Indices originally created by Lehman Brothers), Citigroup, J.P. Morgan, and BofA Merrill Lynch. Widely known Indices include the Barclays U.S. Aggregate Bond Index, tracking the largest bond issuers in the U.S., and the Barclays Global Aggregate Bond Index of the largest bond issuers globally.

Actually, bond firms have created dozens of Indices, providing a benchmark for virtually any bond market exposure an investor might want. Barclays Capital alone publishes more than 30 different bond Indices. New Indices are often created as investor interest grows in different types of portfolios.

Indices also exist for other asset classes, including real estate and commodities, and these may be of particular interest to investors concerned about inflation. A couple of examples are the Dow Jones U.S. Select Real Estate Investment Trust (REIT) Index and the Dow Jones-UBS Commodity Index.

6.0 Benchmarking: To Assess Portfolio Performance Against Market Forces

Benchmarking is a tool to address the performance of the portfolio against market forces. To establish the performance against market forces, one has to calculate the Alpha.

Alpha

The performance of the security and the performance of the applied Benchmark are calculated and the difference between these two performances shows the relation between the performances of the security against the Benchmark. The difference between the performance of a security and the Benchmark is called “Alpha”. Given below is an example to explain Alpha.

Example 1

Mr. X invests in a Mutual Fund “A” which in turn invests in Indian equities only and simultaneously also invests in Mutual Fund “B”, which invests in US equities only.

The performance assessment time-period for the above investments is 1 year. Fund A has given 10% return in this last one year and Fund B has given 14% return. Prima facie, Fund B seems to be the better performing fund, in terms of absolute performance.

Applying the benchmark tool for each fund:

Fund A is benchmarked with the Nifty (since the fund is predominantly investing in Indian equities) and Fund B is benchmarked with the S&P500 (which is the broad-based Equity Index in the US)

The table below shows a relative performance of the Fund V/s the Index.

Fund Name	Fund Performance	Respective Index	Index Performance
Fund A	10%	Nifty	8%
Fund B	14%	S&P500	18%

** The Index Performances given above is an assumption*

Now in relation to the respective Index, observe that Fund A has outperformed the Nifty by 2% and Fund B has under-performed the S&P500 by 4%. Thereby Fund A has a positive Alpha of 2% and Fund B has a negative Alpha of -4%.

Alpha indicates the performance of the Fund Manager, who manages these funds. The fund manager for Fund A is a more efficient manager, as he has delivered a positive Alpha.

Likewise, the Portfolio with a Positive Alpha proves that the Portfolio has outperformed the market. In this case the market is the respective Index.

The difference in the portfolio and benchmark returns, is also called tracking error. Tracking error gives investors a sense of how "tight" the portfolio in question is around its benchmark or how volatile the portfolio is relative to its benchmark. As a result, benchmarks not only measure returns, they help measure risk and help the investor determine whether the added return adequately compensates for the risk involved.

Example 2

Mr. X has 50% investment in Fund A and 50% in Fund B, which are both equity funds. Assume the amount invested is Rs. 1,00,000 each in both the funds. Now assume Mr. X has another Rs 2,00,000 to invest and selects Fund C which is a fixed income global bond fund. Mr. X will now look at the CIBC GLOBAL BOND INDEX (CIB511), which is one of the prominent global bond fund index to benchmark against Fund C.

So now the portfolio will be as follows:

Portfolio Valuation Date: 01st Jan 2013 (assumed)

		<i>A</i>		<i>B</i>	$C = A \times B$
Fund Name	Amount Invested (Rs)	% allocation	Benchmark	Benchmark Value (Actual)	Weighted Benchmark Value
Fund A	1,00,000	25%	Nifty	5,950.85	1,487.71
Fund B	1,00,000	25%	S&P500	1,462.42	365.61
Fund C	2,00,000	50%	CIB511	9.15	4.58
Total	4,00,000				1,857.89

Source for Actual Benchmark values: Google Finance.

Position of this portfolio a year later is as below:

Portfolio Valuation Date: 31st Dec 2013 (assumed)

				<i>D</i>	<i>E</i>	$F = D \times E$	$G = F \times C$
Fund Name	Market Value of Investments (Rs)	Growth	Benchmark	Benchmark Value (Actual)	Original % Allocation	Weighted Benchmark Value	Weighted Benchmark Growth
Fund A	1,10,000	10.00%	Nifty	6,304.00	25%	1,576.00	5.93%
Fund B	1,25,000	25.00%	S&P500	1,848.36	25%	462.09	26.39%
Fund C	2,16,000	8.00%	CIB511	9.43	50%	4.72	3.06%
Total	4,51,000	12.75%				2,042.81	9.95%

Source for Actual Benchmark values: Google Finance.

From the above, one can conclude:

- Fund A and Fund C have out-performed the respective benchmarks but Fund B has under-performed the respective benchmark.
- The growth in the Weighted Benchmark Value is 9.95% (*sum of column G*)
- However the Portfolio is grown by 12.75% (4,51,000 over 4,00,000*100)
- The Portfolio has over-performed the weighted benchmark average by 2.80%

7.0 Considerations in Benchmark Selection

Given the importance of selecting the right benchmark, here are some key questions to answer before making a choice.

- What are your overall performance goals, and what is your tolerance for volatility, or risk?
- Investors should evaluate their return goals and risk tolerance before selecting an index. An investor with a low risk tolerance will most likely select an index with a shorter duration or higher credit quality. An investor looking for a high return may select an index with a track record of high long-term returns, which might also exhibit performance volatility and carry the chance of negative absolute returns over shorter time periods.
- Investors seeking to meet long-term liabilities with their investments should consider not only the pattern of cash flows associated with their liabilities but also the risk factors that can cause changes in liabilities. For example, liability-driven investors who choose to invest in fixed income could work with an asset manager to create a custom benchmark composed of a combination of government bonds, index-linked bonds, swaps and corporate bonds that closely matches the risk factors of the liabilities. Such a custom index could potentially provide a better fit than existing Indices, while also providing flexibility to adapt to changes in the liability stream over time.
- Need for liquidity
- An investor looking to invest operating cash that is used to meet short-term liabilities or obligations will need a highly liquid portfolio and would most likely select an index with a very short duration. This type of investor would want to stay away from riskier benchmarks that contain less liquid securities and exhibit greater interest rate sensitivity. Cash investors may also select custom benchmarks designed to match their liquidity profiles.
- Liabilities linked to inflation
- Rising levels of inflation can erode the real, or inflation-adjusted, returns on an investment. A fixed income investor with inflation-linked liabilities might therefore choose, for example, the Barclays Capital Euro Inflation-Linked Index, made up of Euro zone inflation-linked bonds whose principal and interest payments rise with inflation. Indices tracking the performance of specific investments that tend to

benefit from inflation, such as real estate and commodities, can serve as benchmarks for portfolios invested in these assets, including the Dow Jones U.S. Select Real Estate Trust (REIT) Index and the Dow Jones-UBS Commodity Index.

- Different types of securities to invest
- A benchmark should be a “good fit” for the portfolio and the investment manager in terms of the range of securities in which it can invest. A broad investment universe can potentially help increase return and reduce volatility. If the benchmark is “too narrow,” however, it may be difficult for the investment manager to make noticeable contributions to the portfolio’s overall performance through active management.

8.0 The Making of a Good Benchmark

Selecting a specific benchmark is an individual decision, but there are some minimum standards that any benchmark under consideration should meet. To be effective, a benchmark should meet most, if not all, of the following criteria:

- Unambiguous and transparent – The names and weights of securities that constitute a benchmark should be clearly defined.
- Investable – The benchmark should contain securities that an investor can purchase in the market or easily replicate.
- Priced daily – The benchmark’s return should be calculated regularly.
- Availability of historical data – Past returns of the benchmark should be available in order to gauge historical returns.
- Low turnover – There should not be high turnover in the securities in the index because it can be difficult to base portfolio allocation on an index whose makeup is constantly changing.
- Specified in advance – The benchmark should be constructed prior to the start of evaluation.
- Published risk characteristics – The benchmark provider should regularly publish detailed risk metrics of the benchmark so the investment manager can compare the actively managed portfolio risks with the passive benchmark risks.

9.0 Conclusion

A benchmark serves as a crucial role in investing. Often a market index, a benchmark provides a starting point for a portfolio manager to construct a portfolio and directs how that portfolio should be managed on an ongoing basis from the perspectives of both risk and return. It also allows investors to gauge the relative performance of their portfolios; an annual return of 6% on a diversified bond portfolio may seem strong, but if the portfolio's benchmark returns 7% over the same time period, the bond portfolio has fallen short of its goal.

The number of benchmarks is virtually endless, and selecting the right one is not always easy.

In most cases, investors choose a market index, or combination of Indices, to serve as the portfolio benchmark. An index tracks the performance of a broad asset class, such as all listed stocks, or a narrower slice of the market, such as technology company stocks. Since Indices track returns on a buy-and-hold basis and make no attempt to determine which securities are the most attractive, they represent a "passive" investment approach and can provide a good benchmark against which to compare the performance of a portfolio that is actively managed. Using an index, it is possible to see how much value an active manager adds and from where, or through what investments, that value comes.

With Benchmarks today covering all types of assets and investment strategies, it makes sense to choose carefully and only after deciding one's investment goals and risk tolerance.

An investor should carefully consider the underlying risks contained in an index and their risk tolerance when evaluating an index. All investments contain risk and may therefore lose value.

References

- Business Today, 2014, RBI for overhaul of financial benchmarking methods. Jan 04:14
- http://www.federalstreet.com/glossary_term_loader.php?width=255&termId=5&link=http://www.federalstreet.com/glossary/, Glossary, assessed on 27th December 2013
- <http://www.investinganswers.com/financial-dictionary/investing/benchmark-882>, “Investing Answers”, Benchmark, assessed on 27th December 2013
- <http://www.investopedia.com/terms/p/portfoliomanagement.asp>, Definition of Portfolio Management, accessed on 24th December 2013
- <http://www.pimco.com/en/education/pages/benchmarksbasics.aspx>, Benchmark Basics, accessed on 22nd December 2013
- <http://www.portfoliomanagement.in/>, Portfolio Management, accessed on 24th December 2013
- <https://blog.wealthfront.com/benchmark-investments-portfolio-performance/>, “How to benchmark your investment portfolio” by Andy Rachleff dated 13th March 2013, assessed online on 27th December 2013
- Robert D, (1995), The Basics of Benchmarking, Texas
- The Guardian, 2013, Benchmarking helps universities understand how they're performing. Dec 12:13
- Tim S, (2009), The Benchmarking Book; A How – to – Guide To Best To Best Practice for Managers and Practitioners, Boston,

Talent Management for Employee Effectiveness

Ms. Sapna Malhotra³⁷

Abstract

In an era where global business is an inevitable phenomenon, employers now have to be ready for meeting the future business demands, which can be efficiently handled through talent management. Talent management is gaining popularity as a significant predictor of employee and business performance. It refers to integration of new workers, developing and retaining existing workers as well as attracting experienced and qualified people to work for an organisation.

Talent management is a process that emerged in the 1990s and continues to be implemented, as companies realize that their employees' talents and skills drive their business success. These companies develop plans and processes to track and manage their employee talent, including, attracting and recruiting qualified candidates with competitive backgrounds, managing and defining competitive salaries, training and development opportunities, performance management processes retention programs, promotion and transitioning. Talent strategy is, in fact, as important as any other part of an organization's overall strategy, regardless of the business conditions.

Key Words: Talent Management, Employee Effectiveness, Strategic HR

1.0 Objectives

- To understand the importance of Talent Management
- To present a conceptual model for analysing the ways in which talent management practices can be integrated with the strategic HR initiatives of an organization.

2.0 Research Methodology

- This research paper is a conceptual study. The first part of the paper explicates the review of related literature on the subject.
- The secondary data is collected using online databases such as Proquest, Sage Publications, Emerald and Ebsco.

³⁷ Research Scholar - SNDT University, Mumbai, sapnamalhotra2010@gmail.com

- In the second part of the paper researcher has made an attempt to present an integrated model to understand the role HR as a strategic enabler of Talent Management Practices in organisations.

3.0 Talent Management

Talent management can be defined as the strategic management of the flow of talent through an organisation (Duttagupta, 2005). It comprises the processes from recruiting the best to retaining the best. Talent management is a thorough and holistic approach to management in an organisation, which ultimately develops into organizational culture and creates competitive advantage (Lockwood, 2005). Cohn et al. (2005) stated that those who are not giving sufficient attention to human resource management and development will lose in the long run. Identifying talents in the organisation is a responsibility that lies not only with organizations' HR executives, but also with its line managers (Cohen et al., 2005). The different aspects of the engagement and development of talent within an organisation may consist of highly valued project assignments, cross-functional training, mentoring, externships, continuous feedback and international exposure (Branham, 2005). Together with the possibility of executive education these aspects make up a talent programme. It is important however to acknowledge that the term talent management is used loosely and often interchangeably across a wide array of terms (Rothwell, 2005). It could refer to recognizing and developing the top percentile of performers in an organisation or refer to specific programs initiated for fast-tracking high potentials or it could be strategic processes and people development (Duttagupta, 2005; Rothwell, 2005). With a shift from replacement planning to succession planning, talent management has become a strategic planning tool (Kurand Bunning, 2002). According to Rothwell (2005) succession planning assist in detecting training and development needs in identifying and utilising talents and intellectual capital by providing opportunities for individuals to grow and develop in the organisation and help in optimum utilization of the capital spend on human resource management (Rothwell, 2005:20-30).

4.0 Employee Effectiveness

The success of any industry is depending on employee's contribution and commitment (Baum and Kokkranikal, 2005). The growth and success of a company cannot be measured alone on the profits which it earns. In today's highly competitive and complex business environment, the talent which an organisation possess in the form of its employees effectiveness i.e. their skills and

competencies decide its success (Lockwood, 2006). From HR perspective, the effective employees' reflect behaviour in an organisation like-

- Belief in the organisation and its objectives;
- Desire to work to make things better;
- Proper understanding of the business context;
- Being respectful and helpful to colleagues;
- A willingness to go the extra mile and
- Keeping updated with recent developments.

5.0 Talent Drives Performance

Analyst research has proven that organizations using talent management strategies and solutions exhibit higher performance than their direct competitors and the market in general. From Fortune 100 global enterprise recruiting and performance management to small and medium business eRecruiting, leading companies invest in talent management to select the best person for each job because they know success is powered by the total talent quality of their workforce.

6.0 The Talent Age

In 1997, a McKinsey study coined the term: war for talent. Now in the new millennium, we find ourselves in the talent age. During the agricultural age, the economy was based on land, a truly physical and very tangible asset. The industrial age followed with a manufacturing-driven economy. Higher business performance was derived through the most effective use of factories and distribution networks. The knowledge age moved the basis of economic value to information assets through integrated communications and computer technology. Now the competitive battlefield is for the best people because they are the true creators of value.

7.0 Challenges Facing HR And Talent Management Processes

Many challenging workforce issues confront HR which include:

- Heightened competition for skilled workers.
- Impending retirement of the baby boomers.
- Low levels of employee engagement.
- Acknowledgement of the high cost of turnover.
- Arduous demands of managing global workforces.

- Importance of succession planning.
- Offshoring and outsourcing trends.

Integrated Talent Management and Strategic HR Model

This requires new thinking and a new mission to achieve business success. These factors—coupled with the need to align people directly with corporate goals—are forcing HR to evolve from policy creation, cost reduction, process efficiency, and risk management to driving a new talent mindset in the organization.

One important distinction is the evolution of the difference between tactical HR and strategic talent management. Transactional HR activities are administrative overhead. Talent management is a continuous process that delivers the optimal workforce for your business.

In this new model, Integrated Talent Management and Strategic HR Model —instead of being the owners of processes, forms, and compliance, HR becomes the strategic enabler of talent management processes that empower managers and employees while creating business value.

The mandate of talent management is to respond to business goals and consequently be the driver of business performance. In this model talent management is depicted as a circular—not a linear—set of activities.



Fig. 1 : Integrated Talent Management and Strategic HR Model

8.0 Conclusion

Workforce cost is the largest category of spend for most organizations. Automation and analysis of recruiting and hiring processes provides the immediate workforce visibility. This helps to significantly improve the firm's bottom line. Performance management provides the ongoing processes and practices to maintain a stellar workforce. Today, many organizations are struggling with silos of HR processes and technologies. The future of talent management is embodied in solutions designed from the ground up to provide business-centric functionality on a unified talent management platform.

Though it may seem intuitive, it is worthwhile to articulate the fundamental significance of successful talent management practices:

- The key enabler of any organization is talent.
- The quality of your people is your last true competitive differentiator.
- Talent drives performance.

Talent management requires strong executive support, along with systems and processes all directed towards having the right talent doing the right work at the right time. That's when talent truly drives higher business performance.

References

- Arthur, W., Bennett, W, Edens, P.S. & Bell, S.T. (2003). Effectiveness of training in organizations: A meta-analysis of design and evaluation features. *Journal of Applied Psychology*, 88(2), 234-245.
- Axelrod, B., Handfield-Jones, H., & Michaels, E. (2002 January). A New Game for C Players. *Harvard Business Review*, 80(1): 81-88.
- Barling, J., Weber, T., & Kelloway, E. K. (1996). Effects of transformational leadership training on attitudinal and financial outcomes: A field experiment. *Journal of Applied Psychology*, 81(6), 827-832.
- Bassi, L. & McMurrer, D. (2006 April) Human Capital and Organizational Performance: Next Generation Metrics as a Catalyst for Change. McBassi & Company White Paper available online at www.McBassi.com
- Bernthal, P. B. (2004). Measuring Employee Engagement. Development Dimensions International White Paper available online at www.ddiworld.com

- Best-in-Class Use of Metrics in Talent Management. (2008 March) Aberdeen Group Research report available online at www.Aberdeen.com
- Birdi, K., Clegg, C., Patterson, M., Robinson, A., Stride, C. B., Wall, T. D., & Wood, S. J. (2008). The impact of human resource and operational management practices on company productivity: A longitudinal study. *Personnel Psychology*, *61*, 467-501.
- Closing the engagement gap: A road map for driving superior business performance. Towers Perrin Global Workforce Study (2007-2008) available online at www.towersperrin.com
- Collins, D. B., & Holton, E. F. (2004). The effectiveness of managerial leadership development programs: A meta-analysis of studies from 1982 to 2001. *Human Resource Development Quarterly*, *15*(2), 217-248.
- Conway, J.M., Jako, R.A., & Goodman, D.F. (1995). A meta-analysis of inter-rater and internal consistency reliability of selection interviews. *Journal of Applied Psychology*, *80*(5), 565–579.
- Changing Leader Behavior (2003). Development Dimensions International Research Results available at www.ddiworld.com
- Enhancing Operational Results with Employee Performance Management (2007 June). Aberdeen Group Research Report available online at www.Aberdeen.com
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. *Journal of Applied Psychology*, *87*(2), 268-279.
- Howard, A., Erker, S., & Bruce, N. (2007) Selection Forecast 2006 | 2007: Slugging Through the War for Talent. Pittsburgh, PA: Development Dimensions International.
- Howard, A. & Wellins, R. (2008) Global Leadership Forecast 2008 | 2009. Pittsburgh, PA: Development Dimensions International.
- Integrated Talent Management Part 1: Understanding the Opportunities for Success. (2008 July) IBM Institute for Business Value available online at www.ibm.com
- Martin, K. (2008 September) Achieving Real Business Value with Learning and Development. Aberdeen Group Research Report available online at www.Aberdeen.com

- Martin, K. (2007 August) Competency Management: The Link between Talent Management and Optimum Business Results. Aberdeen Group Research Report available online at www.Aberdeen.com
- Russell, C. J. (2001). A longitudinal study of top-level executive performance. *Journal of Applied Psychology*, 86(4), 560-573.
- Saba, J. & Martin, K. (2008 October) Succession Management: Addressing the Leadership Development Challenge. Aberdeen Group research report available online at www.Aberdeen.com
- Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, 21, 600-619.
- Salanova, M., Agut, S., & Peiro, J. M. (2005). Linking organizational resources and work engagement to employee performance and customer loyalty: The mediation of service climate. *Journal of Applied Psychology*, 90(6), 1217-1227.
- Schmidt, F. L., & Hunter, J. E. (1998). The validity and utility of selection methods in personnel psychology: Practical and theoretical implications of 85 years of research findings. *Psychological Bulletin*, 124, 262-274.
- Schneider, B., Hanges, P. J., Smith, D. B., & Salvaggio, A. N. (2003). Which comes first: Employee attitudes or organizational financial and market performance? *Journal of Applied Psychology*, 88(5), 836-851.
- Taylor, P. J., & Small, B. (2002). Asking applicants what they would do versus what they did do: A meta-analytic comparison of situational and past behaviour employment interview questions. *Journal of Occupational and Organizational Psychology*, 75, 277-294.
- Theranou, P., Saks, A. M., & Moore, C. (2007). A review and critique of research on training and organizational-level outcomes. *Human Resource Management Review*, 17, 251-273.

Solid Waste Management in the Metro Cities of India

Ms. Shitala Prabhu³⁸

Abstract

India is one of the oldest civilizations in the world, spanning over a period of more than 4000 years, and witnessing the fusion of several customs and traditions, which are reflective of the rich culture and heritage of the Country. India is the second largest nation in the world, with a population of 1.21 billion, (Census 2011) accounting for nearly 18% of world's human population. A total of 181 million people increased from the previous Census of 2001. India is now among the top 10 countries generating the highest amount of Municipal Solid Waste. This is primarily due of the large size of the urban population and the city-dwellers adopting high-consumption lifestyles. Hence metro cities in India are facing a sharp contrast between its increasing urban population and available services and resources. Solid Waste Management is one such service where India has an enormous gap to fill.

This paper attempts to understand solid waste management across Metro cities in India

Key Words: *Solid Waste, Urban Population*

1.0 Introduction

Urban India is facing a massive waste disposal problem which will worsen in the coming years. With increasing population and economic inflation, the lifestyle of urban residents/households is also changing. Thus solid waste collection, disposal and management have become a major urban problem especially in the metro cities. As every person is a contributor to this problem, greater the population more severe is the problem. As a result enormous amount of Waste is generated, and the most crucially posed question is how to manage these wastes effectively and efficiently to save the environment and the continuous existence of mankind.

³⁸ Research Scholar - SNDT University, Mumbai, hashushi@yahoo.com

2.0 Need and Significance

The ever increasing population in the metros has put tremendous pressure on the available resources. New consumption patterns and social linkages are emerging. The per capita waste generation rate in India has increased from 0.44 kg/day in 2001 to 0.5 kg/day in 2011, fuelled by changing lifestyles of “use and throw theory”. Urban population growth and increase in per capita waste generation have resulted in a 50% increase in the waste generated by Indian cities within only a decade since 2001. There are 53 cities in India with a million plus population, which together generate 86,000 tons per day (31.5 million tons per year) of Municipal Solid Waste at a per capita waste generation rate of 500 grams/day. The total Municipal Solid Waste generated in urban India is estimated to be 68.8 million tons per year or 188,500 tons per day of Municipal Solid Waste. Such a steep increase in waste generation within a decade has severed the stress on all available natural, infrastructural and budgetary resources.

In the metros waste is generated by, and from different sectors; domestic, commercial, industry and others but the Waste Management responsibility has been left to the government or administrative authorities only. Hence the municipalities, cities and towns continue to grapple with the problem of Solid Waste Management..

Municipal Solid Waste rules 2000 made by the Government of India to regulate the management and handling of Municipal Solid Wastes provide a framework for treatment and disposal of Municipal Solid Waste. Due to lack of data and infrastructure, financial and human resources, the Supreme Court mandate of complete compliance to the rules by 2003 could not be achieved by urban local bodies and that goal still remains to be a distant dream. As a result, even after a decade since the issuance of the Municipal Solid Waste Rules 2000, the state of Municipal Solid Waste Management Systems in the country continues to raise serious public health concerns. Although some cities have achieved some progress in Municipal Solid Waste Management, many cities and towns have not even initiated measures

Today there is a growing consensus that the immediate stakeholders in the issue of Solid Waste (the generators of waste), in this case the residents need to join hands with the authorities in dealing with this problem that has far-reaching environmental and human health effects. Overall the major issue is segregation of waste, for any project to be successful the basic necessity is segregation of waste. This is possible only if the waste producer participates wholeheartedly in process of waste segregation.

Seeing the above enormous situation of Solid Waste, and the major problem of segregation of waste the researcher choose to study the Solid Waste Management in the metro cities in India.

2.0 Objectives

- To study various methods of Solid Waste Management operative in the four metros in India
- To study the level of public participation in Solid Waste Management across the four metros in India
- To study the level of segregation of waste by the households across the four metro cities in India

3.0 Hypotheses of the Study

Ha1 - There is no difference between the various methods of Solid Waste Management in the four metro cities of India.

4.0 Methodology

Qualitative approach was used for the research.

Sample

The four metro cities of India –Chennai, Delhi, Kolkata and Mumbai were selected for the study. From each metro city 2 Municipal officers from the headquarters of the Solid Waste Management department and 100 households were selected randomly. The total sample size of households was 400. Of the total 60% represented the urban area and 40% from the urban slum area.

Tools

The required information for this research work was collected through both primary sources as well as secondary sources. The study used three sources of information for the primary data collection. This includes interviews, questionnaire and observation. The tools were designed as per the requirement. The questionnaire was constructed and standardized by the investigator.

5.0 Data Collection

This Study was conducted in two phases, Phase I and Phase II.

Phase I - Primary & Secondary data was collected from the Municipal Corporations of the four metros under consideration, to study the existing methods of Municipal Solid Waste Management. The Municipal officers were interviewed. The researcher visited various sites to

observe the various operations from collection to disposal of Municipal Solid Waste, at various places and at different times.

Phase II -The questionnaire was administered personally to each of these randomly selected 100 residents from each metro.

6.0 Data Analysis

Qualitative Analysis was used to study the information obtained from the interviews, various documents & records. After the collection of responses and the transcription of the interviews, the interviews were analyzed separately in order to distil the key points of relevance by their answers. The response data was analyzed and percentage was calculated for each item.

Triangulations strategy was implied. Patton (2001) believes the use of triangulations by stating “triangulations strengthens a study by combining methods. This can mean using several kinds of methods or data, including using both quantitative and qualitative approaches”.

Major Findings

Objective 1 : To study various methods of Solid Waste Management operative in the four metros in India

Hypothesis1 : There is no difference between the various methods of Solid Waste Management in the four metro cities of India.

Waste Collection

Overall 47.7% is the door to door collection coverage of waste by the municipality and 50% collection efficiency. More efficiency is seen in the Urban Areas as compared to the Urban Slum Areas. Sweeping and handling of waste is done manually.

The reasons for this are :

- Mostly in the urban slum areas there is no facility for the free movement of the vehicles. The urban slum areas are over congested,
- In all metros the common bin system is discarded but it exists in the urban slum areas.
- Due to lack of segregation mix waste is deposited in the municipal vehicles.
- Penalty system has been implied but the actual implementation of the system is not yet seen on a large scale.

Waste Segregation

Segregation of waste is as low as 23.25 % across the 4 metro cities. The residents do not segregate the Municipal Solid Waste.

Waste Storage

No waste storage facility is available in any of the 4 metros. Due to the unavailability of proper equipment and space.

Waste Transportation

Transportation is done through Municipal vehicles. The new vehicles are covered. They also have the mechanical lifting up of garbage bins. While the older ones are open.

Waste Processing

Biodegradable waste is sent for composting, vermin composting, anaerobic digestion or any other appropriate biological processing. Mixed waste containing recoverable resources follow the route of recycling. Lack of segregation is a hurdle in this process.

Waste Disposal

Since the segregation level is very low, most of the waste is dumped in the landfills. Mumbai and Delhi has maximum known Landfills, 3 each followed by Chennai having 2 and Kolkata one.

7.0 City Wise Analysis

Delhi generates maximum waste 8000 t/day, so also is the per capita waste generation 0.65 Kg/c/day. Population density is less, as Delhi is spread over a wide area. A large fleet of workers are engaged. The SWM budget is also very high. Reason could be as the capital of India the city receives more attention. Compostable Waste ratio is high, 54.52 % and recyclable waste more than 15 %, In all total 69.52% waste can be reduced. The Carbon Nitrogen ratio is also high and moisture content is more than the required limit. High calorific value kilocalories per kilogram is greater than 1200kCal/Kg which is seen in the city. Hence the waste has high energy recovery potential.

Kolkata generates 3670 t/day of waste and the waste generation is 0.662 Kg/c/day. The Population density is maximum and so the waste accumulation seen is more and hence this city is referred to as one of the dirtiest city in India. Compostable Waste ratio is high, 50.56 and recyclable waste more than 11.48 %, in all total 79.10% waste can be reduced. The Carbon Nitrogen ratio is also high and moisture content is more than the required limit. High calorific

value kilocalories *per* kilogram is greater than 1200kCal/Kg which is seen in the city. Hence the waste has high energy recovery potential.

Mumbai, is also a highly populated city generating about 6700 t/day of waste. The waste generation kg/c/day is 0.514. High Compostable Waste ratio is very high, 62.44 % and with a high recyclable waste ratio around 16.66 %, in all total 79.10% waste can be reduced. Mumbai exhibits an idealistic Carbon Nitrogen ratio and has high moisture content. High calorific value kilocalories per kilogram is greater than 1200kCal/Kg., the waste here exhibits a very high HCV that is 1786 kcal/kg. Hence the waste has high energy recovery potential.

Chennai a highly populated city generating 4900tons of waste every day and 0.708 Kg/c/day. The city has 2 landfills and one operational composting plant. Compostable Waste ratio is comparatively less, 41.34 % and with an average recyclable waste ratio around 16.34 %, in all total 57.68 % waste can be reduced. The city exhibits an idealistic Carbon Nitrogen ratio and has high moisture content .High calorific value *kilocalories per* kilogram is greater than 1200kCal/Kg the waste here exhibits a very high HCV that is 2594kcal/kg .Hence the waste has high energy recovery potential.

Thus all the 4 metro cities under the study coverage do have a systematic Solid Waste Management System, and overall there is no difference seen between the various methods that are used. As seen waste reduction and waste segregation is the most important aspect of Municipal Solid Waste Management.

Objective 2 : To study the level of public participation in Solid Waste Management across the four metros in India

The overall level of awareness across the 4 metros is only 26.56 % which is fairly low. Mumbai households exhibits the maximum 36.13 %, followed by Chennai 30.13, next is Kolkata 22.06 % and the least is Delhi 21.86. The southern part shows comparatively higher level than the Northern.

Awareness level in Urban Area is 47.85 %, as compared to Urban Slums which is 14.92%.

Objective 2 : To study the level of segregation of waste by the households across the four metro cities of India

Overall the segregation level across the four metros is very low. Only 18 % household residents segregate waste. When compared the percentage of waste segregation across the four metros in the urban areas majority of the households in Chennai segregate waste. Thus the segregation percent is 71.67 %, followed by Mumbai 41.67% then Delhi 36.67% and least is Kolkata 18.33%.

The findings also revealed that the majority of the households in the four metros exhibited concern and sensitivity towards the environment and solid waste. In spite of this the level of segregation of waste is low. The level of waste reused and reduced is low while the littering level is high. The people are aware about the problem but exhibit an indifferent behavior. The basic thinking is that, they cannot do anything to reduce and manage the volume of solid waste. As the level of public participation is extremely low in Solid Waste Management there is a need for involving and motivating the stakeholders, in this case the households in the process of solid waste management.

9.0 Conclusion

The low awareness level reflects in the enormous quantity of waste generated and which is increasing day by day. Since there is no awareness the people are unaware of the huge quantity of waste generated. The idea that every individual generates waste is not understood.

The level of education has an influence on how people perceive scenarios. This is because, from the findings of the Residents/Households interviews, out of the total 160 respondents from the Urban Slum Areas, only 50% have been able to acquire primary level school education, 20 % up to class 7 and only 2 % have acquired some sort of tertiary training. On the other hand, 100% respondents from the Urban Areas have studied beyond Secondary level and majority are degree holders.

From the attitudes of the residents, it is seen that they are aware that by not segregating waste they are not doing the right thing. But they are not ready to do the action of segregation due to a number of reasons like, lack of time, laziness. The future is bright only, if the potentials of the people to participate are delicately and purposively tapped. There is willingness by the public to participate. They are ready to play their role in Solid Waste Management, but as they unanimously agreed that they need the technical guidance of the authorities. Collaboration is thus very important for success of any project and Solid Waste Management is not an exception. The willingness among the people to work together with one another and with the authorities for a common good is a starting point for a synergy which will move from just mere complementarily through embeddedness to a co-productive relationship which is the epitome of participation. Also if there is some sort of motivation and recognition of the work done by the authority it will help to enhance the project.

Implications of the Research

The only way to manage the waste is by motivating the households to segregate waste. There is a great potential for Public Participation in Solid Waste Management in the four metros. The best way to do is by involving the households, that is the Community. This will indirectly reduce the burden of the municipalities, which will directly improve and solve the enormous problem of Solid Waste Management.

Thus if proper regulation of the Municipal Solid Waste is done the waste can be turned into wealth with zero percent leftover. For the implementation of this Waste to Wealth program the Municipalities have to tackle Solid Waste Management at micro level.

Materials recovery and recycling reduces the amount of material to be disposed of and extends the life of the landfill. It is more cost-effective to perform these operations close to the site of waste generation. This reduces the cost of transporting the materials to the landfill and minimizes the difficulty of separating mixed wastes at the landfill.

Recommendations

Based on the findings of this study, the following recommendations should be considered –

- Residents must get involved in the Municipal Solid Waste Management process.
- Resident's ideas should be included in the initial deliberations and discussions so that they can see themselves as part of the decision-making structure. This is important because the people themselves have been responsible for both the good and bad practices at present and therefore for any change to be concrete there is need to involve the people right from the start by way of consultations.
- Waste segregation should be made compulsory in the metros. Residents must take initiative in composting the waste generate in their homes.
- There is a need to acknowledge and recognize the instrumental role played by the Community participation because the Households will play an important role in the entire process of Solid Waste Management.
- Every individual must observe the 4 R's –Refuse, Reduce, Reuse, and Recycle.

Suggestions for Further Research

- Further Experimental research could be conducted to study the impact of community participation on to Solid Waste Management.
- The present study concentrated on the four Indian metros only. Other cities and towns could be included.
- The present study concentrated on Municipal Solid Waste Management only. More research could be extended to more empirical studies, for example, the management and impact of industrial effluent gases to the surrounding environments etc.

References

- “*Sustainable Solid Waste Management*” (2007), Seminar initiated by Global Forum Disaster Reduction India.
- Alhumoud, J. & Al-Kandari, F. (2008), *Analysis and Overview of Industrial Solid Waste Management in Kuwait*, Kuwait University, Safat, Kuwait.
- Ayotamuno, J. & Gobo, A.(2004), *Municipal Solid Waste Management in Port Harcourt, Nigeria: Obstacles and Prospects*, Journal Publisher: Emerald Group Publishing Limited.
- Creswell J. (2011), *Research Design. Qualitative, Quantitative, and Mixed Methods Approaches*. SAGE Publications India Pvt. Ltd.
- Khalil, N.& Khan, M. (2009), *A Case of a Municipal Solid Waste Management System for a Medium-Sized Indian City, Aligarh*, Journal Publisher: Emerald Group Publishing Limited
- Kumar, S. (2005), *Municipal Solid Waste Management in India: Present Practices and Future Challenge*, National Environmental Engineering Research Institute (NEERI), Nagpur.
- Kumar, S., Bhattacharyya, K.J., Vaidya A.N., Chakrabarti, T., Devotta, S. & Akolkar A.B (2008), *Assessment of the Status of Municipal Solid Waste Management in Metro Cities, State Capitals, Class I Cities, and Class II Towns in India: An Insight*, National Environmental Engineering Research Institute (NEERI), Nehru Marg, Nagpur 440 020, India & Central Pollution Control Board (CPCB), New Delhi, India.
- Masurkar, A. (2008), *The Mumbai Metropolitan Region Development Authority (MMRD) wants a Plant to Process Construction Waste* Publication: Mumbai Mirror.

- Mukherjee, N.(2002), *Understanding Our Civics*, report by The Bombay Community Public. Mumbai.
- Nyachhyon B. (2006), *Prospects and Constraints of Public Private Partnership for Urban Waste Management*, by Society of Consulting, Architectural & Engineering Firms (SCAEF). Economic Policy Network, Government of Nepal/ Ministry of Finance. Singha Durbar, Kathmandu, Nepal
- Ogbonna, D. N., Amangabara, G.T. &Ekere T.O. (2007), *Urban Solid Waste Generation in Port Harcourt Metropolis and its Implications for Waste Management*, Journal: Management of Environmental Quality: Publisher: Emerald Group Publishing Limited.
- Salvi, P., Mehta, K. & Sankarreddy, D. (2006), *Integrated Solid Waste Management Programme – A Sustained And Perennial Solution*, Save Bombay Committee, India.
- Zia, H. & Devadas, V.(2007), *Municipal Solid Waste Management in Kanpur, India: Obstacles and Prospects*, Publisher: Emerald Group Publishing Limited.

Challenges and Opportunities for Recruitments through Social Media

Ms. Tabassum Dhange³⁹

Abstract

An increasing number of organizations are adopting social networking tools for Talent Acquisition. With the wide reach of this medium, most companies are now moving towards adopting social media platforms to acquire talent. This article is an attempt to understand the evolution and importance of Social Networking as a source for recruitment and its benefits and challenges. This paper further attempts to understand how LinkedIn, a popular social networking site is leveraged by employers and employees.

Key Words: *Social Networking, LinkedIn, Social Media Recruiting, Social Media Benefits*

1.0 Introduction

Today organizations are adopting social media platforms to recruit, often complementing traditional recruitment sources. However, the extent to which one could rely on its use depends largely on factors such as size and nature of the organization.

Social media recruiting can be categorized in two ways: 1) *Internet Sourcing* focuses on social media profiles such as individual profiles on LinkedIn, Facebook, Twitter, etc., blogs and online communities to seek passive candidate information and 2) *Social Distribution*, involves social media platforms and networks as a means to share job openings within their online communities as well as influencers.

Shea Bennett in an article on *Social Media Recruiting* stated that 92% of companies across fortune 500 companies are using platforms like Twitter, Facebook, and LinkedIn for recruitment. Apart from these, there are various other platforms such as Google+, Pinterest, My Space, Foursquare, YouTube, amongst others which are used for screening candidates for recruitment. Also, about 45% of Fortune 500 companies include links to Social Media on their career page of the official website.

³⁹ Assistant Professor – Rizvi Institute of Management Studies & Research, tabassumdhange@rmi.rizvi.edu.in

According to an infographic by Staff.com on Mediabistro, LinkedIn tops the list of social networks for hiring, favored by 93 % of Fortune 500 companies, ahead of Facebook (66 %) and Twitter (54 %). Almost three-quarters (73 %) of recruiters state they have made successful hires through social media, and, conversely, one third of employers rejected candidates due to discrepancies in their social profiles. The survey also stated that 78% of companies in 2010 followed by 87% of companies in 2011 and then 93% of companies in 2013 have been able to successfully recruit talent via LinkedIn. Thus LinkedIn has become one of the most preferred places for HR scouting to generate leads.

Research conducted by Institute for Employment Studies for ACAS on how and why HR Professionals and Employers use Social Media in recruitment in 2013 revealed that 45 % of HR decision makers use social media in recruitment. It also stated, that there several methods in which social media is used in the hiring process. This includes the search for potential candidates online and 'screening' candidates through their social media profiles.

2.0 Objectives

- To understand the concept of social media recruiting and its evolution.
- To study the benefits and challenges of social media recruiting on Employers as well as Employees.
- To recommend ways to overcome the challenges faced by organizations while using social media recruiting.
- To suggest ways how employers and jobseekers can leverage LinkedIn over other social media platforms for effective recruitment.

3.0 Research Approach

A secondary data survey was conducted wherein various sources viz. SHRM Survey on Social Networking Websites and Recruiting, Institute for Employment Studies report, Global Workforce Index Survey, Staff.com Survey on Social Media Recruiting, publications from research and consulting organizations, online databases, research papers, newspaper articles, journals, etc. were tapped to understand the present scenario of social recruiting, its benefits and challenges as well as the impact on the selection process and turnaround time.

4.0 Evolution of Social Media Recruiting

The major innovation made in recruiting in the last decade has been the one related to social media. *Pew's 2011 research* estimates that 65% of adults use social networking sites on a regular basis. A recap on some of recruitment's most appreciated social networking platforms to date is as follows:

1995: First Internet Forums

2002: LinkedIn – a social networking website for people professionals across domains

2004: Facebook – an online social networking service

2006: Twitter – an online social networking service and micro-blogging service

2008: Jobvite - a social recruiting and applicant tracking service

2010: Branchout – a Facebook application designed for finding jobs, networking and recruiting

It is beyond belief to consider how much influence the above mentioned platforms have on the industry, when the majority didn't even exist ten years ago. The 1990s brought the recruiter-centric automation that gave the recruiters the power to screen resumes based on a full set of criteria. Then came the phase where automation became necessary as it made managing candidate relationships and reporting sources easier for recruiters. The beginning of 2000s brought candidate-centric innovation where recruiters received insightful data about the prospective talent pool thus helping them build better recruitment strategies to attract these candidates.

With nearly 800 million people on Facebook and approximately 135 million people on LinkedIn According to *Facebook.com & LinkedIn.com*, recruiters now have an opportunity to reach, influence and seek potential candidates via social media. Recruiters have found a new way to communicate and engage potential recruits thus enhancing candidate experience and building relationships. Lastly late 2000s brought in a collaborative recruiting approach where the success of social media innovation in hiring focused on integrating the 'Applicant Tracking System' with Social Strategies. An Applicant Tracking System is an HR Tool leveraged by companies to ensure continuous tracking, monitoring and development of the talent pool.

5.0 Benefits of Using Social Media as a Recruitment Tool to Employers and Employees

- Helps Employers to reach out to candidates at a lower cost as compared to other sources for recruitment which comes at a substantial cost.
- Enabled Employers easily identify and engage with their talent pool. This helps decide whether the candidates fit in with the culture of the company.
- Helps Employers to target job candidates with a very specific set of skills at various levels across different geographical locations.
- Helps Employers to reach out to a wider set of prospects by sharing information about the company as well as the job opportunities within the company, thereby increasing employer brand and recognition.
- Helps Employers to seek candidates whom they would have never sourced through traditional hiring methods.
- Helps Employers to get a better and faster response when using Social networks to interact with potential candidates.
- Helps Employers to reach out to passive candidates who might not be readily available on job portals.
- Helps Hiring Managers to check Candidates' social profiles and thus filter them on the basis of discrepancies in their profiles.
- Helps job seekers to job hunt by directly connecting with the potential Employers and their HR, thus bypassing the traditional recruitment process.
- Helps job seekers to build a network relevant to their domain which can be useful for enhancing their domain knowledge and understanding.
- Helps job seekers to present themselves in a much better manner by not only adding their education qualifications and professional experience but also appreciation and recognition from their past employers thus adding value to their profiles.

6.0 Combating Challenges in using Social Media as a Recruitment Tool

- Employers are often unable to decide on what information should be shared with the prospective talent pool, resulting in a lot of irrelevant data sharing thus ending up with a negative and sometimes even boring online presence.

Overcoming this challenge is very crucial for any employer as it directly impacts the firm's brand image in the market. Candidates turn to social media to see the company brand and get a sense of its personality. Employers need to leverage all of the right tools to appeal to prospective candidates. Employers should share the perks of the job along with videos of the office atmosphere on social media that would highlight the ethos, working environment, benefits, etc.

- Employers face issues in validating the information provided by the candidates through these social networking platforms, thus resulting in waste of time and effort if the candidature turns out to be fraudulent post the specialized background checks conducted by the Hiring Managers.

Employers should not rely on one particular source while screening candidates thus having a preconceived notion about candidates prior to interacting with them in person. Hiring Managers should use the information available on social network as a reference point rather objectively to evaluate candidates.

- Employees publish blogs and posts that malign bosses or express negative opinions via social networking sites often putting employers' / company's reputation at stake.

Employees should recognize that posting blogs with respect to their employer or employment relationship on social media can often have adverse implications on their careers. With a strong social media policy in place, Employers can ensure that there are strict actions taken against such acts. Assuming that employees are given at least some access to social media sites, it is advisable to have guidelines in place as to its usage specifying to what extent employees can access such sites and clarify the consequences of any breach.

- Employers could face employment tribunal hearings if they say no to interview a candidate on the basis of the social networking profile or reject a candidate on the basis of age, gender, race, religious affiliation, etc.

The best way to deal with this challenge is to have a well defined Equal Employment Opportunity policy in the organization. This policy should be inculcated in the organization in such a way that the Hiring Managers are aware of the importance of this practice and not have any bias while screening or interviewing candidates irrespective of their association with a particular caste, religion, belief, etc.

- Candidates are often ignorant that their profile is being viewed by the Hiring Manager as part of the screening process before the interview. They may be looking for evidence of what is considered 'inappropriate' behavior or language.

Candidates should be extremely cautious in terms of their social media presence. With social media becoming a crucial source for screening candidates' profiles it is advised that candidates ensure that there is no derogatory content posted on their blogs, profiles, etc. which could form the basis for their rejection by a prospective Employer. One should not forget that the social media profile reflects on an individual's personality to a great extent highlighting one's thoughts, beliefs and values.

7.0 Leveraging LinkedIn over other Social Media Platforms for Effective Recruitment

According to *About.com's Alison Doyle*, at LinkedIn, "There are members from all 500 of the Fortune 500 companies. LinkedIn members comprise 130 different industries, and include well over 100,000 recruiters." LinkedIn reported 105% YTY growth in quarterly revenues to \$167.7 Million, putting the company on a 2012 plan of \$860 Million (*Josh Bersin, Forbes, 2012*). Unlike other social media platforms LinkedIn operates on a different business model and has worked on the needs of corporate recruiters and talent management professionals. The company offers a wide range of recruiting solutions which are:

- **LinkedIn Recruiter** (the company's recruiting platform) gives companies access to the entire database of 150 million professionals to find and seek passive candidates.
- **LinkedIn Job Postings** lets employers post jobs and buy highly targeted ads and a research by *forbes* shows that they can be much more effective than ads placed on Facebook for professional positions.
- **LinkedIn Employment Branding services** lets employers build out a career website within the LinkedIn network, to attract candidates, promote jobs to the right people.
- **LinkedIn Talent Pipeline** manages the stream of incoming candidates, giving capabilities similar to a candidate marketing and applicant tracking system.

"As compared to LinkedIn, Facebook is perceived as a purely personal tool and the lack of awareness of its targeting features may account for why recruiters haven't yet fully embraced it.

However, the research indicates that it works better than Twitter for identifying place-able candidates” (*Bullhorn Report, 2013*). According to the report, 16.7% of recruiters successfully used Facebook to place candidates versus just 12.7% with Twitter. However, 92.9% of recruiters reported LinkedIn produced candidates they placed. Also job postings on LinkedIn got many more views than they did on Facebook and Twitter combined. And LinkedIn yielded more job applications per job than Facebook and Twitter. The report also reveals that over 80% of LinkedIn profiles are passive candidates and it can help you in converting them into employees, but only if you approach them the right way. Companies like Accenture India have started moving to LinkedIn as its primary search tool for recruitment. Manoj Biswas, HR Lead, Accenture India revealed that “we don’t ask for CV anymore, as the details they need are available on the social networking profile”.

Leveraging hiring through LinkedIn:

- **Up to date Profile:** Recent studies done by LinkedIn show that candidates are more likely to respond to a profile with a face on it. Today candidates can also do background checks on hirers and if they don’t seem appealing, it’s an instant loss of a candidate.
- **Network and Communication:** Participating in forums and joining networking groups can help employers spread the word as well as build a stronger brand to attract candidates. Such networks give employers the ability to cast a wider net which includes connecting candidates either directly or through an introduction from the competitor/ other companies.
- **Advanced Search Options:** LinkedIn offers a variety of options that lets employers search for very specific type of individuals. Such searches can be either of use immediately or in the near future.

Recommendations and Endorsements: Employers need to check the genuineness of the candidates’ skills being endorsed the most, by checking the relationship of the person who recommends the candidate. If the relationship is of a superior-subordinate from the same organization, it’s more likely that the endorsement is honest.

8.0 Conclusion

Employers should not be afraid to use social media tools, but they need to consider the potential issues while using them. Social Media empowers the employers with insights into how one can improve its ability to attract top talent. It thus allows employers to share information and organize work-flow through its built-in collaboration tools. Social Media Platforms have proved to be a solution to build relationships with professionals who could potentially be a perfect employee. HR can therefore significantly leverage social media. Some organizations have adopted social media, with the mindset that an employee's digital footprint is as important as his/her physical imprint in the organization where the employee is working. HR can facilitate adoption by educating upper management on the positive outcomes of social media applications.

References

- Ashworth, A. (2013). *The Undercover Recruiter*. Retrieved December 15, 2013, from The Undercover Recruiter: <http://theundercoverrecruiter.com>
- Tripathi, T. (2012, November 25). *Michael Page International*. Retrieved December 16, 2013, from Michael Page International: <http://blog.michaelpage.asia>
- Alder, M. (2011, March 8). *Metashift Limited*. Retrieved November 20, 2013, from Metashift Limited: <http://www.metashift.co.uk>
- Madden, M., & Zickuhr, K. (2011, August 26). *The Pew Research Center*. Retrieved December 10, 2013, from The Pew Research Center: <http://pewinternet.org>
- Brassfield, M. (2012, May 16). *Pay Sacle Inc*. Retrieved December 17, 2013, from Pay Sacle Human Capital: <http://www.payscale.com>
- Bersin, J. (2012, December 2). *Forbes.com LLC*. Retrieved November 25, 2013, from Forbes.com: <http://www.forbes.com>
- Mulvey, T. (2013, February 25). *Society for Human Resource Management*. Retrieved November 30, 2013, from Society for Human Resource Management: www.shrm.org/surveys
- Broughton, A., Foley, B., Ledermaier, S., & Cox, A. (2013, March). *ACAS*. Retrieved December 7, 2013, from ACAS: <http://www.acas.org.uk>
- Bennett, S. (2013, October 16). *Mediabistro Inc*. Retrieved December 12, 2013, from mediabistro: <http://www.mediabistro.com>
- *Kelly Services Inc*. (2011). Retrieved December 9, 2013, from Kelly Services: <http://www.kellyservices.co.in>

- *Tarsus Group*. (2013, August 29). Retrieved December 18, 2013, from Tarsus Group:
<http://www.onrec.com>
- *About.com*. (2013). Retrieved December 20, 2013, from About.com:
<http://humanresources.about.com>

The Case For Strategic Human Capital Measurement

Ms. Kavita Shermon⁴⁰

Abstract

The paper provides a conceptual and time horizon perspective on the development of Human Capital definitions, measurements and techniques, contributions by scholars with an emphasis on the development of Measurement Techniques, Competencies and their contribution to Human Capital value, from traditional accounting techniques to a substantive emphasis on intrinsic worth of an individual and what has today emerged as an important field of study. The context establishes the need for each of the concepts that have been espoused in the Strategic Human Capital Measurement model. Each of the methods done as a part of the literature review articulated in the paper has been scanned for relevance to the various factors that forms Strategic Human Capital Measurement (SHCM). The paper attempts to bring together learning's from human capital valuation, knowledge management, learning, intelligence and competency mapping and coalesces it to derive a comprehensive model to measure human capital to make a case for further research in the field of Strategic Human Capital Measurement.

Key Words: *Intellectual Capital, Human Capital, Knowledge, Learning, Intellect, Competencies, Human Resources, Measures, Factors and Indices, Strategic Human Capital Measurement*

1.0 Introduction

Today, we are faced with an unenviable situation. There is a growing gap between **Business Intent, Competencies & Achievement** apart from the distance between ability, understand and willingness that we see displayed by staff in enterprises. **State of uncertainty about future requirements of Knowledge, Skills, and Competencies** continues to haunt business executives. As business pressure changes, as new ways of working emerge, new portfolio of assets come into reckoning and a need is felt for new knowledge, competencies, skills and capabilities to manage such assets. **Causes of Human Attrition & Exit are inexplicable** despite managerial assumptions of hiring and retaining people have significantly improved. People are no longer staying for traditionally understood reasons like job satisfaction, content, challenges, compensation, careers, etc. Employees are leaving for various reasons. **Bontis and**

⁴⁰ HR Folks Consulting Pvt. Ltd. Psychometric Testing Organisation , kshermon@rogers.com

Mitchell quote an interesting Foreign Bank case indicating the need felt to understand causes and motivation for retention or loss of employees. **Cost of acquisition of the Human Resource**, skyrocketing cost effective utilization of **Capital and a motive for Human Resource Accounting** and commercial forms of human capital measurement - more for a commercial gain or a basic measurement of qualification, defined as talent in the company is gaining a critical imperative.

As we continue to experience this dissonance between what we know and what we should know in terms of people and their competencies to help realize human capital value, there is a need for further theory & research work in this field and Human Asset Valuation has so far been ignored as being too complex to be mapped, documented and tested for validity. Yet there is an opportunity to value qualitative factors of the creation of intellect, in a quantifiable manner and to remove these uncertainties in measuring the organization's human wealth. In doing so would we identify the Business Einstein and the need for a model that first defines the "wealth" as an element in a workforce professional.

2.0 Setting a Context

Context for work level Intellect

Dynamic modeling frameworks, says **Jeffrey Schmidt**, of **Towers Perrin**, seek to establish links between human capital drivers (compensation, training), human capital capabilities (leadership, employee engagement), intermediate key performance indicators (productivity, customer satisfaction), and, ultimately, financial performance measures such as stock performance or revenue growth. (**Gary (2003)**)

"Work level Intellect or Job Competencies" is what we believe people know and know how to use it. To manage this work level Intellect, we must first recognize that it operates on **four levels or clusters** within the modern organization:

- **Substantive Cognitive Knowledge (Carl Rogers)**: Know-what is the basic mastery of knowledge-based disciplines that professionals achieve through extensive education, training and certification. Sustained **education (Sveiby, Hudson Jac Frit Enz) and training⁴¹ (Tracey 1992, Stevens 1973, Bramley 1996 and Ackers and Preston 1997)** enables **learning (Hudson)** as a critical element of knowledge creation.

⁴¹ Over 2 decades of work in evaluating training effectiveness and quantifying training contribution to bottom line has been in progress but continues to be an on going research area.

- **Competency Mastery (Sveiby):** Know-how is the translation of “**book learning**” into effective execution. It evidences the ability to apply a discipline to complex real-world problems. Applicability of **competencies, skills and capabilities (Roos, Roos, Edvinsson, and Dragonetti (1997))** to deliver value to roles.
- **Institutionalized Interpretation (Schein 1995):** Know-why is the knowledge of cause-and-effect relationships underlying a discipline? **Experience (Boyd and Fales 1983, Cohen and Walker 1985)** is stated to provide this wisdom of know, to learn why there is a cause and effect to every organizational action. It allows knowledge-holders to apply professional intuition, informed judgment to solving complex problems and creating new value. Applied experience is treated as **performance**.
- **Power of Expansion: Special intellect,** Innovation, expanding from known and unknown sources spins knowledge in unsuspected ways to eventuate new and exciting contributions. The cultivation of this level resides in an organization’s culture. Nurturing this talent helps build organizational **potential**.

Significantly, the value of **Professional Intellect** increases exponentially as one moves up the scale of knowledge, reaching its pinnacle in creative mastery and the innovation and discovery most valued within an enterprise. Identified capability that is predictable is treated as the **potential** in people to apply work level intellect in business organizations. This is also now viewed as competency as people display behaviors.

Intellect clearly resides in the brains of professionals (**Richardson, Perry 1970**). Isn’t most of a typical professional's activity directed at perfection, not creativity? Is it not a fact that people rarely want surgeons, accountants, pilots, maintenance personnel, or nuclear plant operators to be very creative? Is it not a reality that in business organizations managers clearly must prepare their professionals for the few contingencies, emergencies or other special circumstances that require creativity, but they should focus the bulk of their attention on delivering consistent, high-quality intellectual output? Do we not judge people for their education, training, competencies, skills (**Egan 1962**) and capabilities?

If the answer is "Yes", then the consequent question will be "How"? We will first attempt to demonstrate a value perspective on how an individuals’ intellect, his/her knowledge/learning, a combination of the three, that helps add/create/deplete value. More importantly we will demonstrate that a never ending list of metrics, KPIs, ratios, indices, measures do not provide a holistic view of all aspects that pertain to Human Capital Valuation.

Consequently knowledge, learning and intellect form the three-dimensional matrix. **Intellect drives its creation and expansion.** Knowledge is derived through six variants⁴² be it **acquisition** when a product, service or a company is purchased and consequently the knowledge. **Inheritance** of knowledge occurs when it is passed down from one person to another or when a system or processes is an established norm in the organization. What is **left by predecessor's** needs to be managed maintained and should be **learnt** to not destroy value. Intellectual contribution arises only when inheritance as a value symbol can be upgraded for its value and for assembling its properties to make business profitability. Facilitating **creation of knowledge** necessitates learning and teaching to discover and seek the unknown and becomes essential competency development in a research or thinking organization. This deployment of the **special intellect** is a necessary condition for expanding knowledge or making learning for seeking the unknown an incentive to the human mind. **Enabling expansion** of any type of knowledge would mean that the individual or the organization has to learn the art of innovation, expanding upon ideas and building upon a thought. Similarly knowledge has now got to be **internalized** by its members and a significant degree of learning to absorb, share becomes essential. Finally knowledge has its **commercial compulsions** and the learning required is to train and help people learn how to market, create a selling strategy, agree on pricing and the pre requisites necessary to commercially make viable the knowledge now converted into a product or a service.

It is these capabilities developed through intellect, knowledge and learning that forms the core of Strategic Human Capital Measurement.

3.0 Literature Review

Beer and Specter (1989) argue in favor of transforming human resources and the need for a reorientation towards the way we need to see a changing emphasis on people and people managers. **Nick Bontis (1996)** presented conceptually the emergence of the **intellect** as a critical consideration in the theories explored. The definition of wealth as a source of income inevitably leads to the recognition of human capital as one of several forms of wealth such as money, securities and physical capital. **(Deloitte and Touché – Rolta HC Model)**

The ultimate objective is to be able to evaluate a firm's entire portfolio of human capital investment alternatives **(Armstrong and Long 1997)**—training and development initiatives, as

⁴² References - Knowledge Management Literature contains several versions of models of creating, Capturing, consolidating, distributing, Storing and Retrieval. In addition work of Nonaka and Takeuchi argues on the need for understanding and appreciating the need for converting tacit knowledge into explicit knowledge

well as compensation, benefits, and recognition programs—to determine which ones are most likely to help it reach specific strategic targets. Achieving this goal will not only make it much easier to determine where to spend limited personnel investment dollars, but it will also play a key role in helping Wall Street develop an empirical means of valuing a company's intangible assets. **(Gary 2003).**

Human capital has also been defined on an individual level as the combination of these four factors:

- Genetic inheritance, native intellect, social skills
- Education, formal qualifications
- Experience
- Behavioral attitudes and competencies

(Hudson, 1993)

Hudson considered it to be a source of innovation, new ways of thinking, acting and an opportunity for organizational revitalization, a strategic renewal. And also that depletion does take place when there is attrition or when known sources of human value have considerably dropped owing to extraneous circumstances. The essence of human capital is the sheer intelligence of the organizational member. The scope of human capital is limited to the knowledge node (i.e. internal to the mind of the employee). It can be measured (although it is difficult) as a function of volume (i.e. a third degree measure encompassing size, location and time). Strategic human capital measurement theory includes the elements defined by **Hudson – 1993** and some more to provide a comprehensive perspective. Yet there are “Nay “Sayers, “However, intellectual capital cannot necessarily be taught through education and training. The most precious knowledge in an organization often cannot be passed on (**Levitt, 1991**)”. Human Capital meant, human resource accounting **Flamholtz, Sackman, Bullen (1989)**. **Henry Scarbrough (2003)** defines human capital as the critical contribution made through deploying human competencies, knowledge, skills and attitudes towards efficient production of goods and services contributing to organizational performance and profitability.

The term human capital was first used by **Theodore W. Schultz (1981)**: The decisive factors of production in improving the welfare of poor people are not space, energy and cropland; the decisive factors are the improvement in population quality and advances in knowledge. These advancements can be augmented by appropriate investment in human capital. Organization’s members possess individual tacit knowledge (i.e. inarticulable skills necessary to perform their

functions) (**Nelson and Winter, 1982**). By definition it cannot be copied by other companies and can therefore be a source of sustainable competitive advantage. Human capital has a downside for a company in that, people are increasingly more portable and may leave, taking their knowledge with them. (**Drucker in defining the Knowledge Worker and Nonaka in the context of tacit knowledge**) It is therefore important to retain as much of their knowledge as possible. It is necessary to convert human capital into structural capital in order to increase a company's 'owned' knowledge. Structuring intellectual assets with information systems can turn individual know-how into group property (**Nicolini, 1993**). It is the concept of structural capital (**Stewart 1997**) that allows intellectual capital to be measured and developed in an organization. In effect, without structural and customer capital, intellectual capital would just be organizational and human capital. (**Bontis 1998 Survey at the University of Western Ontario**) - **Bontis, Nick. (1998)**.

Human capital is also a primary component of the intellectual capital construct (**Bontis, 1996, 1998, 1999, 2001a, b, 2002a,b; Bontis et al., 1999; Edvinsson and Malone, 1997; Edvinsson, 2002; Stewart, 1997, 2001; Sveiby, 1997; Bontis and Girardi, 2000**). Human capital is more than mere Intellectual Capital measurement; as such techniques do not provide a comprehensive perspective or a deeper appreciation of HC measures and validity (**Andersen 2000**). Furthermore, human capital enables the leverage of all of the other types of capital. (**Fit Cost Value – Brain Friedman - Andersen 1998**) Without it, there is no company; with it, there is always a chance of success. But smart individuals don't necessarily make for smart enterprises. (**Stewart 1997**).

Roos, Roos, Edvinsson, and Dragonetti (1997) divide human capital into a) **Competence, b) attitude and c) intellectual ability. (Andrew Mayo, The Human Value of Enterprise)**.

- Competence. Tichy, Devanna Et all (1981) Roos Et all (1997) And Knowledge management, as a function, describes the act of managing the object, intellectual capital (Petty and Guthrie, 2000; Guthrie and Petty, 1999), b. Attitude. This, say Roos Et al., depends mostly on personality traits and can be changed very little. It is influenced by "motivation, behavior and conduct." c. Intellectual agility. This is used to cover innovation, flexibility, and adaptability—traits seen at a group or organizational level as much as in individuals.

Sveiby uses the heading "professional competence" for human capital. This he defines as a combination of educational attainment levels and years of experience. **Karl Sveiby** work on human capital measurement looks at classification of the area of work, **growth (number of**

years in the profession), level of education, competence index (Example Level * Performance = Competence Index, Years in the Profession * Seniority * Level of Education,) competence turnover, renewal/innovation (competence enhancing customers, diversity, training and education, efficiency and utilization (proportion of professionals in the company), leverage effect of employees to pull revenues, value added per employee, value added per professional, profit per professional/employee, stability – average age, seniority, pay position and professional turnover rate. Karl Sveiby and Hudson have come close to the concept of Strategic Human Capital Measurement articulated in this paper. Sveiby (1996, 2001)

In our view, however, competence is more complex than this. The most useful knowledge comes through experience, and what a person knows a lot about may be little to do with their formal education. Thomas Davenport and Prusak (1998) argue that human capital is owned and invested by the individual, and the task of the organization is to harness it, keep it, and grow it while it is available.

Davenport breaks human capital down into three elements:

- **Ability.** This is subdivided into knowledge—"the intellectual context in which a person performs"; skill—"the means of performing tasks"; and talent. By the latter he means a specific aptitude, such as being a very good surgeon or a teacher
- **Behavior.** This is the way in which the task is performed, and embraces attitudes and personal traits
- **Effort.** By this is meant application of the ability. It relates to motivation and commitment, but has overtones of productivity.

The way in which people collaborate toward common goals is also part of human capital. (Mayo 2000) **Professional intellect** is derived from genetic inheritance at one level but at a substantive level through series of learning and knowledge experiences that demonstrates the value of individuals to the institution.

At an organizational fitment or performance evaluation level if we were to estimate individuals we would attempt to (1) **study the educational background (Hudson)** of the individual from a knowledge perspective, a (2) **summary of work or other related/relevant experience** that could be considered as appropriate for a position. We would then evaluate if the person brings in an (3) **attitudinal disposition, perhaps, learning capability**, and the willingness to learn and apply on the job. Together with this would be our fitment process to evaluate (4) **skills and competencies (Sveiby)** that the individual possesses or brings to the table as a member of the

team/function or the organization. As we move into decision-making levels or specific positions we may consider whether the person is in possession of some (5) **unique capabilities** (capability includes performance appraisal – **Mayo 2003** but we disagree, as performance appraising is an act at a given point in time to measure performance against a set of goals and objectives and is not meant to be a measure of intrinsic capability) **or in our parlance special intellect**. In addition we would evaluate before hiring the (6) **performance track record**, (7) **potential to grow** in the organization and any (8) **teaching/training capabilities or training needs** (**Bee and Bee 1999**) fulfilled or that he/she may possess.

As the individual settles down on the job we commence evaluating his/her performance, potential for growth, development of competencies, further inputs in advancing educational qualifications, quality of experience received, application of learning on the job and training and development needs. In effect these eight factors continue to be the fundamental criteria on the basis of which individuals are hired, retained or fired. Surely the summation of the value of these eight factors should provide us a value of the individual. **If, of course, we are in a position and with a desire to find ways to measure each of the eight factors and the progress/retreat that the person may experience in each of these eight factors while being on the job. (Refer Hudson, Sveiby, Bontis, Jac Frit Enz, St Onge, Stewart in the context of human capital indices and ratios)**

People bring and maximize capabilities when they participate in work roles within an enterprise. (**Butler, Ferris and Napier 1991**) This aspect of behaving in a work role to deploy capabilities, skills or knowledge is termed as a Competency. (**Spencer and Spencer**). When an organization bundles up such competencies that we can loosely call 'capital' or “sum of capital” they derive a greater meaning to evaluate the need to see the value of such capital. **Stewart, Malone, Edvinsson, Sveiby** called these key components primarily as 'customer capital', 'structural capital' and 'human capital'. To paraphrase from **Takeuchi (1995)**, managers focused their attention on cutting costs to the bone through downsizing and re-engineering and have lost value. **Nonaka and Takeuchi (1995)** argued that Japanese companies have advanced their position in international competition because of their skills and expertise at organisational knowledge creation, placing a premium of human capital and retention, which is the key to the distinctive way that Japanese companies or consulting firms retain and innovate.

Burns and Stalker (1966) emphasized on organizations that fosters learning, intellectually stimulating environments, **March and Olsen (1976)** describe the learning cycle as stimulus response system in which individuals actions lead to organizational actions which invoke

environmental response. **Garrett (1995)**, introduced key thoughts about the learning organization from constraining situations like war, the concept came of age under the impact of a rapidly developing world of work and organization. **Pedler et al (1991)** trace back the history of the concept (and a related one - total quality management) as stemming from earlier approaches such as organization development, individual self-development, action learning, and the excellence movement of the 1970s and 1980s. The **European Commission's (1996) White Paper on Education and Training** highlights the impact of the information society on work and organization, the impact of international' organization on the need for competitiveness, and the impact of scientific and technology knowledge on industry. In the words of **McCarthy (1997)**, 'these processes necessitated continuous improvement both in people and in organizations'. Some of these definitions are of a descriptive nature while others are more normative. **Malcolm Knowles(1987)** asserted that adult learning remarkably depends on interest in resolving relevant tribulations. An organization's competence to become skilled at performing in competitive times through learning and other measures may be its only sustainable competitive advantage (**De Geus, 1988; Stata, 1989**). **Wick and León (1993)** put it more frankly by a caveat for managers that organizations would either "learn or perish" (1993: 19).

Chris Argyris (1992) recognizes learning as the acquisition of understandings, know how, techniques and practices of any kind and by whatever means. (**Argyris and Schon 1978, 1996**) The authors address critical questions pertaining to individual learning, that it may learn, individual learning becomes organizational learning, real world organizational capability of learning, which ones are desirable, kinds of learning they consider desirable and can we understand the value of such learning?

Learning, as described by **Chris Argyris (1992)** among others, has been thought of as the flow of knowledge in a firm; it follows then that intellectual capital is the stock of knowledge in the firm (**Dierickx and Cool, 1989**). A learning organisation harnesses the full brainpower, knowledge and experience available to it, in order to evolve continually for the benefit of all its stakeholders **Mayo and Lank, (1994)**.**Pedler, Burgoyne and Boydell (1989:2)**, describe the learning organization as 'an organization which facilitates the learning of all its members and continuously transforms itself. Interestingly they define the concept as 'an organization this facilitates the learning of all its members and consciously transforms itself *and its context* (**Pedler et al, 1996:3**). Organizations now need to be able to impact upon their environment as well as adapt to the changes taking place/ a concern that had already been raised much earlier by **Mintzberg (1979)**. In fact, Mintzberg showed how (particularly larger) organizations succeed in affecting the circumstances in which they have to operate (for example, their clients, local and

government policies, and so forth). Whereas **Pedler *et al*** stress the importance of organizational learning; **Mumford (1995)** finds the learning organization literature focuses too much on the structural element. In his opinion, individuals (and teams) must learn before there can be anything like organizational learning. **Senge (1990)**, tries to integrate these two approaches. An organization where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together.. **Quinn (1992)**⁴³ notes that the capacity to manage “knowledge based intellect” is fast becoming the critical executive skill of this era. **Reich**⁴⁴(1991) states that the only true competitive advantage will reside among “symbolic analysts” who are equipped with the knowledge to identify, solve, and broker new problems. And this is when the connection between knowledge and learning arises. The Intellectual and knowledge worker has been defined many ways but there is considerable consistency in terms of their behavioral disposition (**Ghoshal 2000**)

4.0 Methodology and Models

The concept of value has essentially two different meanings. 'Value' expresses the efficacy or service of an exacting resource (e.g. the future use of a capital asset) and the purchasing power of the source (e.g. money, securities). If an object is not proficient of rendering future economic services in the form of utility to the possessor, no value can be attached to it. Human Capital measurement has essentially centered around 4 schools. **Andrew Mayo (2003)** argued in favor of the first three schools and we have introduced the Human Potential School as the fourth school:

- The Cost Based School in the context of program costs and benefits in areas such as recruiting, training, attrition, program management
- The **Market Based School** focusing on potential value, or an opportunity cost, value added to an employee and consequent loss of business/profit on attrition
- The **Income Based School** is dependent on business and markets opened up by the employee while joining and staying in an organization
- The **Human Potential School** focuses on bringing in together the conscious and latent capability of an individual that the individual has collected over his/her life and provides the need for capturing his/her intrinsic worth. And it includes behavior. It is equivalent of a brand as it matures and becomes a household name in the minds of

⁴³ Quinn. J. B. 1992. *Intelligent Enterprise. A Knowledge and Service Based Paradigm for Industry*. New York: The Free Press.

⁴⁴ Reich. R.B. 1991. *The Work of Nations* New York: Alfred A.Knopf.

a consumer. The brand at that stage is a summation of all characteristics, concepts and features that were responsible for making it what it is as now and its perceived and real value. And what will become of the brand later is dependent on similar interventions and actions that may take place on the brand by the organization. The brand over time adds or depletes value. Similarly an individual adds or depletes value. The human potential school brings in factors like education, inheritance (special intellect), training, learning, competencies and skills, performance and potential while valuing human capital. This school emphasizes the need for focusing on the human intellect as a dominant influencer of a human capital value.

It was **Rensis Likert** who first used the term "**human asset accounting**" (a term since replaced by "**human resource accounting**") while plausibly demonstrating the weakness of the traditional accounting framework for not bringing the human resources within its fold. He made a strong case for the accounting of human resources by delving at length the sub optimal quality of decisions that the users of accounting information were forced to take on the basis of the traditional accounting numbers.

- **R L Brummet, (Brummet, R. L., Flamholtz, E. G. and Pyle, W. C. (1968))** were the proponents of the Cost Based Method one improving upon another - Replacement Cost Method, Standard cost method and Opportunity costs the definitions following accounting models.

Cost Models worked on some assumptions:

- **Analysis Costs:** Cost of conducting the need analysis
- **Development/Acquisition Costs:** Designing & Developing Programs or external acquisition, licensing arrangements etc
- **Implementation Costs:** Includes salaries, travel, facilities, communication, participants costs, funding costs
- **Operating Costs:** Running & maintenance costs
- **Evaluation Costs:** Costs of developing evaluation strategy, designing instruments, collecting data, analysis, preparing & distributing reports.
- **Flamholtz (1971, 1985)** argued for HR value to be on par with the roles the employees perform which is in accordance with the service state they occupy. The model also considers the present value of the future services at different service states and takes into consideration the migration of an employee from one service state to the other.

- Recognizing the difficulty in predicting the promotion or exit of individual employees, **Jaggi and Lau (1974)** developed a stochastic model that used the group basis for the valuation of human capital arguing that, as in actuarial sciences, predicting patterns in-group behavior is easier than predicting individual behavior. **HR value dependent on rank and performance rating. Method involves assuming the past trend to continue in the future for estimation of retirement, death and service movements. Milgrom and Weber (1982)** treat this issue as bidders' valuations of a good being auctioned are affiliated if, roughly: "a high value of one bidder's estimate makes high values of the others' estimates more likely." There may well be good reasons not to use the word correlated in place of affiliated. **Milgrom and Weber, *Econometrica***, Again, employees of the type that can readily be hired from the market should not be considered as scarce and would not be included in any investment base.
- A critical examination of the various contributions reveals that two schools of thought - the Harmonson (1964) school of thought, and the Flamholtz school of thought, have primarily dominated the approach. Harmonson (1964) suggested a modification through his Adjusted Present Value model holding that the human resources of a firm could be valued in three stages. First, discount the expected wage payments over the next five years at the economic rate of return on owned assets for the latest year of the organization; next, determine the 'efficiency' ratio of the firm by comparing a five year historical average rate of return for the firm with that of its industry -this is designed to measure the effectiveness of the human resources operating over the period; finally calculates the values of the human resources by multiplying the present value of future human resource payments by the efficiency ratio.
- **Lev & Schwartz (1971)** proposed the Economic Model and Present Value Method earnings profile or capitalization of salary - Present Value of Future Earnings - This is an objective measure because it uses statistics such as census income returns and mortality tables. But the negative consequence of the approach is that it assigns a value to the average, rather than to any specific group or individual. Hence there is no benefit to monitoring an individual firm's investment in employee development, since the investment would have little or no impact on the present value of future earnings. The method is the valuation of a firm's labor force by aggregating and averaging the earnings profile of homogenous groups of employees.

- **Myers and Flowers (1974) in Dollarizing Attitudes** espoused **Attitude Surveys** and this model evaluated the value of attitude surveys and the findings from such research on how does it influence and govern behavior on the job. The index articulated with appropriate weights and measures to demonstrate value of the contribution in a given context. An employee's attitude governs his productive behaviour on the job. The employee's attitude index multiplied by the wages payable should reflect the likely benefits to the organisation and hence, the value of the human resource asset. Attitudes of employees are recognized as a factor governing valuation of human capital.
- **Rensis Likert (1964) established the Behavioral Model** - This model aims to establish a set of casual variables through psycho- social test results reflecting the appreciating or depreciating condition of human organisation as reflected by a set of intervening variables, which in turn, are likely to result in the achievement of the end result variables. The investments in HR value are amortized over the years in tune with the condition of the human organisation. However, psychosocial measures of the condition of the human organisation may not be reliable towards measure of HR as an asset in the absence of its established valid relationships with the organisational performance. **Likert** proposed the use of socio-psychological measurement techniques for the valuation of human resources.
- However, **R.L. Brummet, E.G. Flamholtz, and Pyle (1968)**, after advocating multiple measures of human resources (viz. acquisition cost, replacement cost and economic value) favored the economic value approach for the valuation of human resources. They commented, "An even more direct approach is to estimate the contribution of human resources to the total economic value firm. This involves forecasting future earnings, discounting them to determine the firm's present value, and allocating a portion to human resources based on their relative contribution".
- **Andrew Mayo employed the Human Capital Monitor** essentially focusing on 3 assumptions – Valuing people as assets (Capability, Potential, Performance and Value alignment), Measuring people contribution to value added services (stakeholder contribution, financial and non financial contribution that has a direct relevance to profitability or wealth generating activity), Monitoring environment in which people work (Motivation, Leadership, Work Place Quality, Culture, learning). Mayo deployed a template called the HC Monitor that worked on a formula:

HAW = Human Asset Worth = Employment Cost X Individual Asset Multiple/1000

IAM = Individual Asset Multiplier = Weighted average of personal contribution to added value, breadth of capability, potential to grow and value alignment.

- **Return on effort employed** - Another method of accounting for human resources involves the measurement of effort employed on various functions buying, manufacturing and selling. This kind of information may lead to a more efficient allocation and use of human resources. Factors that distinguish the quantity and quality of effort expended may be used to rate the contribution made by individuals. Such factors are:
 - Level1, or grade, of work done
 - Effectiveness with which the individual performs his job.
 - Experience, which increases, up to a point, the efficiency of job performance.
 - These factors are then multiplied together in determining a measurement of effort employed for each individual. For example, a very good sales manager with over five years experience would score $1.5 \times 7 \times 1.5 = 15.75$ for effort employed. When all the calculations for every individual are aggregated, we obtain a figure, which represents the total effort employed in an organization.
- **Human Asset Multiplier** - A multiple is given to job grading and to individual personnel, and is applied to the remuneration received by each to arrive at an asset value for the balance sheet. The multiples are determined rather arbitrarily on the basis of the more important the grade/ person, the higher the multiple. The HAM to arrive at cost inputs to a trading statement multiplies expenditure on human resources of a capital nature such as recruiting, training, etc. Cost outputs include turnover losses, redundancy payments etc, are also multiplied by the HAM and included in a trading statement.
- **Hirschey and Weygandt (1985)** analyzed the valuation of and the amortization rate for advertising and R&D expenditures. Their approach consists of determining if these expenditures have a positive effect on a firm's **Tobin Q** (ratio of market value and replacement cost of assets).
- **Philips and Stone focused on a modified cost based approach** keeping program costs as the fundamental tool for evaluating human resource intervention and costs involved in such interventions. It was a model based on collective value of human

capital driven interventions, what he called as a program, and then captured the costs and effort involved correlated it with the benefits and value realized as a direct consequence of such an intervention and turned that into a dollar value. Four steps are involved in completing this ROI formula:

- Step 1: Focus on a Unit of Improvement
- Step 2: Determine a Value of each unit
- Step 3: Calculate the Change in Performance Data
- Step 4: Determine an Annual Amount for the Change

5.0 Case for Strategic HCM

The conceptual background behind SHCM was based on the following learnings:

- Using the principles of intellectual capital, knowledge management, learning and human intellect to identify factors that can be perceived as holistic in the context of human capital valuation
- Intellect, knowledge and learning form the core of Strategic Human Capital Measurement.
- The literature review provides adequate work of scholars to help identify several factors, namely, academic emphasis, work roles, development, learning, competency, outcomes, potential, and unique capabilities.
- **Tobin** provided the need to compare internal value to that of an external benchmark, in SHCM context, SHCM value to market capitalization
- The **cost, market, income based schools** provided the basis for appreciating SHCM as a combination of cost and value
- The work of Hudson, Sveiby, Jac Frit Enz, Bontis, Andrew Mayo, Edvinsson, Sullivan, Jaggi and Lou and methods such as return of effort employed, human asset multiplier helped focus on HR aspects of an individual and thereby the specific factors that are intrinsic in nature to that of an individual
- **Rensis Likert** provided the behavioral dimension and **Myers and Flowers and Bontis** the possibility of using survey instruments, combining quantitative and qualitative techniques as a means to measure human capital value
- The performance, productivity, HR/Business scorecard, return on investment and linkages to human capital value were derived through the works of **Andrew Mayo, Saratoga Institute, Andersen LLP, KPMG, Ulrich, Kaplan and Norton, Philips**

and Stone. This group also helped understand the need for strong linkages between the organization and the individual.

The **Strategic Human Capital Measurement and Framework** is based on identifying factors, defining a set of measures to value each of the factors, combining the scores and arriving at an individual, group or an organizational score. SHCM should be conceptualized to fulfill the following objectives:

- To identify factors that directly influence the development of an individual and thereby his/her value
- To identify factors that depreciate the value of human capital
- To identify measures within each of these factors which would help break it into meaningful parts and which when put together provides us a comprehensive view of the influence of these measures on each of the factors
- To derive net scores for each of the factors post factoring appreciation and depreciation
- To identify parameters/metric, meaning weights, scores, ranks, for each of the measures within the factors to provide us relative importance of each of the measures in the context of specific factors
- To identify a statistically valid method to bring together the factors, measures, metrics to derive indices which in turn when used as a summation provide us a holistic value of all of the factors
- To identify such indices which when compared to organization wide ratios and performance metrics can provide us a meaningful measure for the human value as having contributed/influenced/deteriorated the value of an organization as a whole
- To identify such indices as a meaningful set of standards/benchmarks comparable intra/inter organizations and nations.

6.0 Conclusion

This paper is intended to make a case and context for human capital measurement as a field for further independent research. The purpose was to evaluate the methods and models elicit learning's, gaps and derive a possible method that could then be empirically tested and validated.

In pursuing a human capital intervention there are some essential and facilitating organizational factors:

Individuals seek, desire & support personal learning, advancement in contribution, retain power to do things for development. Work is play, offers satisfaction and meaning. Given the right conditions for employees, their application of physical and mental effort in work is as natural as rest or play. Their objectives will complement the firm's and commitment is a function of the "intrinsic" rewards associated with their desire to acquire knowledge, his only asset in a knowledge economy. Organizations with a strong performance orientation and a work ethic are better suited to implement human capital valuation. SHCM is a valuation methodology with a HR slant given people evaluation process, competency mapping, and training effectiveness. The assumption behind SHCM is to make the corporation sustain competitiveness over time. SHCM symbolizes IT in many respects, one of that is investment in the Intellectual Capital to remain competitive. Organizations need to identify critical success factors as a part of their strategic management role and demonstrate that SHCM is a core part of the success factor. All organizations manage knowledge in maintaining a business enterprise. It is essential for them to now distinctively identify, isolate knowledge management and show its exclusivity for effective management.

Understanding meaning and definition of what constitutes knowledge to each enterprise is important. Classification of this activity is possible by strategically reorienting organizations to look at work itself, process parameters, data and information uses, communication sets, electronic connectivity, decision making styles, visioning apart from strategic planning, budgeting, research and development, new product process, innovation and financial management. The new generation knowledge workers are specialists who possess the capability to generate and synthesize information, data and knowledge for commercial purposes. Core HR processes is critical for human capital valuation preparedness. Basic human systems should be in place and with no arguments. This would mean a meaningful work role, an environment which fosters values, care and concern for people and their dignity, an infrastructure that facilitates work performance in different geographic surroundings, networked connectivity, yet without loss of the human touch and a structure that makes working easy and productive. Needless to mention would be all other motivators and satisfiers like reward, recognition, growth, challenges, careers, life style and so on. These factors would be more of a menu from which the employee would make a choice. In any event the menu would always be available in all competing organizations and is not a special deal for the knowledge employees of a specific corporation. Retention would obviously go beyond frills, bells and whistles. For a valued employee is a retained employee. And thus is served a purpose of Human Capital Measurement.

References

- Ackers, P and Preston, D (1997) 'Born again? The ethics and efficacy of the conversion experience in contemporary management development' *Journal of Management Studies*, 34,5, pp 677-701
- Armstrong, M and Long, P (1994) *The Reality of Strategic HRM*, London, IPD
- Armstrong M (2001) *A Handbook of Human Resource Management Practices* (8th Edition), London, Kogan page
- Aldisert, Lisa M., *Valuing people : how human capital can be your strongest asset*, Chicago : Dearborn Trade Pub.1954
- Andersen Business Consulting – The author wishes to acknowledge the learning and use of Knowledge Space, a wealth of knowledge, research and archives including intellectual Property contributed by several members of the organization.
- Argyris, C (1993) *Knowledge for Action* (San Francisco: Jossey-Bass,
- Argyris, C. (1992), *On Organizational Learning*: Blackwell, Cambridge, MA
- Argyris, C. and Schon, D. (1978), *Organizational Learning: A Theory of Action Perspective*, Addison-Wesley Reading, MA.
- Barnett, R (1997) *Towards a Higher Education for a New Century*, London, Institute of Education Barrington, H and Reid, M (1997) *Training Interventions*, London, IPD Bassi, L J,
- Benson, G and Cheney, S (1996) 'Top ten trends', *ASTD Training and Development*, November, p 28 Beard, C (1996) 'Environmental training: emerging products'. *Journal of Industrial and Commercial Training*, 28,5,18-23
- Bee, F and Bee, R (1994) *Training Needs Analysis and Evaluation*, London, IPD
- Beer, M and Spector, B (1989) 'Corporate wide transformations in human resource management', in Walton, R E and Lawrence, P R (eds) *Human Resource Management: Trends and Challenges*, Harvard University School Press, Boston, MA
- Bontis, N "Managing Organizational Knowledge by Diagnosing Intellectual Capital," *International Journal of Technology Management*, 118, 5/6/7/8 (1999), pp. 433- 462
- Bontis, N "Human Capital Valuation," Working Paper, Saratoga Institute, 1999. Emerging Workforce Values Study 1997-1998, Interim Services, Fort Lauderdale, Fla (copies available through Interim or the Saratoga Institute).
- *The Strategic Management of Intellectual Capital and Organizational Knowledge*, Choo, C. W., & Bontis, N., Oxford University Press, New York (2002)

- Bontis, N. (1996). There's a price on your head managing intellectual capital strategically.
- *Business Quarterly*, Summer, 40-47. Bontis, N. (1998) Intellectual capital: an exploratory study that develops measures and models. *Management Decision*, 36(2), 63-76
- Bontis, N. (1999a). Managing organizational learning system by aligning stocks and flows of knowledge: an empirical examination of intellectual capital, knowledge management and business performance. PhD dissertation, Ivey School of Business, University of Western Ontario, London, Canada
- Bontis, N. (1999b). Managing organizational knowledge by diagnosing intellectual capital: framing and advancing the state of the field. *International Journal of Technology Management*, 18, 433-462
- Bontis, N. (1998) Intellectual capital: an exploratory study that develops measures and models. *Management Decision* 36(2), 63-76.
- Bontis, N. (2001). CKO wanted -evangelical skills necessary: a review of the chief knowledge officer position. *Knowledge and Process Management*,
- Bontis, N. and Girardi, J. (2000). Teaching knowledge management and intellectual capital lessons: an empirical examination of the TANGO simulation. *International Journal of Technology Management*, 20, 545-555
- Bontis, N., Dragonetti, N., Jacobsen, K. and Roos, G. (1999), "The knowledge toolbox: a review of the tools available to measure and manage intangible resources", *European Management Journal*, Vol. 17 No. 4, pp. 391-402.
- Bontis, N., Dragonetti, N.C., Jacobsen, K. and Roos, G (1999) The knowledge toolbox: a review of the tools available to measure and manage intangible resources. *European Management Journal*, 17, 391-401
- Bontis, N., Chua, W. and Richardson, S. (2000). Intellectual capital and the nature of business in Malaysia *Journal of Intellectual Capital*, 1 (I), 85- 100
- Bontis N and Choo C W (2002) *The Strategic Management of Intellectual Capital and Organizational Knowledge*, N, Oxford University Press, New York
- Bontis, N., Crossan, M. and Hulland, J. (2001). Managing an organizational learning system by aligning stocks and flows. *Journal of Management Studies*, forthcoming
- Boyd, E M and Fales, A (1983) 'Reflective learning: key to learning from experience'. *Journal of Humanistic Psychology*, 23,2, pp 99-117

- Bramley, P (1996) *Evaluating Training*, London, IPD
- Brennan, N. and Connell, B. (2000). Intellectual capital: current issues and policy implications. *Journal of Intellectual Capital*, I, 206-240
- Brooking, A. (1996). *Intellectual Capital: Core Assets for the Third Millennium Enterprise*. London: Thomson Business Press.
- Brummet, R.L., Flamholtz, E.G. and Pyle, W.C. (1968) Human resource measurement: a challenge for accountants. *Accounting Review*, April, 217-224.
- Brooking, A., 1997. *Intellectual Capital*, London, International Thompson Business Press.
- Banker, D., Chang, H. and Majumdar, S.K. (1996) A framework for analyzing changes in strategic performance *Strategic Management Journal* 17, 693-712
- Bolman L G and T. E. Deal, *Reframing Organizations: Artistry, Choice, and Leadership* San Francisco: Jossey-Bass, 1991).
- Butler, J, Ferris, G and Napier, N (1991) *Strategy and Human Resource Management*, Cincinnati, Southwestern Publishing Company
- Chung, K.H., Pruitt, S.W., 1994, "A simple approximation of Tobin's Q", *Financial Management*, 23, 3, 70-4
- Choo, C.W. and Bontis, N. (2002), *The Strategic Management of Intellectual Capital and Organizational Knowledge*, Oxford University Press, New York, NY.
- Collin, A (1994) 'Learning and development in human resource management', in Beardwell, I and Holden, L (eds) *Human Resource Management*, London, Pitman, pp 283-4
- Clemente M and David Greenspan, *Empowering Human Resources in the Merger and Acquisition Process* (Glen Rock, NJ: Clemente, Greenspan & Co., 1999), p. 109.
- Crossan, M. and Guatto, T. (1996), "Organizational learning research profile", *Journal of Organizational Change Management*, Vol. 9 No.1
- Davenport, T.H., Prusak, L., 1998, *Working Knowledge*, Harvard Business School Press, Boston, MA.
- Routledge Boud, D, Cohen, R and Walker, D (1993) 'Understanding learning from experience' in Boud, D, Cohen, R and Walker, D (eds) *Using Experience for Learning*, Buckingham, SRHE and Open University Press
- Deal T and Kennedy A (1982) *Corporate Cultures* (Reading, Mass.: Addison-Wesley, 1982

- DeGeus, A “Planning as learning”, *Harvard Business Review*, March/April 1988, pp. 70-74
- Devanna. A C. Fombrun, and Tichy, N “Human See A. Chandler, Strategy and Structure: Chapters in the Resource Management: A Strategic Approach,” History of American Industrial Enterprise (Cambridge. Organizational Dynamics winter 1981.MA: MIR Press, 1962).
- Egan, G (1962) *The Skilled Helper*, Monterey CA, Brooks/Cole
- Edvinsson and Michael S. Malone, *Intellectual Capital:Realizing Your Company's True Value by Finding Its Hidden Brainpower*. New York: Harper Business, 1997.
- Eccles, R.C. (1991) The performance measurement manifesto. *Harvard Business Review* Jan-Feb, 131-137
- Ericsson, K. A. & Charness, N. (1994) Expert performance: its structure and acquisition. *American Psychologist* 49, 725-747. [A comprehensive review of what can and cannot be said about the causes of expert performance and ‘giftedness’.]
- Ferrier, F., McKenzie, P., 1999, Looking ahead: an enterprise information and self-evaluation kit, paper presented at the International Symposium Measuring and Reporting Intellectual Capital: Experiences, Issues, and Prospects, OECD, Amsterdam
- Flamholtz, E.G., Main, E.D., 1999, "*Current issues, recent advancements, and future directions in human resource accounting*", *Journal of Human Resource Costing and Accounting*, 4, 1, 11-20
- Fitz-enz, Jac "Getting and Keeping Good Employees," *Personnel Journal*, August 1990, pp. 25-28
- Fitz-enz, Jac "Yes, You Can Weigh Training's Value," *Training*, July 1994.
- Fitz-enz, Jac *How to Measure Human Resource Management*, 2d ed. (New York: McGraw-Hill, 1994)
- Fitz-enz, Jac, (2000) *The ROI of Human Capital* Amacom
- Flamholtz, E.G., Main, E.D., 1999, "*Current issues, recent advancements, and future directions in human resource accounting*", *Journal of Human Resource Costing and Accounting*, 4, 1, 11-20.
- Flamholtz, E (1985) *Human Resource Accounting*, 2d ed. (San Francisco: Jossey-Bass,
- Flowers, Vincent S. and B. A. Coda, "A Human Resource Planning Model," *Personnel*, January - February 1974.

- Flowers, Vincent S. and M. Scott Myers, "Dollarizing Attitudes," *Atlantic Economic Review*, May - June 1974. (Reprinted in *ASCI Journal of Management*, Bella Vista Hyderabad, India, 1974).
- Flowers, Vincent S "A Framework for Developing Human Assets," *California Management Review*, Summer 1974.
- Friedman, B, Hatch J, Walker D (1998) *Delivering on the Promise : How to attract, manage and retain human capital*, New Yor, Free Press
- Gary L (2003) "Tying Your People Strategy to the Bottom Line," *Harvard Management Update*, Vol.8, No. 8, August 2003.
- Gallagher, A. (1997). *Intellectual Capital: A Summary of Corporate Initiatives*, Alexandria, VA: American Society for Training & Development.
- Guthrie, J., Petty, R., 1999, "*Knowledge management: the information revolution has created the need for a codified system of gathering and controlling knowledge*", *Company Secretary*, 9, 1, 38-41.
- Gratton L and Ghoshal S (2003), "Managing Personal Human Capital: New Ethos for the volunteer employee" *The European Management Journal*, February 2003
- Ghoshal S (1999) *The Individualized Corporation*, Boston, HBS Press
- Hall (1992): *The strategic analysis of intangible resources*. *Strategic Management Journal*, vol 13 pp135-144.
- Hauser, J.R. and Katz, G.M. (1998) Metrics: you are what you measure. *European Management journa/ 16(5)*, 517-528.
- Harmonson, R. (1964) "Accounting for human assets"- Bureau of Business and Economic Research, Michigan State University Occasional Paper, n. 14
- Herrnstein, R. J. & Murray, C. (1994) *The Bell Curve: Intelligence and Class Structure in American Life* (Free, New York).
- Hedberg, B (1986) 'Organizational design for learning and unlearning', in Flamholtz, E G, Randle, Y and Sackmann, S (eds) *Future Directions of Human Resource Management*, Los Angeles, CA, University of California,
- Hirschfeld, L.A. & Gelman, S.A. (eds) (1994) *Mapping the Mind: Domain Specificiity in Cognition and Culture* (Cambridge University Press). [A collection of papers celebrating the modular view of mind, including one by Lena Cosmides and John John Tooby.]

- Hofstede, G. (1978), "Value systems in 40 countries", Proceedings of the 4th International Congress of the Association for Cross-Cultural Psychology.
- Hudson, W (1993) *Intellectual Capital: How to Build it, Enhance it, Use it*, John Wiley & Sons, New York, NY
- Huselid, M (1995) "The Impact of HRM Practices on Turnover, Productivity and Corporate Financial Performance" in *Academy of Management Journal*
- Itarni, H., Roehl, T.W. (1987) *Mobilizing invisible assets*. Cambridge, MA.: Harvard University Press.
- Jaggi-Lau Model of Human Resource Accounting Revisited - *ACSI Journal of Management*, Dinesh K Gupta
- Johanson, U. (1996), Why human resource costing and accounting does not work. Work in progress. Personnel Economics Institute, School of Business, Stockholm University
- Johanson, U., 1999, "*Mobilizing change: characteristics of intangibles proposed by 11 Swedish firms*", paper presented at the International Symposium Measuring and Reporting Intellectual Capital: Experiences, Issues, and Prospects, OECD, Amsterdam.
- Kaplan Robert and David P. Norton, (1996) *The Balanced Scorecard* (Cambridge, Mass.: Harvard Business Press,
- Kolb, David (1987) *Experiential Learning: Experience as the Source of Learning and Development* (Englewood Cliffs, NJ: Prentice Hall, 1984), and E. H. Schein, *Process Consultation*, vol. 2 (Reading, MA: Addison-Wesley, 1987).
- Lindell, S. (1996) *Valuation of Human Capital in Service Companies*. School of Business, Stockholm University.
- Leonard, D. (1995). *Wellsprings of Knowledge*. Boston: Harvard Business School Press.
- C. C. Lundberg, "On organizational learning: Implications and opportunities for expanding organizational development." In R. Woodman and W. Passmore (eds) *Research in Organizational Development and Change*, vol. 3. (Greenwich, CT: JAI Press, 1989), and C. Hampton-Turner, *Creating Corporate Culture* (Reading, MA: Addison-Wesley, 199Z).
- Mayo, A (2001) *The Human Value of Enterprise*, London, Nicholas Brealey Publishing
- Mayo A (2002) "Capital that Matters" in *Training Journal*, March 2002

- Mello, J A (2001) Strategic Human Resource Management, South Western College Publishing
- Mcheath (2002) G Effectively Managing & Developing Human Resource, Infinity Books (2002)
- Mitchell, M. and Bontis, N. (2000) Aligning human capital with business strategy: foreign bank and luxury retail. In Bonner, D. (ed.), *Leading Knowledge Management and Learning*. Alexandria, V A: ASTD.
- Nonaka, I. & Takeuchi, H. in Hackett, B. 2000. Beyond Knowledge Management: New Ways to Work and Learn. USA, New York: The Conference Board, Inc.
- Nonaka, I. and Takeuchi, H. (1995), *The Knowledge-Creating Company*, Oxford University Press, New York, NY.
- Perry, W (1970) Forms of Intellectual and Ethical Development in the College Years, New York, Holt Rinehart & Winston
- 'Phillips, J J (1994a) *Measuring Return on Investment, Volume 1*, Alexandria, VA, American Society for Training and Development
- 'Phillips, J J (1994b) *Measuring Return on Investment, Volume 2*, Alexandria VA, American Society for Training and Development
- Prusak, L. (1996), "The knowledge advantage", *Strategy & Leadership*, March/ April.
- Pulic, A. (2000). V AIC: an accounting tool for IC management, <http://www.measuring-ip>
- Pfeffer, J *Competitive Advantage Through People (1994)* (Harvard Business School Press,, Boston
- Quinn, J.B. (1992) Intelligent Enterprise: A Knowledge and Service
- Reich, R.B. (1991), *The Work of Nations*, Alfred A. Knopf, New York, NY.
- Richardson, K. (1998) The Origins of Human Potential: Evolution, Development and Psychology (Routledge, London).
- Richardson, K. (1998) Models of Cognitive Development (Psychology Press, Hove)
- Roos, J. and von Krogh, G. (1996), "The epistemological challenge: managing knowledge and intellectual capital", *European Management Journal*, Vol. 14 No.4.
- Roos, J., Roos, G Dragonetti, N.C. and Edvinsson L. (1997). *Intellectual Capital: Navigating in the New Business Landscape*. London: Macmillan.
- Sackmann, S., Flamholz, E. and Bullen, M. (1989) Human resource accounting: a state of the art review *journal of Accounting Literature* 8, 235-264.

- Scarbrough, H. (2003), "Recipe for Success" in People Management of 23 January 2003
- Scott, T.H., Mitchell, T.R. and Birnbaum, P.H. (1981). *Organization Theory: A Structural and Behavioral Analysis*, 4th edition. Homewood, IL: Richard D. Irwin.
- Senge, P. 1990. The leader's new work: building learning organizations. Sloan Management Review, Fall, 76-95.
- Senge, P.M. (1990), *The Fifth Discipline: The Art and Practice of the Learning Organization*, Doubleday Currency, New York, NY.
- Schein, E H (1985) *Organizational Culture and Leadership* (San Francisco: Jossey-Bass,
- Stevens, B (1973) *Measuring the Return on Management Training*, London, Industrial Society
- Spencer L M and Signe Spencer, (1983) *Competence at Work* (New York: John Wiley & Sons
- Sveiby, K-E. 1992/1999. The Knowledge Company: Strategy Formulation in Knowledge-Intensive Industries. <http://www.sveiby.com.au/articles/KnowledgeStrategy.htm>
- Sveiby, K-E. 1997. Manage Knowledge Workers. Extract from *The New Organizational Wealth – Managing and Measuring Knowledge-Based Assets*. [http://www.sveiby.com/articles/knowledge workers.htm](http://www.sveiby.com/articles/knowledge%20workers.htm)
- Sveiby, K-E. 1999. Welcome to the Knowledge Organization! <http://www.sveiby.com/articles/K-era.htm>
- Strassman Paul (1999) *Information Productivity* (New Canaan, CT: Information Economics Press
- Strassman, P .A. (1999). The value of knowledge capital. <http://www.strassmann.com> (23 October).
- Strassman Paul (1985) *Information Payoff* (New York: Free Press,
- Stewart, Thomas (1997) *Intellectual Capital - The New Wealth of Organizations* New York: Doubleday,
- Stevens, B (1973) *Measuring the Return on Management Training*, London, Industrial Society
- Sullivan, P., "2000", *Value-Driven Intellectual Capital - How to Convert Intangible Corporate Assets into Market Value*, John Wiley and Sons, New York, NY.

- Teece, D. J. (1998) Capturing Value from Knowledge Assets, , *California Management Review*
- Tracey, W R (1992) *Designing Training and Development Systems*, 3rd edn New York, AMACOM
- Wright, P.M., McMahan, G.C. and McWilliams, A. (1994), ``Human resources and sustained competitive advantage: a resource-based perspective'', *International Journal of Human Resource Management*, Vol. 5 No. 2, pp. 301-26.

Referred Websites

- <http://www.alamedavc.com/pdf/value.pdf>
- <http://www.hcpm.de/faq.htm>
- http://www.knowledgepoint.com.au/intellectual_capital
- <http://www.sveiby.com.au/EmergingStandard.html>
- <http://www.tlainc.com/article6.htm>
- www.bontis.com/ic/publications/BontisHC.ppt
- www.cdf.org/cdf/Foundation/Partners/ghk/human_capital/human_capital.html
- www.cupahr.org/HRpubs/roireview.html
- www.ghsmart.com/docs/Human_Capital.pdf
- www.tcs.com/0_features/articles/of_human_course.htm

Six Sigma – A Process Enhancement Tool in Information Technology

Mr. Anit Bhatnagar⁴⁵

Abstract

Quality has come a long way in enhancing products and services. We use “Quality as a word” in our day to day conversation without realization of its actual key improvement factors to real life objects. The situation is even grim when quality of a software or IT process is under consideration. There are various techniques available that can enhance the Quality of Software Product / Services or the Process that defines the manufacturing of software product or service. It’s very difficult for an IT company to decide which approach is best suited for software processes improvements. Companies require support and know how to apply the chosen technique to have a competitive edge in IT business.

Six Sigma Technique is highly effective in generating the Quality Improvement methods for an IT implementation. Companies have tried to implement Six Sigma into various business process and slightly into development of actual software. There is major gap in Six Sigma theory and a defined framework for actual implementation into IT industry. This brings in a serious need for generic software (and guideline to implement) that utilizes Six Sigma techniques for quality improvement at various aspects of software development process.

Key Words: *Financial Six Sigma, Quality expansion tools, IT processes and enhancement, Quality Management System, Quality Assurance*

1.0 Introduction

Quality – The Ever-Changing Definition

The word quality was first introduced by Carl Frederick Gauss (1777-1855) as concept of normal curve. Edward Deming, the ‘Godfather’ of Quality brought about an immense change in the approach towards quality in the early 1950’s

Word “Quality” is now being used in every walk of life. The definition of quality in very general term is when something is being measured with a predefined standard or a baseline. Except very

⁴⁵ Research Scholar – Shri Jagdishprasad Jhabarmal Tibrewala University, Rajasthan, anitbhatnagar@gmail.com

few fields, it's very difficult to come up with a baseline and thus determining the amount of quality being introduced (in the initial first level). With the current scenarios, especially in information technology the quality can be defined as **any process or operation that enhances the value of said system**

Quality and Six-Sigma

As quality of a system is ultimately **the improvement**, it can be achieved by various quality management systems. Six-Sigma is one of the systems which utilises defects reduction to achieve improvement. Six Sigma is successfully used in manufacturing industries for more than 30 years. It's originally invented for reducing defects in manufacturing by Motorola. With the evolution of Six Sigma, its definition is extended to 3 levels:

- **Metric** - calculating defects per million, the a "Six" Sigma would be 99.9997% defect free
- **Methodology** - used to improve processes like DMADV, DMAIC etc.
- **Management System** - for executing business strategy

In Information Technology, all three levels play a crucial role in delivering a quality product. The wide ranging benefits are:

- Customer Satisfaction and Vision
- Better Communication
- Consistently Improving Products and Services
- Reduction in Cost
- Better Opportunities and Sales
- Satisfied Workforce

2.0 Objectives

The main objectives are as follows:

To understand

- Use of Six Sigma in Information Technology domain for quality improvement

To comprehend:

- Implementation process of Six Sigma
- The benefits of implementation
- Conclusion

3.0 Research Methodology

Need & Significance of the Study:

Information Technology industry mainly relies on Software Products and Clients for operations. Software products usually are made with of inferior quality (stability and ease of use) and constant mismanagement in the client servicing, results in need for process and product improvement the said domain. The study intends to determine the benefits which would occur to the organisation in terms of fewer defects and satisfied clients. The study of provides immense learning to other organisation that would like to implement Six Sigma strategies for software products.

Scope & Limitation

- The study restricts itself to designing and implementation of Six Sigma, Quality Implementation System in one organization only
- Time duration for the study is restricted to nine months only. Long term impact of implementation of Six Sigma system on various parameters is beyond the ambit of this study

Research Design

- Implementation of a Quality Intervention and Observation thereof using Pre-hoc and Post-hoc design

Type of Data used

- Primary: Data gathered from observations of Quality evaluation parameters like software defects, no of internal follow-ups and client escalation for a nine month time period. It involved comparison of 4 months data on various quality evaluation parameters prior to the implementation of Six Sigma with the data gathered post implementation.
- Secondary: Data collected from sources like Six Sigma manual, Company Website, books, Research journals.

Type of Data Analysis

- Quantitative using tools like graphs and excel sheets

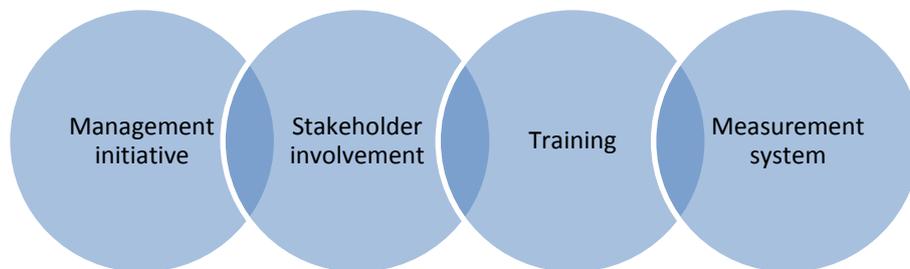
4.0 Information Technology and Six Sigma Tools

Six-Sigma is very successful in manufacturing industry where defects can easily be identified and reduced. In software domain also it is possible to include Six Sigma approach to reduce defects (errors) in software coding. The software domain where Six Sigma can be extremely affective is, highly complicated software systems, crucial delivery systems, mission-critical operations. The ability of Six Sigma tools to improve software processes can ultimately yield in quality of products and services.

The main challenge in Six Sigma implementation in software domain is to identify the critical to quality points and to establish a cost-effective product. The software development life cycle is again along period (spanning in years with constant changes) which also possesses various challenges for implementation of Six Sigma into software domain.

5.0 Operational Strategy – Acceptance of Six Sigma

A successful Six Sigma project requires four basic fundamental activities:



The approach starts with involving the top management and sharing the advantages of Six Sigma implementation. Once the company has initiative of Six Sigma, all the relevant stakeholders are required to be part of the initiative so that the processes of Six Sigma can be implemented.

Training imparts a very important aspect of the Sigma as its new approach which needs to be taught to all the entities which are involved in software product development. This training may not be confused with detailed Six Sigma training but the training of basic understanding and how to use the software development strategies to reduce the defects in final product.

Without “**measure**” the quality implementation is impossible, for this purpose most of the software development platforms provide basic error check which can be used as a base of quality measurement system. This check is not enough for implementing the quality control but a separate system need to be developed which combines various aspects of defective error management.

The key implementation factors are as follows:

- Utilisation of Correct Method
- Appropriate and Skilled Resources
- Identification of Repeated Tasks (Software Codes which can be reused)
- Cognition And Visualisation

6.0 Software Approach in Six Sigma

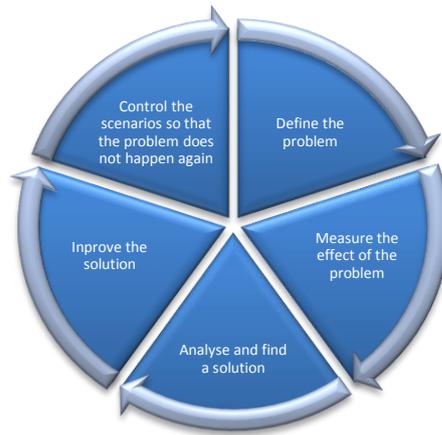
Apart from management involvement, stakeholder and training, the software system requires a measurement system which can not only identify the problems but also help in reduction. The approach was two stepped:



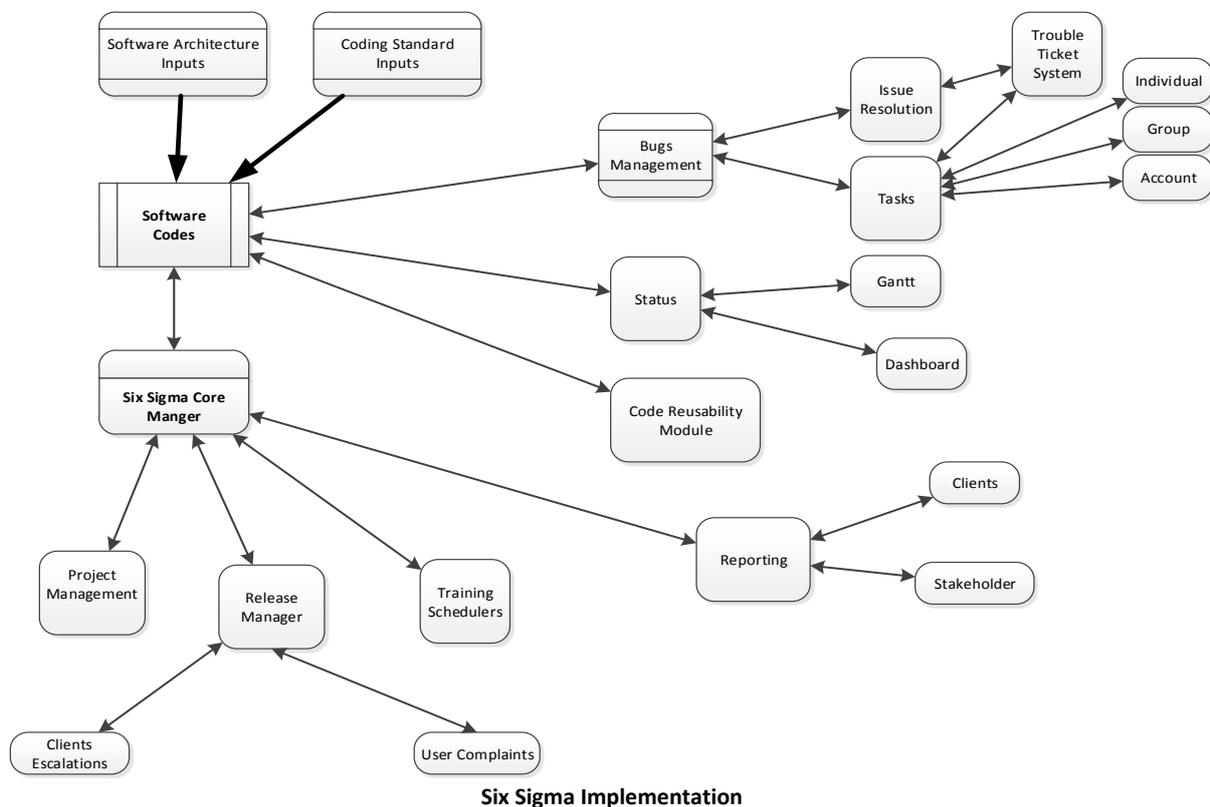
Operational improvement was achieved by the contribution of various entities in development. The various techniques used were:

Cause-And-Effect Diagram	Software Flowcharts
Operational flowcharts	Histograms
Controlled sheets	Scatter plots

These tools were used to facilitate the Six Sigma model of DMAIC:



To improve the code quality, separate system is developed which integrates with the development environment (IDE) and checks on the errors generated by the software code. The various broad level self-describing components are as follows:



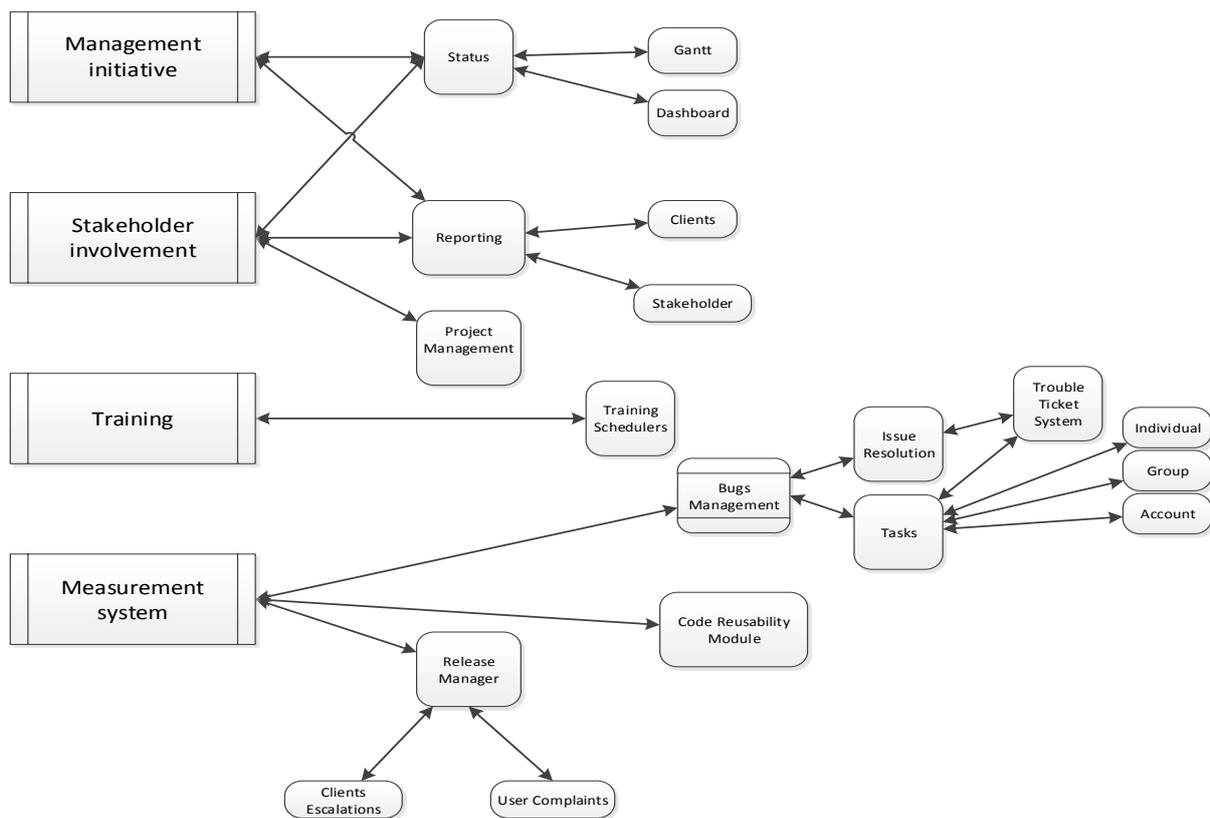
The salient features of the automated system are as follows:

- System was built over commercially available, free to use Bugs Management System (BMS) and IDE (Integrated Development Environment) of Visual Studio for Software development. The system was deployed at a central location with distributed array of servers. This system has capabilities of basic project management, allowing various tasks and reports realized by Internet Based System. The

organization took this basic system and builds various modules around it to customize and capture day-to-day operations on an automated fashion.

- **Code Reusability Module:** This is a repository which takes care of the software modules which can be reused across various software developments. There are possibilities that core functionality of a certain module is needed across processes. For example a **user login page** will have basic features but surely would have customisable/unique login mechanisms at the backend. Another code reusability module is where certain database interactions need to be performed on a very regular basis like **queue management**.
- **Bugs Resolution Module:** This critical module is required to measure the errors (faults) and correction timing in the development environment. This module is directly interfaced with integrated development environment (IDE) of visual studio for tracking of errors and finally correcting them. This is extremely important module for defect reductions in the system as this provides developers the insight into the system stability and future expansion.

The Six Sigma project’s four basic fundamental activity are mapped with various software modules as below:



Activity Implementation – Software Mapping

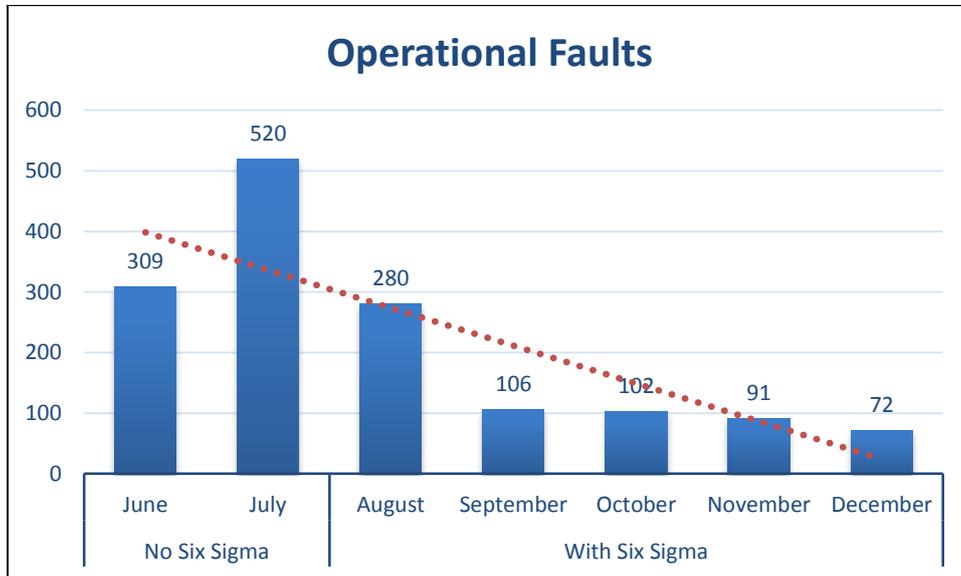
7.0 Six Sigma Implementation Findings

The Six Sigma measuring system was installed very recently and has eased up the operations tremendously. For evaluation purpose, one IT project of **live ticket booking and deals providing portal** was chosen as a reference and analysed. The following was observed:

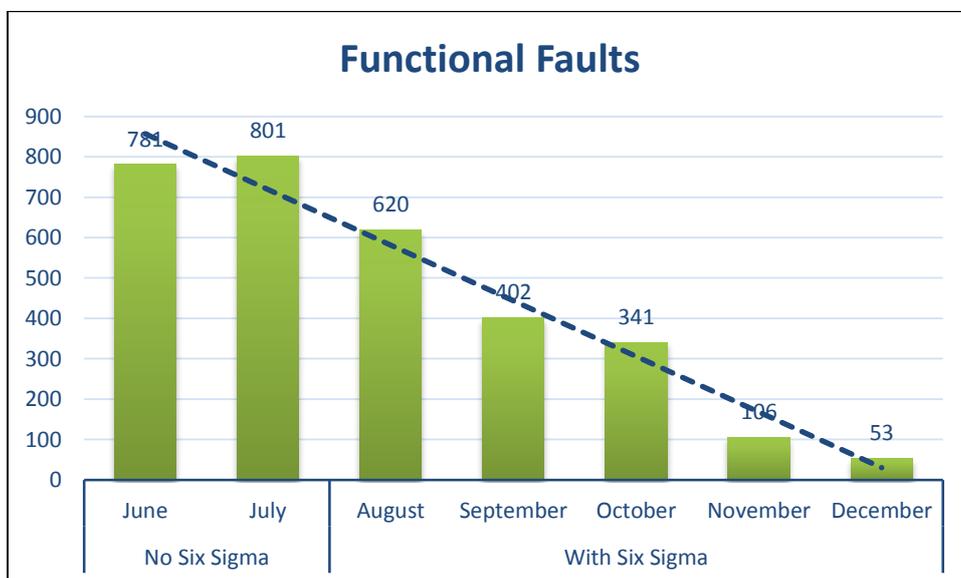
The system was analysed on the basis of two factors

- Operational Issues with Project Custodian- calls coming into call centre
- Functional Issues- system failures and functional related issues

The system was integrated with call centre so that number of calls relating to issues is tracked. The operational issues are issues where custodian of portal was communicating back for operational issues. It also reduced drastically as most of the mundane work was converted to process driven operations and tasks were defined with resolution. The entire system was available and maintained for online checking and correction.



Functional faults are system related faults where and customer (the person who purchasing tickets/deals from portal) interfacing have issues with the portal. The established call centre also interacts with customers for their feedback and issue resolution. *We are not considered the issues relating to payment as the entities related to payments are third-party bodies which are beyond the purview of six Sigma implement system.*



The reduction in functional faults also suggests the performance enhancements of the parent IT enabled system. The system has interfacings where error is tracked and its resolution is traced for no reductions in future. The code reusability module also played a key role in reduction of functional faults as once tried and tested module is reused, overall time for error-checking and faults were drastically reduced.

As Six Sigma implementation is not influencing the direct working but the operations, the core development team was not required to change the development strategies (which are very complex and technology centric).

8.0 Conclusion

With implementation of Six Sigma into an IT process, the overall experience of the product is improved that the quality of the entire system was enhanced. The reference system was implemented with a live portal with tremendous hits coming from active end customers (subscribers who are willing to buy deals or tickets). With proper system, which is technologically savvy and highly automated, operations of a changing environment can efficiently enhance the quality of the source code developed in an IT implementation.

The key is not to implement Six Sigma practices theoretically, but to implement a system that enhances the efficiency of people and operations. The implementation strategy, broadly discussed here, can be implemented with ease to IT organizations for quick turnaround in product quality and client satisfactions.

References

- "Free Six Sigma Lessons," Motorola University,
- "Six Sigma Quality Tools and Templates," *iSixSigma*,
- "The Six Sigma Calculators," Westgard QC
- C. Redzic and J. Baik, "Six Sigma Approach in Software Quality Improvement," in Fourth International Conference on Software Engineering Research, Management and Applications 2006, Six Sigma - Black Belt manual, 2007, www.expertrating.com
- Fred Luthans, 1995, Organisational Behaviour, 6th Edn., McGraw Hill Inc, New York
- IEEE, A Guide to the Project Management Body of Knowledge(PMBOK Guide) - Fourth Edition, 2008 , Project Management Institute (PMI)
- John R Sedlak, 2007, Getting The Most from Your Certified Quality Management System QMS {White paper}, Smithers Quality Assessments, Inc.
- Kaizen handbook, 2009, www.expertrating.com
- Lean Project management handbook, 2009, www.expertrating.com
- M. Diaz and J. Sligo, "How Software Process Improvement Helped Motorola," Software
- M. Murugappan and G. Keeni, "Quality Improvement - the Six Sigma way," Quality Software, Proceedings of First Asia-Pacific Conference,
- Prentice, Majorie 1984, An Empirical Search for a Relevant Managerial Curriculum, Collegiate
- Six Sigma," Wikipedia
- The Quality Assurance Journal, ISSN: 1087-8378, John Wiley & Sons
- Total Quality Management guide, 2009, www.expertrating.com

Measuring Benefits of Google Analytics

Mr. Sanjay Gupta⁴⁶

Abstract

Google Analytics is a tool for analyzing web traffic and return on investment on marketing initiatives. Google Analytics is feature rich and improves return on investment on a website. This article will give an account of Google Analytics' features and

This article will highlight the significance of Google Analytics in improving ROI for any business on the internet.

Key Words: *Google Analytics, ROI, Internet Marketing*

1.0 Introduction

Many businesses today rely on internet for marketing their product and services. In order to get better visitor count, corporate needs to offer better quality website. Web Analytics serve the purpose of understanding and optimizing web usage. Web Analytics collects, analyzes, and reports data about numbers and types of visitors, page views, and much more. Google Analytics is the most widely used web analytics application that helps to understand the behavior pattern of website visitors.

Google Analytics is a free hosted web analytics service that enables web site owners and marketers to better understand and influence visitor behavior and generate a higher ROI on marketing initiatives. Google Analytics is fully integrated into Google Ad Words and is available free to both Ad Words advertisers as well as to any website owner. The web site owners can make use of Google Analytics to understand the user interaction behavior. The reports that are generated by this tool may be used to drive targeted traffic and increase profits.

⁴⁶ Research Scholar – Shri Jagdishprasad Jhabarmal Tibrewala University, Rajasthan, sanjaygupta@rmi.rizvi.edu.in

2.0 Objectives

The main objectives of this paper are:

- Describe the concept of Google Analytics
- Source of obtaining the data for analysis
- Different types of analysis
- Advantages of using Google Analytics

3.0 Research Methodology

Type of Research: Exploratory

Research Design: Case Study

Type of Data used: Secondary data

Sources of Secondary data: research journals, company websites, online data sources etc.

Approach: Various secondary data sources were tapped to gather information on how Google Analytics has impacted organization on various parameters viz. web traffic flow, page clicks, resource usage, marketing campaigns. The information collated from different sources is presented in the form of 2 case studies.

Type of Data Analysis: Qualitative

4.0 Scope & Limitations of Research

The study is limited to Organizations with Online presence. Other organizations are beyond the ambit of this research.

5.0 Concept of Google Analytics

Web analytics are measured by software that tracks website visitors' mouse clicks and information requests. The data are stored by Google and can be compared over time to help Web managers improve the effectiveness of websites, and managers make decisions about campaign effectiveness. The data gathered by Google Analytics can be used to determine which pages on an organization's website are the most popular or most accessed, what type of information visitors to the site are interested in accessing, what path visitors take as they navigate to and away from an organization's website, how much time they spend on the site, etc. Analytic data are not stored on visitors' computers and contain no personally identifiable information.

How is Data Obtained for Analysis?

Primarily there are 2 methods for obtaining data for analysis:

- Data is obtained from the web server's log. They record various information from each request made to the server. Server logs also provide important information about time and type of request, Image requests, CSS files and JavaScript files. Software like WebLog Expert is a fast and powerful access log analyzer. It will give you information about your site's visitors: activity statistics, accessed files, paths through the site, information about referring pages, search engines, browsers, operating systems, and more. The program produces easy-to-read reports that include both text information (tables) and charts.
- Asynchronous JavaScript code is placed on each web page to provide in-depth information about the page, client's browser and operating system. It is a much reasonable method of analyzing web traffic. This approach is even believed to be more accurate than server log data.

6.0 Types of Analysis

Geolocation of visitors

Visitors location can be tracked using IP Geolocation. This information may be used by businesses for online audience segmentation, content localization, localized search and content distribution.

Click Analytics

Click analytics is used to determine performance of the site, with regards to where the users of the site are clicking. Clicked data can be gathered in 2 different ways. One is click is logged when it occurs in real time and another is page view results due to a click and hence log a simulated click that led to the page view.

Ad Words Integration

It is important to identify the keywords, ads and campaigns that lead to visitors on the web page. This is how ROI from Ad Words can be realized.

Bounce Rate

Bounce rate indicates the number of people who left the web site without further activity. Higher bounce rate is an indication of poor webpage.

Funnel Visualization

In order to make your business a success, you should be spending more time and resources in converting existing traffic than acquiring new traffic. When you work with the mindset of increasing sales by just sending more traffic to your website your cost per acquisition tends to be high and your revenue per acquisition tends to be low. So you may eventually end up making less profit and sometimes even loss.

A **conversion funnel** is a series of web pages which you expect your visitors to follow to complete a non-transactional goal like 'newsletter signups', 'downloads' etc.

Sales **funnel** is a series of web pages which you expect your visitors to follow to complete a transactional goal like placing an order on the website. Checkout process is a good example of a sales funnel.

Advantages of using Google Analytics

- **It is completely free of charge.** Although it is a free tool, but it still offer just as much or even more functionalities when compared to other paying tools.
- **Able to find out how your visitors locate your website.** Other than the core set of keywords that you are optimizing, you will also be able to find out what other keywords your visitors type in to find your website. During the initial optimization campaign, the number of keywords may be little. But as time goes by, you will start getting more keywords being listed on organic listings, due to your overall optimization effort.
- **Able to identify which pages and links your visitors click the most.** You will be able to know which are the popular pages and links, and measure whether your optimization campaign is directing the traffic to the correct pages.
- **Visitor segmentation.** With this, you will be able to know how many new visitors that your search engine optimization campaign brings to you. You can segment your analytic result by new/returning visitors, geography and referral sources.
- **Able to fine tune your website.** With this analytic report, you will be able to fine tune your website, and do a new copywriting on any page that is not converting well. In the end, it will bring you more quality prospects, and thus gaining more customers in the near future

7.0 Case Studies

Case 1

“PUMA Kicks Up Order Rate 7% with Insights from Google Analytics and Viget”

Organization Case

Millions of people around the world love PUMA shoes because they're lightweight, responsive, flexible, and fast. PUMA required the same traits from its web analytics platform. Originally, PUMA's website did not meet the standards that the shoe company had set in the business.

Analytics & Design Solution

With Viget, a Google Analytics Certified Partner, PUMA redesigned its web site and centralized the performance of its web measurement with Google Analytics. Just as important to PUMA was that each product category – such as PUMA Running, Golf, and Football – had a distinctive look and feel on PUMA.com, while still remaining connected as a unified web site. PUMA needed to compare performance within each category in isolation, as well as understand visitor behavior during their entire PUMA experience.

While performing web site tests, PUMA used Custom Variables in Google Analytics to segment visitors based on which test variation they saw. This allowed PUMA to compare how each test variation affected visitor ability to complete a variety of goals and the micro-conversions along the way. PUMA used profiles and custom filters in Google Analytics to create a holistic view of all of PUMA.com and a separate, targeted view of each PUMA category site. It also used advanced features such as Event Tracking to measure interactions with dynamic page elements and Advanced Segments to isolate visitors from each region.

While testing its web site header, it found a variation that increased online orders by 7.1%. Combined with other data-driven changes based on insights from Google Analytics, it has more than doubled the amount of time visitors spend interacting with PUMA brand content, such as news, videos, and photos. Additionally, PUMA has optimized the experience for international visitors, resulting in 47% more traffic from growing regions such as China and India.

Case 2

“By tailoring the features of Google Analytics, LunaMetrics helps PBS increase both conversions and visits by 30%”

Organization Case

PBS (Public Broadcasting System) is a private, nonprofit corporation, founded in 1969, whose members are noncommercial, educational licensees that operate 353 PBS member stations. The Public Broadcasting System’s interactive arm helps individual PBS producers and local PBS stations create and promote each section within PBS.org for programs such as NOVA, American Masters, and Sid the Science Kid. A selection of web analytics tools had been installed, but these proved difficult to maintain and use. PBS wanted to develop a coordinated approach to analysis and reporting that would inform their future strategic decisions.

Google Analytics Solution

Led by Web Analytics Director Amy Sample, the team at PBS needed a cohesive system across the entire enterprise, and for this they turned to Google Analytics.

In order to extend administrative access to thousands of producers across the organization, LunaMetrics included two Google Analytics account codes on each page. The primary account code let Amy and her team see all data for the entire enterprise in one place. This would allow her team to make decisions that would improve the website as a whole.

The second account code was specially designed so that each producer could only see the data relating to his or her program, but not for other programs. This setup would effectively allow for the account governance that PBS needed to impose, and make it much easier for producers to evaluate their web performance.

Analysis of search engine trends led to an increase in PBS traffic by 30% during the first year after implementation.

8.0 Conclusion

Google Analytics platform has reaped several benefits in online business. Some of them are as mentioned below:

- It helps in measuring the results of online campaign.
- Evaluates traffic flow to the website.
- It helps in targeting the online customers.

Summary

Google Analytics is a **free** tool that provides comprehensive Website user statistics giving you a window into the behavior of your visitors. In turn, this gives you the ability to improve the on-site user experience which helps you achieve your business objectives. Whether your goals are generating leads, sales, newsletter sign ups, or just increasing traffic, Google Analytics can improve your online results.

References

- BootSuite. 5 Benefits of using Google Analytics for your SEO campaign. Retrieved Dec 20, 2013 from <http://www.boostsuite.com/seo-and-marketing-tips/5-benefits-of-using-google-analytics-for-your-seo-campaign/>
- Dawn, R. Using Google Analytics to Track Marketing ROI. Retrieved Dec 18, 2013 from <http://www.getbusymedia.com/using-google-analytics-to-track-marketing-roi>
- E-Power Marketing Inc., How Google Analytics will help you improve online results. Retrieved Jan 10, 2014, from <http://www.epower.com/google-analytics.php>
- Fang, W. Using Google Analytics for Improving Library Website Content and Design: A Case Study. Retrieved Dec 10, 2013 from <http://www.webpages.uidaho.edu/~mbolin/fang.htm>
- Google Analytics. By tailoring the features of Google Analytics, LunaMetrics helps PBS increase both conversions and visits by 30%. Retrieved Dec 29, 2013, from <http://static.googleusercontent.com/media/r6---bru02t18.c.pack.google.com/en//analytics/customers/pdfs/lunametrics-pbs.pdf>
- Google Analytics. PUMA Kicks Up Order Rate 7% with Insights from Google Analytics and Viget. Retrieved Dec 29, 2013, from http://static.googleusercontent.com/external_content/untrusted_dlcp/www.google.com/en/us/intl/en_ALL/analytics/case_studies/gacp/vigetpuma.pdf
- Kaushik, A. Google Analytics Tips: 10 Data Analysis Strategies That Pay Off Big! Retrieved Dec 10, 2013 from <http://www.kaushik.net/avinash/google-analytics-tips-data-analysis-reports/>
- SEOTakeaways. The Geek Guide to Understanding Funnels in Google Analytics. Retrieved Dec 20, 2013 from <http://www.seotakeaways.com/the-geek-guide-to-understanding-funnels-in-google-analytics/>

Role of Public Relations in Private Equity in Turbulent Times

Ms. Anjali Talreja⁴⁷

Abstract

Private Equity in India is a 7.5 billion dollar industry. Private equity consists of investors and that make investments directly into private companies or conduct buyouts of public companies that result in a delisting of public equity.

Capital for private equity is raised from retail and institutional investors, and can be used to fund new technologies, expand working capital within an owned company, make acquisitions, or to strengthen a balance sheet. In India, Private Equity is an important financial ecosystem.

Public Relations' is the art of aligning the business of a firm to its key stakeholders. This paper attempts to bring in the role of Public Relations in Private Equity in India. The paper brings to the light the value Public Relations adds to Private through a case study.

Key Words: *Private Equity, Public Relations, Fund Raising, Institutional Investors, Stakeholders*

1.0 Introduction

Private equity is a source of investment capital from high net worth individuals and institutions for the purpose of investing and acquiring equity ownership in companies. Partners at private-equity firms raise funds and manage these monies to yield favorable returns for their shareholder clients, typically with an investment horizon between four and seven years.

In India, Private Equity is a closed- door business with a very lean team. The reputation of the Fund matters, which has to be carefully crafted to attract the right investors and the right companies to invest in. This is where Public Relations experts bring in their expertise to craft the reputation of the Fund to meet the business objectives.

⁴⁷ Assistant Professor – Rizvi Institute of Management Studies & Research, anjaltalreja@rmi.rizvi.edu.in

2.0 Research Objectives

The objective of this study is to:

- To understand the private equity landscape in India
- To understand how Public Relations helps meet the business objective of a Private Equity Firm

3.0 Research Methodology

- This study is based on a real life case study to understand the value creation PR brings to Private Equity business during turbulent financial times
- Conceptual understanding of Private Equity and Public Relations have been attributed to the internet, books and magazines

4.0 Limitations

- The study is confined to Private Equity in India only
- The study does not advocate the need for PR for Private Equity firms

5.0 The Private Equity Landscape in India

The size of the private equity market has grown steadily since the 1970s globally but like all other businesses the private equity business goes through its own share of volatilities. The economy of a country, demographics of a country, business cycles, growth potential and host of other reasons dominate the fate of Private Equity funds.

The Lean Mean PE Machinery

The PE human resource framework is always lean. The team typically comprises a Fund Head, a support team comprising analysts and financial experts. Most PEs outsource ancillary processes such due diligence, valuations, tax structuring, compliance amongst others. Therefore the Core PE team has to showcase stellar performance to be able to raise money from Institutional both in India and globally. The reputation of the PE team has to be impeccable and one flaw can have a devastating impact on the business which can leave a permanent scar

Eg.: One wrong deal (investment made in company) giving negative returns can ruin the PE or one deal (one investment made into a company) getting into a legal battle can blemish the

reputation of the firm. On the other hand, one good deal bringing in extraordinary returns can bring exuberance to the reputation of PE firm.

In other words reputation truly matters.

The 2008 Sub Prime Crisis

The global financial ecosystem went through tough times after the subprime crisis in the US. India too was adversely impacted. Simply put Indian PEs look at attractive valuations and based on their own future projection earnings invest money in companies. These companies could be start ups, privately owned companies or even listed companies. The size of the deal could vary depending upon the stake the PE purchases in the form of equity and at what price. In India, before the Sub Prime crisis attacked financial markets, valuations were inflated i.e. price for deals were expensive but future earning potential appeared superficially attractive. Therefore Indian PEs entered deals with very high valuations but faced the heat when the markets crashed post the subprime crisis. PEs were keen to sell stake or exit companies, but the subprime crisis slowed down these 'Exits'. Valuations plummeted and PEs were stuck with their deals. This had severe repercussions:

- Private Equity Firms were trapped in loss making deals
- Returns were lower than expectations
- PE Fund managers faced difficulty in raising funds from institutional investors/ High Net worth Individual Investors
- PEs were now shying away from new deals

PEs went through turbulent times but such times also bring in opportunities. New-age entrepreneurs with great business ideas were still on the hunt for capital and were knocking hard on the doors of PEs. Similarly, PEs learnt the hard way, the strategy was now to look at deals at attractive entry and exit points. The approach was now more conservative and realistic. A deal with a starry valuation offering unrealistic returns was finally the story of the past.

As of January 2014, in India, PE has fallen to its lowest levels since 2009 at \$7.5 billion over 384 deals during 2013, against \$9.2 billion investment made across 484 deals in 2012, according to data from investment research firm Venture Intelligence. The 18 investments of over \$100 million during 2013 accounted for as much as 47% of the value pie during the year.

6.0 Role of PR in PE in Turbulent Times

Corporate reputation has a significant bearing on company valuation. A sound reputation of the investee company helps enhance strategic options for private equity firms and maximize value at milestones. PR works with Private Equity firms to optimize value from the investee companies and enable build a strong profile to their potential investors to raise funds.

The public relations program assists in managing multiple interim events like restructurings, M&As, building management teams, attracting independent board members or in dealing with crisis situations that can dent reputations and value. PR helps PE firms who are often unprepared and lack the expertise to deal with the challenges of an unexpected crisis.

Case Study 1

The PR Framework for Private Equity Firm A

The year 2013 was a disturbing year for the Private Equity firms. However, fundamentally robust PEs like *PE A* survived the subprime crisis ordeal. The team was in high spirits. *PE A* was keen at raising monies from foreign institutional investors (FIIs). However the overall global and domestic fund raising market looked gloomy. But *PE A* firm was all set to tap into a slew of potential deals. These included a few start up firms and a few small cap listed firms.

The PR Brief

Amplify the credibility of firm to investors in order to raise funds despite gloomy financial markets. The investors were typically FIIs and HNIs from India

About the Team

The team size of this firm was 4. Mr. Z was the director from Wharton and held a senior role with a leading global consulting firm before he started *PE A*. While his partner Mr. B was also a Wharton product with an exceptional talent to spot small cap companies at attractive valuations.

Past Record

This firm in its previous fund had delivered 26 % return year on year to their investors. The firm's expertise:

- Uearth the potential of very small companies, add value through their own personal experience and
- Exit at a lucrative valuations.

USP of the firm

- The firm adopts a conservative approach.
- Offers expertise in the business across domains of the company
- Exceptional ability to spot start – ups with low valuations but have the potential to higher returns
- Adopts a diversified portfolio strategy which includes Hedging tools when investment climate looks volatile

The PR Challenge

The PR challenge which is true for most PE firms is that deals and fund size cannot be revealed easily unless and until there is regulatory clearance. This means that even milestones achieved cannot be revealed till the last and final stage of exit or fund raising. The PE business is closed door and is highly sensitive business.

The Stake Holders

- The Investors to the Fund i.e. Domestic and international
- Investee companies
- Regulatory Body i.e. SEBI (Securities Exchange Board of India)
- Employees of the firm

The PR Approach

The PR team worked out a 6 month strategy to raise the profile of the Fund Management team to attract the attention of its key stakeholder i.e. the Investor Community (both FIIs and Indian High Net worth Investors)

International Wires

- The 2 Directors of the Fund connected with the Editor: Markets of a leading international wire.
- The agenda of this meeting was to discuss PE strategies in turbulent times.
- The theme was chosen in such a way that *PE A* team does not reveal any confidential information thus not violating regulator's compliance norms.
- The Editor of the Wire was impressed with the topic as it fit in with the current economic climate and was apt for the readers as well.
- This interview hit international FII trading terminals with impressive India Growth Figures which were based on data given by the Reserve Bank of India (RBI)

The PR success

- With one extensive story and a deep understanding of Private Equity , the PR team hit the right nail to attract the FII community
- The interview was planned such that the firm's unique strategy was highlighted, converted into a news format to meet the objectives of the readers of the news wire
- A gloomy investment climate turned euphoric and therefore changed the perception of the targeted investor community.
- The wire carried the story with positive quotes attributed to *PE A*. This helped build credibility.

The Alumnus Power

- The PR team strategically created a reunion of Wharton alumnus based in Bombay, Bangalore and Chennai.
- A 5 Star location was selected in each of the cities with dinner and cocktails
- Social media tools such as Facebook and Twitter were used to reconnect with old batch mates form Wharton
- The reunion theme was basically an opportunity to network with potential investors and investee companies without actually spelling out the objective
- The PR Team managed to connect with 30 Wharton alumnus in Bombay who by now had reached top position in leading firms/established entrepreneurs
- Similarly, in Chennai the team managed to connect with 35 Wharton alumnus

The PR success

- This reunion helps the firm to generate leads to raise funds
- These leads helped the firm to meet a quarter of its funding raising targets
- The 2 PR strategies implemented to perfection helped the PE firm to raise money despite gloomy market sentiments.

7.0 Conclusion

Private Equity is a very sensitive business which requires bare minimum marketing tools. However, the PE Fund has to perform to create credibility to gain trust from its key stakeholders. This is where PR tools enable a PE firm to showcase credibility through platforms that help meet the objectives of the Fund. Establishing the credibility becomes even more

important when the PE Fund is performing well but faces brutality from depressed or gloomy markets. It is important for the PR team s to understand the PE business such that the approach adopted does not violate rules defined by the regulatory body or hurt the interests of the investors/ investee firms. If the domain is deeply understood, the PR tools, if strategically designed can meet the objectives of fund over a minimum period of 6 to 12 months.

References

- Davis, Anathony. 2004. Everything You Should Know About Public Relations. New Delhi: Kogan Page
- Sachdeva, Iqbal S. 2009. Public Relations Principles and Practice. New Delhi: Oxford Press
- Walls Street Journal (2014,Jan 03). Private Equity Continues to Struggle in India Wall Street wsj.com/indiarealtime/2014/01/03/private-equity-continues-to-struggle-in-india/

Future of The Pharmaceutical Industry Depends On Values-Based Leadership

Ms. Ruth Dsouza⁴⁸

1.0 Challenging times for the Pharmaceutical industry

The pharmaceutical industry plays a critical role in the global health care system and performs a valuable function of discovering important new drugs, developing them and bringing them to market – a function all the more important in the context of new diseases (like swine flu or SARS), environmentally influenced diseases (like dengue), new viruses and new diseases. Among all other corporates, perhaps pharmaceutical and healthcare companies exist for the highest purpose - to save lives and help humankind live longer and healthier. Yet, in the last few years pharmaceutical companies have been featuring in the news for their ethical violations which range from promoting prescription drugs for uses not approved by the FDA, paying financial inducements to increase sales and engaging in practices that pose grave danger to patients' health and lives.

Between 2008 and 2012 alone, giant global pharmaceutical corporations like GlaxoSmithKline, Pfizer, Johnson & Johnson, Astra Zeneca, Merck, Abbott, Eli Lilly and Allergan have paid about \$13 billion in fines to settle charges of misleading marketing, promising what drugs don't do, bribing doctors to get their drugs prescribed, sometimes causing fatal side-effects. Their target patients ranged from children to dementia afflicted senior citizens. However, their revenues from the sales of drugs for which they were proven to have engaged in violation far outweigh the penalties paid.

In India too, the problem has reached epic proportions with a vicious cycle of drug companies, doctors, chemists, clinical research organizations and sales forces being embroiled in unethical business practices. The pharmaceutical industry in India is characterized by intense competition wherein products of the original innovators compete with low priced generic copies. The drug discovery pipeline is dry with no new blockbuster drugs. These, together with the intense competition for share of the doctor's prescription and the pressure to show short term profits in quarterly results, have shifted the focus of pharma leadership to the goal of maximizing market share and bottom lines.

⁴⁸ Research Scholar, SNDT University, Mumbai , ruth03@gmail.com

Though responsible for ensuring public health, some pharmaceutical companies have betrayed the common good with unscrupulous practices such as false drug quality reporting and unsafe production practices in their pursuit of higher profits. As Dr. Chandra M. Gulhati, publisher of the Monthly Index of Medical Specialty (MIMS) India puts it “The commercial needs of countless, fiercely competing pharmaceutical companies has led them to depend on the tried and tested 3Cs: convince if possible, confuse if necessary, and corrupt if nothing else works⁴⁹.”

The pharmaceutical industry faces challenging times. Almost everywhere, stakeholder trust is at an all time low. Global surveys repeatedly emphasize the unflattering reputation of the pharma industry. The 2012 Gallup poll showed that the pharmaceutical industry got the second place among the industries viewed most negatively by the public.

Till the final quarter of the last century, the pharmaceutical industry's social, political, technological and economic credentials were unparalleled. Its range of noble and altruistic ideals attracted the best and brightest graduates who delivered an outstanding range of new medicines. Its single-minded pursuit of integrity was widely respected and its reputation, image and influence were without equal. The erosion of public respect for and trust in the pharmaceutical industry can be attributed to its failure to conduct its business activities in an ethical manner.

A developing nation like India faces enormous challenges on the healthcare front and affordable healthcare is critical for the billion plus population where the patient is the payer for his health care needs. In this context, the pharmaceutical business must fulfill the mandate of providing affordable healthcare for common diseases affecting large sections of the population. If business leaders focus merely on making profit the disease burden of the nation will increase with its corresponding human and economic implications.

Pharmaceutical companies have a very critical role to play in public health. As they attempt to balance this duty towards the vast health needs of the public with their business and profitability goals, it is increasingly clear that the need for change is urgent.

2.0 A tale of two companies: Ranbaxy and GSK

India enjoys a reputation in the global generics market, as a reliable provider of good quality, affordable treatment options for patients the world over. Ranbaxy was one of the leading companies that helped build it. In May 2013, after 6 years of investigations, , Ranbaxy finally pleaded guilty to felony charges related to drug safety and agreed to pay US \$500 million in civil and criminal fines under a settlement with the US Department of Justice. The company has

⁴⁹ Mukherjee R., Can India stop drug companies giving gifts to doctors? BMJ 2013; 346:f263

admitted it fudged data so that it could launch its products in the United States. What makes the crime so grave, is the fact that medicine is consumed by all whether young or old, rich or poor and is meant to save lives and increase the wellbeing of patients.

Interviews with the whistleblower Dinesh Thakur, point to systemic failures that went uncorrected. Ranbaxy's management failed to take immediate corrective action even when evidence of quality and regulatory non-compliance and large-scale fudging of data surfaced.

In the light of this judgment, the threat of reputational damage to Indian pharma is very real considering India's huge stakes in global generics markets. Indian generics account for a 30 per cent share of the US market and its pharmaceutical exports are poised to rise to about \$20 billion by 2020. This is indeed a wake-up call for the entire Indian pharma industry for collectively working to protect its hard-earned reputation through demonstrated action.

However, the Ranbaxy story is not an isolated incident in the larger pharmaceutical story. In recent times, large global pharma corporations have pleaded guilty to criminal and civil charges and paid up huge fines that endorse the critics claim that problems are endemic in the sector.

Take the case of leading global multinational GlaxoSmithKline. On July 2 2012, GlaxoSmithKline pleaded guilty to marketing drugs for unapproved uses and failing to report drug safety information to the U.S. Food and Drug Administration (FDA) and paid a \$3bn fine to settle criminal and civil charges with federal and state governments stemming from illegal activity over 10 years. GSK was fined for its misdeeds in inappropriately marketing the anti depressants Paxil and Wellbutrin; for withholding information on the cardiovascular risks of Avandia, a diabetes drug that has been shown to cause heart attacks; and for promoting Advair, an inhaled lung drug, to patients with mild asthma even though it wasn't approved or appropriate for them.

Moreover, what has shaken most industry observers is the prosecutors evidence that GSK had been allotting over half a million dollars a year to its district sales representatives to offer doctors regular golf lessons, fishing trips, and basketball tickets while promoting the use of antidepressant drug Paxil in children. GSK also orchestrated the publication of a "misleading," ghost-written study purporting to show that Paxil helped children when evidence suggested the opposite. . Despite the large fine, \$3bn is far less than the profits made from the drugs. Avandia has made \$10.4bn in sales, Paxil took \$11.6bn, and Wellbutrin sales were \$5.9bn during the years covered by the settlement, according to IMS Health, which tracks information for the pharmaceutical sector. Since the profits from bestselling drugs far dwarf the fines handed out, it appears that for Big Pharma, crime pays!

3.0 Why good managers make bad ethical choices

If one analyses the various cases, while the stories are different, they have a lot in common. The key issue is unethical leadership behavior. Central to the problem are the questions of human behavior and human judgment applied in ordinary day-to-day situations. One has to ask “How is it that usually honest, intelligent, compassionate human beings could act in ways that are callous, dishonest, and wrongheaded?” How is it that leaders risk their personal reputations and those of their organizations by making choices that are clearly flawed?

Saul Gellerman in his article “Why Good Managers make Bad Ethical Choices” (Harvard Business Review, July-August 1986) identified four rationalizations that lead to bad decisions. He states that managers believe that:

- The action is not really unethical or immoral (“everyone does it”);
- The action is in the best interests of the company (growth, profits, maximizing shareholder value, and so on);
- The action is unlikely to be detected (possibly the worst assumption); and
- Because the action helps the company, the organization will condone and even defend such action.

In case of Ranbaxy one can see that there were issues of unethical leadership behavior. In spite of repeated information that violations were widespread, no action was taken. Ranbaxy has acknowledged that in 2003 and 2005 it was informed of current good manufacturing practice (cGMP) violations by consultants it hired to conduct audits at its Paonta Sahib and Dewas facilities but did not act to rectify them. Jim Collins in his work “How the Mighty Fall” notes that ‘hubris born of success’ and ‘undisciplined pursuit of more’ provide the foundation for Gellerman’s four rationalizations. While Robert Simons argues that performance pressure, temptation and opportunity combine to form a dangerous triad (Levers of Organization Design). Perhaps all of these were in force in the Ranbaxy case. And in all the other cases. The combination of beliefs, with performance pressures, temptations and opportunity together with the pursuit of “more” lead to unethical choices and thereby lack of values based leadership behavior.

4.0 Forces acting against values-based leadership in India

The crisis of values-based leadership stems from multiple factors operating in the Indian pharmaceutical environment. These forces work against values based leadership and are depicted in the following model Figure 1.0 developed by the researcher.

- **Physicians and medical practice**

Due to the shortage of government medical colleges, aspiring doctors have to pay huge capitation fees to get seats in private medical colleges, which they have to recover from their practice. Unlike other disciplines, a doctor starts earning at a later age than peers from other disciplines as a physician's education is of a longer duration, and it takes time to establish a physician's reputation in the chosen area. In this context, physicians are often enticed by pharmaceutical companies' incentives in their quest to quickly recover the investment of time and money. Meanwhile, due to the proliferation of hospitals, there is stiff competition for business and in the pursuit of profits; physicians are given revenue targets that they meet through hospitalization of patients or by prescribing a battery of tests many of which may not be essential. The Medical Council of India, which is a regulator of medical education, has itself been caught up in allegations of corruption with indiscriminate issuing of licenses to private medical colleges in exchange of huge bribes.

- **Governance**

In terms of regulation and governance, the Food and Drug Administration (FDA) is understaffed to regulate the numerous companies and retail outlets all over India^{50 51}. This, compounded with the widespread corruption ensures that the monitoring mechanisms are weak.

- **Patients are vulnerable**

In India, the physician is treated like 'God' and since there is no system of accurate patient records. Thus, in case the patient decides to switch doctors the treatment protocol is lost leaving the patients dependent on the doctor and hence vulnerable. Considering the above, patients are reluctant to fight for their rights. Moreover,

⁵⁰ Report of the 44th Meeting Of The Drugs Consultative Committee Held On 20th July, 2012, <http://www.cdsc.nic.in/dtab%20dcc%20ind/Reports%20of%20DCC/Report%20of%2044th%20DCC%20Meeting%20%2020.07.2012%20.pdf>

⁵¹ R.A. Mashelkar, (2003), Report of the Expert Committee on a Comprehensive Examination of Drug Regulatory Issues, including the Problem of Spurious Drugs in India <http://cdsc.nic.in/html/Final%20Report%20mashelkar.pdf>

unlike the western world, there is a dearth of Non Government organizations (NGO's) who are involved in fighting for patients' rights.

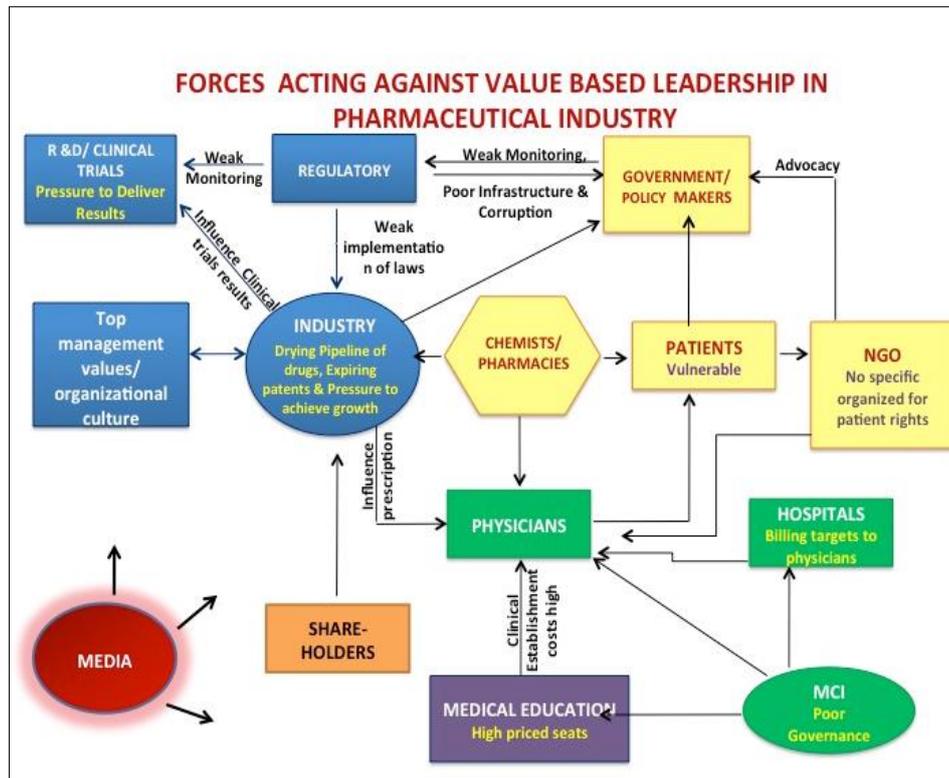


Figure 1.0 Forces acting against values-based leadership in the Pharmaceutical Industry

- **Pharmaceutical Industry- pressure to deliver profits**

Pharmaceutical companies are influenced by shareholders, who demand profits. They are however constrained by the drying pipeline of new products, the stiff competition among generic players and the pressure to deliver growth. The Research and Development (R&D) departments of pharmaceutical companies face productivity challenges. The pressure to launch new molecules often results in clinical research being influenced with subsequent fatal consequences for patients as evident for instance in the cases of Merck and Vioxx and GSK and Avandia. Although companies have a code of ethics, they lack processes to implement the code and have very little or no provision for training on ethics, internal ethics committees, an ombudsman and whistle blower policies.

Top management values and priorities drive decision making down the line, influence organizational culture and tacitly promote the ideology of 'ends over means' within the organization.

The fact that top management plays a vital role can be seen from the examples of companies like Blue Cross, Novartis India, Win Medicare Pvt. Ltd. and Centaur Laboratories, who have maintained their values and yet achieved business goals. The common factors in all these companies are the strategic focus, the commitment of top management to conduct business ethically, processes within the organization and the emphasis on training and retraining of employees on values and ethics.

5.0 The future of pharma industry depends on values-based leadership

Pharmaceutical companies face grave ethical quandaries as they attempt to balance a duty to promote public health while maintaining profitability. With increasing competition and pressures on profits, the focus is often on maximizing market share and bottom lines even if it means cutting corners. Though responsible for ensuring public health, some pharmaceutical companies have betrayed the common good with unscrupulous practices such as false drug quality reporting and unsafe production practices in their pursuit of higher profits. Improving regulation is often touted as solution to this crisis of credibility. While regulation is important, no amount of regulation can stop fraud. Policing has its own limitations.

What is needed is corporate integrity. Corporate integrity is about leadership culture. It is about a culture of integrity, where unethical behavior cannot be condoned and rewarded. It is about building an ethical atmosphere where leadership is accountable to its stakeholders; where ethics is not merely a postscript taught in isolation but is woven into day to day decision-making.

6.0 Understanding Values-based Leadership

The concept of values based leadership has evoked the role and importance of ethics and values in leadership (Graber and Osborne Kilpatrick, 2008; Buchko, 2007; Mussig, 2003; Pruzan, 1998). Values based leadership applies thoughts of ethical leadership which lies at the intersection of two literatures – business ethics and leadership (Treviño et al., 2003, p. 6).

Values-based leadership is defined as a relationship between an individual (leader) and one or more followers based on shared strongly internalized ideological values espoused by the leader and strong followers' identification with these values. Ideological values are values concerning what is morally right and wrong. Such values are expressed in terms of personal moral responsibility, altruism, making significant social contributions to others, concern for honesty, fairness, and meeting obligations to others such as followers, customers, or organizational stakeholders (Daft, 2005). Values based leadership refers broadly to leadership based on

foundational moral principles or values such as integrity, empowerment, and social responsibility (Reilly and Ehlinger, 2007, p. 246).

Values-based leadership is defined as connecting organizational goals to employees' personal values. In an article in Forbes magazine, Kellogg professor, Harry M. Jansen Kraemer Jr. described it simply as 'doing the right thing'. The author stated, "Becoming the best kind of leader isn't about emulating a role model or a historic figure. Rather, your leadership must be rooted in who you are and what matters most to you. When you truly know yourself and what you stand for, it is much easier to know what to do in any situation. It always comes down to doing the right thing and doing the best you can."

Mussig (2003, pp. 73) argues that "values-driven leadership sets the function of the relationship as putting values into practice" and "the function of the leader may be to bring values to the relationship.

Values-based leaders communicate organizational values that tell members how to behave in order to fulfill the organization's mission. They communicate these values in a way that connects with employees' personal values, so that employees come to identify strongly with both the organization and its mission. The focus is on core values - the enduring guiding principles that capture the organization's strengths and character and are likely to remain steadfast in the face of changing market trends and fads. The leadership team leads by example and communicates the values on an ongoing basis to the entire workforce.

Ethics and values in leadership are thought to be uniquely important because of the impact leaders have on the conduct of others through their behavior and decisions and on organizational performance and effectiveness. Leaders have visible positions of authority, the responsibility for shaping formal organizational policies, the opportunity for ongoing interactions with employees and control over rewards and punishments. Hence, they should play an important role in influencing employees' ethical and unethical conduct. By being role models, leaders can influence followers by demonstrating high ethical standards in their own conduct and by using the reward system to teach employees about the outcomes of ethical and unethical behavior in the organization. The reverse is also true. Leaders can be poor role models as demonstrated by their choices, decisions and behaviors which are often embedded in their value system. The higher the rank of the leader in the organization, the greater is the authority and the ability to influence subordinates.

Leaders demonstrate values awareness by having a concern for:

- The collective good of the group,
- The impact of both means and ends,
- The long-term and not just the short-term, and
- The perspectives and interests of multiple stakeholders (Treviño, Brown & Hartman, 2003).

Values based leadership competence is to put values into practice. Kavathatzopoulos (2003) defines it as a psychological skill, a leader's ability to treat values conflicts in the best possible way for all parties concerned, knowing how to think, how to analyze actual cases, how to make decisions and how to solve problems on the basis of values. It also implies self-confidence and willingness to execute difficult decisions, and to support and sustain values-based positions.

7.0 Conclusion

The heart of leadership is “ethics” and the need of the hour is values based leadership. Ethical behavior and effective leadership are intertwined and inseparable. In the context of the pharmaceutical industry today, there is a need to address the widespread ethical violations by advocating and promoting the need for values based leadership. Industry and organizations must equip their leadership teams and personnel to be aware of moral mazes and violation of values. It is also vital that leaders are empowered with the knowledge and skills needed to achieve business results while using the values based leadership framework for decision-making. This will overcome the troubles caused by the ‘ends justify the means’ philosophy and ensure a more stable, predictable and sustainable basis for business performance.

While meeting the challenges of conducting business in the sector, both specialty drug makers and generics manufacturers must reinvent their methods of managing various stakeholder groups to fully capitalize on the possibilities that lie ahead. The principles of values-based leadership provide an excellent framework to capitalize opportunities while balancing public health and corporate profits.

References

Books

- **Wittmer, D. P. (2001).** *Ethical Decision-Making*. In T. Cooper (Ed.). *Handbook of Administrative Ethics*, (2nd ed.). New York: Marcel Dekker.

Journals

- **Graber R. D., & Kilpatrick O. A., (2008).** Establishing Values-based Leadership and value systems in healthcare organization. *Journal of Health and Human Service Administration* 2008, Volume 31, No 2, pp. 179 – 197.
- **Kavathatzopoulos, I. (2003).** The Use of Information and Communication Technology in the Training for Ethical competence in Business. *Journal of Business Ethics*.
- **Olli-Pekka Viinamäki (2009).** Intra-organizational challenges of values-based leadership. *Electronic Journal of Business Ethics and Organization Studies*, Vol. 14, (No. 2)
- **Reilly, A.H. and Ehlinger, S. (2007).** Choosing a Values-Based Leader. An Experiential Exercise”, *Journal of Management Education*, Vol. 31 No. 2, pp. 245-262.
- **Treviño, L.K. and Brown, M.E. (2004).** Managing to be Ethical: Debunking Five Business Ethics Myths. *Academy of Management Executive*, Vol. 18 No. 2, pp. 69-81.
- **Wittmer, D. P. (2000).** Ethical Sensitivity in Management Decisions: Developing and Testing a Perceptual Measure among Management and Professional Student Groups. *Teaching Business Ethics*.

Training for Leadership Development: a Discussion

Ms. Swati Mankad⁵²

Abstract

The main objective of this paper is to understand certain aspects of training in leadership development. The aspects looked into are need for training, training transfer, challenges in designing leadership development programs and future suggestions.

Key Words: *Training, Leadership Development, Training Transfer, Longitudinal studies*

1.0 Introduction

Leadership development is arguably one of the most important activities undertaken by human resource development (HRD) professionals. The process of leadership development has implications for each of the three primary categories of action that characterize the field of HRD: career development; training and development; and organization development. Thus, exploring alternative and innovative approaches to understanding leadership should take a prominent role in the practice of HRD (Callahan, Whitener & Sandlin, 2009). Brungardt (1996) defined leadership development as “every form of growth or stage of development in the life-cycle that promotes, encourages and assists the expansion of knowledge and expertise required to optimize one’s leadership potential and performance”.

2.0 Research Objective

The objective of this article is to understand some of the basic aspects involved in training in leadership development namely: need for training, training transfer, long term transfer of training, challenges that are faced in designing leadership development training programs and future suggestions.

⁵² Research Scholar, SNDT University, Mumbai, mankad.swati@gmail.com

3.0 Need for Training in Leadership Development

Executives frequently join executive education programs, particularly those focusing on leadership for reasons that go beyond the obvious ones of gaining additional knowledge and insights about the effective operation of organizations: They often look for support or a push in order to make a change in their behavior that allows them to be more effective in their work and life. Recent literature on management development suggests, however, that many executives enter such programs to pursue very personal agendas, in addition to the standard reasons of learning new ideas or refreshing their knowledge of a particular field. Managers often see such programs as an opportunity to take stock of their lives and careers, and to deal with personal experience (Kets De Vries & Korotov, 2007). Ibarra (2003) writes that taking an educational program is one of the ways people can successfully use to start developing a new work identity. People, in addition to gaining new knowledge and finding out about latest thinking in particular fields of expertise or interest, look for opportunities to facilitate a personal or professional transition, test suitability of a new professional or personal direction, improve their relationships with critical stakeholders, and develop a foundation for a new emerging identity (Korotov, 2005). The transformational nature of executive programs, particularly general management or leadership ones, as follows from course descriptions, involves identifying new opportunities for self and the company, regaining energy and interest in one's work, making changes in personal leadership behavior, increasing effectiveness of relationships with people around, finding new ways of mobilizing employees toward goals, developing a new identity of the executives involved and so forth. Learning and development professionals are increasingly asking for educational interventions that would support organizational change and help leaders transform themselves and their companies.

Analysis of experience by Kets de Vries, Korotov, & Florent-Treacy, 2007; Korotov, (2005) also suggests that many of the participants in executive development programs are often struggling with several complicated personal and organizational issues, including conflicted work relationships, the management of disappointment related to career setbacks, doubts about their managerial capabilities, feelings of being a fake or a failure., and concerns about boredom and burnout on the job. Additionally, many suffer from narcissistic problems. Executives subject to narcissistic disorders have a tendency to surround themselves with yes-men and -women, creating an environment that reflects their own idea of reality, a kind of narcissistic soup that endangers the future of their organizations. Others may have realized that they have grown too comfortable in their current position, and have lost the capacity for out-of-the-box thinking, making them incapable of dealing with discontinuous change in a creative way. Still others, while

feeling that they are doing fine in the strategy-making process, are failing miserably on the execution side (Khurana, 2004; Hamel, 2002).

4.0 Training Transfer

Holly & Hutchins (2007) say that there are three long-standing factors affecting transfer (1) learner characteristics, (2) intervention design, and (3) work environment. The primary learner characteristics influencing training transfer include the trainee's intellectual ability, self-efficacy regarding the training task, motivation level, as well as job/career variables and personality traits that largely affect trainee motivation. Trainees' immediate training needs significantly affected their perceived learning transfer (Lim and Morris', 2006). Intervention design includes identification of learning needs, the identification of learning goals, content relevance, prominent instructional strategies and methods, self-management strategies, and instructional media as relevant to training transfer. Work environment factors are strategic linkage of training, transfer climate, supervisory and peer support, opportunity to perform, and accountability.

5.0 Long Term Transfer of Training

A lot of time and effort goes into leadership training and development. Therefore, organizations would like to see that the learning accrued lasts for a longer time for at least a year or so. Consequently, it should become a part of the leaders' everyday behavior for the benefits to manifest in the achievement of organizational goals.

Krishnan(2000) based on a longitudinal study findings suggests that sending managers for leadership training programs in an unplanned way may not make any difference except in some basic supervisory skills. In case of transformational leadership and considering its importance in enhancing performance at all levels, it is time that human resource managers take leadership training more seriously. It is necessary to design leadership training programs in multiple phases, with data from earlier phases being fed into the subsequent phases of the program.

6.0 Challenges in Designing Leadership Development Training Programs

Dubouloy, 2004; Kets de Vries, Korotov, & Florent-Treacy, 2007) suggest that a leadership program within the context of a business school creates an opportunity for an executive to look into the patterns of his or her behavior and start the process of self-exploration. The following are a number of challenges that need to be addressed in the design and delivery of transformational executive programs:

- The selection of participants- where the participants need to be willing to engage in self-exploration and self-experimentation. Given the stress that these programs put on their participants, only relatively healthy people will have the psychological strength required to participate and, also important, be of help to themselves and others. Fortunately, many successful executives possess a considerable degree of emotional stability.
- The second challenge concerns the identification of the focal opportunity or challenge that each participant needs to work on and how to fit this into the overall structure and content of the program. In order to achieve or change something, executives need to be clear about what it is that they want to achieve or change. They have to identify their central issue(s) and need to be able to formulate explicit, tractable goals.
- The third challenge concerns the creation of a safe experimentation environment—some sort of a transitional space where exploration is allowed and encouraged (Winnicott, 1951; Dubouloy, 2004; Ibarra, 2005; Korotov, 2005). Exploring oneself, one's emotions and behavioral patterns, even if this takes the form of discussing organizational issues through the eyes of the executive concerned, may be a stressful undertaking. Change is difficult, and changing oneself is often the most difficult task executives have to handle in their life or career. Even the best-intentioned people rarely manage it single-handedly. Asking for help is difficult, too, especially for successful executives who are closely watched by their internal and external organizational stakeholders. So a major challenge of executive education providers concerned with creating transformational programs is how to get others involved in helping the executive initiate and carry through the process of change. Constructive suggestions about what and how to change are also needed. Within the executive

program, those suggestions should come from both faculty and fellow participants, who can point out better ways of doing things, building on what they have learned both through classroom sessions and listening to each others' stories (both in structured course activities and during course-related social events, such as dinners).

- The fourth challenge is concerned with problems of internalization and lasting change. Once workshop participants have identified the focal problems and practiced alternative approaches to dealing with them, they face the critical task of maintaining acquired gains. They need to arrive at a state of self-efficacy.
- The final challenge concerns the faculty, facilitators, and leadership coaches who are involved in the process of creating an impact-oriented executive education program. Managing this sort of program demands the kind of knowledge, skills and attitudes that are not typically found in a traditional executive educator. Recent thinking on executive development suggests that managers need to be helped to recognize their talents and strengths and use them without the feeling of guilt. They also need to be helped to recognize their irrational behaviors that may lead to negative reactions from people around (Levinson, 2007). Faculty and facilitators involved in transformational programs should undertake a process of personal self-exploration, experimentation and change themselves before they try to help others.

7.0 Future Suggestions

Obviously, further research is necessary in distilling the concepts, formulating and testing hypotheses, and coming up with further ideas about making executive education more useful for change in both individual executives and their organizations. There is a need to raise an awareness of the issues associated with the task of business schools in helping executives create healthy and sustainable organizations and manage successful careers through their educational programs. As the world in which executives operate changes, the offerings of the executive education programs should reflect those changes and help executives embrace the change successfully.

References

- Axtell, C. M., Maitlis, S., & Yearta, K. (1997). Predicting immediate and longer-term transfer of training. *Personnel Review*, 26(3), 201.
- Bernal, E. (2009). Designing transformational leadership development programs. *Business Leadership Review*, 4(4) 1-17.
- Blanchard, P.N. & Thacker, J.W. (2005). *Effective training: systems, strategies and practices*. New Delhi: Pearson Education (Singapore) Pte.Ltd.
- Bray, (2006). *The training design manual: The complete practical guide to creating effective and successful training programmes*. New Delhi: Kogan Page.
- Burke, L & Hutchins, H.M. (2007). Training transfer: An integrative literature review. *Human Resource Development Review*, Thousand Oaks: 6 (3), 263-297.
- Clark, M.C. (1993). 'Transformational learning'. In Merriam, S.B. (Ed.), *An Update on Adult Learning Theory: New Directions for Adult and Continuing Education*. San Francisco: Jossey-Bass.
- De Vries; Hellwig; Vrignaud; Guillen Ramo & Korotov (2009). Sustainable effectiveness of a transformational leadership development program: An exploratory study. *Faculty & Research Working Paper International Journal of Coaching Psychology*.
- Gilpin-Jackson, Y., Bushe, G.R. (2007). Leadership development training transfer: A case study of post-training determinants. *Journal of Management Development*, 26 (10), 980-1004. DOI 10.1108/02621710710833423
- Hart, L.B. (2009). *Faultless facilitation*. New Delhi: Viva Books Private Limited.
- Kets De Vries & Korotov. (2007). Creating Transformational Executive Education Programs. *Academy of Management Learning & Education*, 2007, Vol. 6, No. 3, 375–387.
- Krishnan, V. (2000). *Training programs on leadership: Do they really make a difference?* Proceedings of the seminar on 'Role of HR: A New Agenda,' IIT Delhi, India.
- Naik, P.G. (2007). *Training and development. Text, research, and cases*. New Delhi: Excel Books
- Piskurich, G.M, Beckschi, P & Hall, B. (Eds.) (2004). *The ASTD handbook of training design and delivery*. New Delhi: Tata McGraw-Hill Publishing Company Limited.

An Approach Paper - Imbibing Leadership through Structured Training at College Level

Ms. Amit Sanyal⁵³

“Stand up, be bold, be strong, take the whole responsibility on your shoulders and know that you are the creator of your own destiny”

Swami Vivekananda- Role of Youth towards Nation Development

Abstract

“The life of a company is half that of human life,” said Peter Drucker. What sustains the company’s life is an organisation is based on values. The world over, we teach, learn, practise and research management qualities on a continuing basis. Leadership is an area, often taken for granted, as it is assumed inherent with position, once acquired. However, leadership is actually an assimilation of managerial qualities and the ability to rise above an ordinary manager, see the future environment through objective analysis and define a path to attain success whilst utilising available resources optimally. Most importantly, it is the ability to carry a team forward towards achieving the desired success level in a planned, structured manner. Therefore, two areas of paramount importance are, firstly, to identify what are the managerial qualities which need to be inculcated to make an effective leader and then, how can these be inculcated in the most perfect manner that they can, with proper grooming, be mastered to a state of unconscious competence, the ultimate aim being to achieve excellence in every sphere.

A preliminary study carried out shows that world-over, the best stage where these qualities can be cemented is after a student passes from school as a mature student and before he takes up a job. The approach paper examines the feasibility and utility of developing leadership qualities at college level and the right method by which these qualities can be developed.

Key Words: Leadership, Manager, Training, Coursework, Youth Development Programs

1.0 Introduction

Corporate leadership is in crisis, and unfortunately the symptoms are all too familiar. Who among us hasn't complained often, if not loudly: "The problem round here is a lack of

⁵³ ⁵³ Research Scholar – Shri Jagdishprasad Jhabarmal Tibrewala University, Rajasthan, amitsany@gmail.com

leadership"? No organization can expect to survive for long by limiting the exercise of leadership solely to its designated leaders.

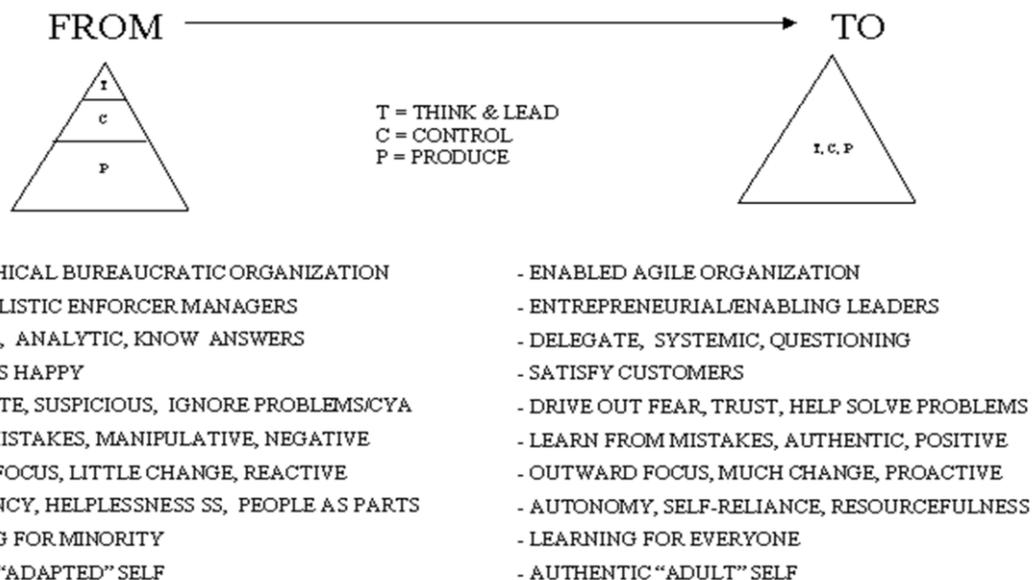
The challenges we face now and in the future are very different. A legion of complex interacting factors impacts organizations continuously and rapidly, giving rise to conditions that exhibit patterns, but that are impossible to predict i.e. chaos.

It is desirable to have leadership displayed at all levels of the organization is shared by many experts. In Tichy's opinion "The reality is that while the CEO is a crucial player, it isn't just the top leadership that is important. The companies that win consistently have lots of strong leaders, and they have them at all levels of the organization".

Research confirms that Adult Leadership development need not be limited to leader-potentials. Designated leaders or members of an organization will develop their leadership skills as they attempt to model their generic role and the relevant meta-competencies, for real, on the job, in their own cultures.

FIGURE 1

**CONTEXT FOR LEADERSHIP:
THE CHANGING FACE OF ORGANIZATIONS**



© THE LEADERSHIP ALLIANCE INC. 2000

The 70-20-10 rule emerged from 30 years of CCL's Lessons of Experience research, which explores how executives learn, grow and change over the course of their careers. The underlying assumption is that leadership is learned. We believe that today, even more than before, a

manager's ability and willingness to learn from experience is the foundation for leading with impact.

Coursework and training often come to mind when people think of leader development. Skilled training specialists can help an organization establish a shared knowledge base and align around a common leadership vision. But coursework and training alone are not enough. They were mentioned by just 9–15% of interviewees in our four regional studies and were not among the top seven sources of leadership learning. However, our view is that well-designed coursework and training have an amplifier effect on leader development. For example, a program module that incorporates tools and experiential practice sessions can help managers become more effective learners and leaders.

2.0 Research Objective

The Research objective is to undertake an assessment of the most widespread Youth Development Programs applicable to college students and assess the most effective programme for developing Leadership Abilities which can be implemented across the country.

3.0 Research Methodology

- This study is based on analytical, applied and qualitative research carried out with
- The data used for this study is from leading journals and interviews

4.0 The Need

The inherent need of the hour would be to study the various methods used for inculcating leadership qualities in persons undergoing graduate college programs in India and to find an effective method to meet the Aim.

That hypothesis is as follows:

Youth can gain learning and developmental benefits through regular participation in high-quality programs; and the best route to providing such high-quality services to the youth is to adopt a countrywide, coordinated approach for structured training that is sustainable. Institutional Training being conducted in Colleges and Schools is the principle means of developing leadership qualities. The aim is to nurture core values, enhance awareness and give exposure in basic military skills and knowledge. Emphasis will be on practical training. Case studies, wherever possible need to be used to facilitate active participation and better

assimilation. Examples from India's freedom struggle and wars fought by India, post-independence, should supplement relevant subjects to generate secular and patriotic fervor. The instructors and the students must grasp the importance of this training and participate actively.

5.0 Examination of Schemes in India

Ministry of Youth Affairs and Sports

The **Ministry of Youth Affairs and Sports**, a branch of the Government of India, which administers Department of youth affairs and Department of Sports in India.

Rajiv Gandhi National Institute of Youth Development (RGNIYD), was mandated to review the National Youth Policy of 2003. RGNIYD evolved a base policy paper titled draft NYP 2010. A copy of this Draft Youth Policy 2010 was hosted on the website of both the Ministry as well as RGNIYD seeking comments and suggestions. The comments and suggestions received have now been incorporated and a draft National Youth Policy 2012 was prepared.

National Programme for Youth and Adolescent Development (NPYAD)

The scheme was introduced during 2008-09 by merger of four 100% central sector grants-in-aid schemes of the Ministry during 10th Plan namely, Promotion of Youth Activities & Training, Promotion of National Integration, Promotion of Adventure and Development and Empowerment of Adolescents, with a view to reduce multiplicity of schemes with similar objectives, ensuring uniformity in funding pattern and implementation mechanism, avoiding delays in availability of funds to the field level and institutionalising participation of State Governments in project formulation and its implementation.^[4] Under the Scheme financial assistance is provided to various Government/Non Government Organization for the following youth development activities .

- Promotion of National Integration
- Promotion of Adventure.
- Youth Leadership and Personality Development Training.
- Development and Empowerment of Adolescent
- Technical and Resource Development.

NSS

The **National Service Scheme** (NSS) is an Indian government sponsored public service program conducted by the Department of Youth Affairs and Sports of the Government of

India. Popularly known as NSS, the scheme was launched in Gandhiji's Centenary year, 1969. Aimed at developing student's personality through community service, NSS is a voluntary association of young people in Colleges, Universities and at +2 level working for a campus-community linkage. The cardinal principle of the NSS programme is that it is organised by the students themselves, and both students and teachers through their combined participation in community service, get a sense of involvement in the tasks of nation building.

The programme aims to inculcate social welfare in students, and to provide service to society without bias. NSS volunteers work to ensure that everyone who is needy gets help to enhance their standard of living and lead a life of dignity. In doing so, volunteers learn from people in villages how to lead a good life despite a scarcity of resources. It also provides help in natural and man-made disasters by providing food, clothing and first aid to the disaster victims.

CYP

The Commonwealth Youth Programme, also known as **CYP**, is an international development agency working with young people between the ages of 15 and 29. Part of the Commonwealth Secretariat, CYP is active in the Commonwealth's 54 member countries. CYP has a head office in London with four centres in Africa, Lusaka, Zambia, Asia Chandigarh, India, Caribbean Georgetown, Guyana and Pacific Honiara, Solomon Islands. Currently there are Four Regional Directors and 16 programme officers plus support staff are working there.

All of CYP's work falls within **The Plan of Action for Youth Empowerment (2007-2015)**, which is the Commonwealth's organising framework for cooperation on youth affairs. Through the Plan of Action, Commonwealth Heads of Government have affirmed that: "empowering young people means creating and supporting the enabling conditions under which young people can act on their own behalf, and on their own terms, rather than at the direction of others."

CYP's mission statement states that "CYP works to engage and empower young people (aged 15-29) to enhance their contribution to development. We do this in partnership with young people, governments and other key stakeholders. Our mission is grounded within a rights-based approach, guided by the realities facing young people in the Commonwealth, and anchored in the belief that young people are:

- A force for peace, democracy, equality and good governance
- A catalyst for global consensus building; and
- An essential resource for sustainable development and poverty eradication.

CYP advocates the effective participation of young women and men in the development process and for social transformation. They value their full engagement at all levels of decision-making."

Bhumi

Bhumi is one of India's largest independent and youth volunteer non-profit organisations. Bhumi was founded on August 15, 2006 by a small group of young friends with a strong passion to change society as it is today and build a better India for tomorrow. The organisation provides socially-conscious students and young professionals a platform to serve society and to bridge the gap between the learned and the unlearned through education.

Our volunteers educate and mentor children from orphanages, slums and village community centres in Karnataka, Maharashtra, New Delhi, Rajasthan etc to give them a better future, which will benefit them as well as our country. The learning experience is mutual – our volunteers gain perspective and the experience to mould themselves into tomorrow's leaders. At Bhumi, we believe that our children and volunteers are the latent potential that India needs for a bright and prosperous future.

Vision: To help build a more influential, equal and socially conscious society.

Mission:

- To bridge the societal gap by providing quality education to the under-privileged
- To provide a platform for socially conscious youth wanting to contribute to the nation's inclusive progress and to mould them into tomorrow's leaders
- To turn youth into Climate Messengers and fight climate change through citizen level initiatives

NCC

- The National Cadet Corps(NCC) motto 'Unity and Discipline' has guided the NCC in its long-standing effort to mould young volunteers into disciplined and responsible citizens of India. Over the years, in response to the evolving environment, the NCC's initial military orientation was augmented by dimensions of social service and adventure training. After 64 years of existence, the NCC today comprises approximately 13.4 lakh Boy and Girl Cadets. An additional 1.6 Lakh are joining under the expansion plan, making it the **largest uniformed youth organisation in the world.**

- The NCC aims at developing character, comradeship, discipline, a secular outlook, the spirit of adventure and ideals of selfless service amongst young citizens. Further, it aims at creating a pool of organized, trained and motivated youth with leadership qualities in all walks of life, who will serve the Nation regardless of which career they choose. Needless to say, the NCC also provides an environment conducive to motivating young Indians to join the armed forces.
- India is on a high growth trajectory. If Indian youth are to fully realize their potential the Govt must develop training arenas that can instill vigour in the young and bolster their confidence whilst retaining a sense of purpose, honour and patriotic service. The NCC ideal: 'Empowerment of Youth', betokens our commitment to work for a healthy, prosperous and strong India
- **Vision** - Empower volunteer youth to become potential leaders and responsible citizens of the country.
- **Mission** - To develop leadership and character qualities, mould disciplined and nurture social integration and cohesion through multi-faceted programmes conducted in a military environment.
- **Core Values** - The NCC is a responsive, learning and continuously evolving organization. Its activity is guided by certain core values that we endeavour to instill among all ranks of the NCC. These include the following:-
 - ✓ A sense of patriotic commitment to encourage cadets to contribute to national development.
 - ✓ Respect for diversities in religion, language, culture, ethnicity, life style and habitat to instill a sense of National unity and social cohesion.
 - ✓ Abiding commitment to learn and adhere to the norms and values enshrined in the Indian Constitution.
 - ✓ Understanding the value of a just and impartial exercise of authority.
 - ✓ Ability to participate in community development and other social programme.
 - ✓ A healthy life style free of substance abuse and other unhealthy practices.
 - ✓ Sensitivity to the needs of poor and socially disadvantaged fellow citizens.
 - ✓ Inculcating habits of restraint and self-awareness.
 - ✓ Understanding the values of honesty, truthfulness, self-sacrifice, perseverance and hard work.
 - ✓ Respect for knowledge, wisdom and the power of ideas.

- **Training Concept** - The Training Philosophy is based on the following concept:-
 - ✓ Comprehensive training for **'Empowerment of Youth'** to earn the **'Right to Lead'**.
 - ✓ Module based training to cover:-
 - Character building and Competence Development.
 - Basic Military Training.
 - Social Awareness and Service.
 - ✓ **Cadet friendly curriculum** eliciting involvement and obviating additional burden on students with instructors acting as facilitators for developing competencies and talents in an individualistic as well as team centered environment.
 - ✓ **Innovative, interesting and safe** conduct of training with high degree of **visibility to inspire** youth, duly supported by appropriate training **infrastructure and logistics support** for boy and girl cadets.
 - ✓ Professional training by a pool of dedicated and competent trainers through a well-structured **'Train the Trainer'** programme and Refresher programmes for **broad based expertise** and to enhance trainer skills.
 - ✓ Progressive **Institutionalised training** culminating into camps/ competitions/ activities at the National level.
 - ✓ Use the internet effectively to develop camaraderie and strengthen bonding amongst NCC cadets, energise training and providing ready access to a Knowledge Bank.
 - ✓ Inculcate National Integration through Regional and National Integration Camps.
 - ✓ Offer a **Global perspective and exposure** through **Youth Exchange Programme**.
 - ✓ **Regular appraisal** to identify **redundancies and deficiencies** in the organization and curriculum for suitable remedial measures.
- **Objectives** - The activities of the NCC will be conducted with the following objectives:-
 - ✓ To train volunteer youth to become confident, committed and competent **leaders in all walks of life**.
 - ✓ To enhance the **awareness** level of cadets for being **responsible citizens of the country**.

- ✓ Provide opportunities and encourage **cadets to enhance their knowledge / awareness levels on life / soft / communication skills, character building / personality development.**
 - ✓ Conduct activities to provide **value based contributions towards society in terms of social and community development.**
 - ✓ Undertake adventure activities for development of leadership qualities and risk taking abilities.
 - ✓ Provide a platform to launch “good-will ambassadors” cadets **to project the image of the country overseas.**
 - ✓ Provide an environment to **motivate cadets to join the armed forces as a career.**
- **Training Methodology** - The training methodology is the fundamental of any training philosophy. The broad parameters governing smooth and efficient execution of the new training philosophy are enunciated in multifaceted training activities as follows:-
 - **Institutional Training.** Training will be planned and conducted in an innovative, progressive and interesting manner to enthuse the cadets.
 - **Camp Training.** Camp training will be formalized, be integrated with and a manifestation of institutional training.
 - **Social Service and Community Development.** Social service activities will be conducted with a purpose to increase the awareness and cohesiveness levels of cadets and meet the aspirations of society.
 - **Youth Exchange Programme.** YEP will be extended to more countries so as to create an increased awareness among participants and appreciate each other’s socio-economic, cultural realities and act as global good will ambassador of India to project country’s image overseas.
 - **Adventure Based Learning and Sports.** Number of adventure activities will be increased to enhance cadets participation.
 - **Personality Development.** The curriculum on Personality Development / Life / Communication Skills will be introduced into the existing syllabus.
 - **Competence Assessment / Certificate Examination.** Efforts will be made by all directorates to prepare the cadets for the exams to improve their performance.

- **Training of Trainers.** Periodic Refresher training will be conducted for the trainers by innovative method to improve training standard.
- **Infrastructure.** The concept of NCCNagars and Academies in various states will be pursued vigorously with the state governments for proper training facilities. Minimum one training academy per Group will be achieved in given time frame.

Community Development and Social Activities During 2013

NCC has adopted community development activities with the aim of imbuing amongst cadets selfless service to the community, dignity of labour, importance of self help, need to protect the environment and to assist weaker sections of the society in their upliftment. The programmes are Adult Education, tree-plantation, blood donation, visit to Old-age homes, slum clearance, village upliftment and other schemes like:

- Disaster Management & Relief
- AIDS Awareness

6.0 Conclusion

Over the years, the NCC has emerged as one of India's premier institutions for imparting systematic training to youth. The training covers a wide spectrum ranging from soft skills to military activities.

India's evolving socio-economic structure and the resultant aspirations have necessitated this review of our training philosophy. The idea is to evolve fresh approach towards training that will be adequate in the present and retain its relevance in the foreseeable future. This presupposes synergy in the application of available resources as well as an effective implementation strategy by dedicated trainers supported by a modern infrastructure. It also necessitates an innovative and dynamic approach to training.

References

- Developing the "Adult" Leader, Peter A.C. Smith, President, TLA Inc.
- Tichy, N.M., The Leadership Engine, Harper-Business, New York, 1997
- Grooming Top Leaders:Cultural Perspectives from China, India, Singapore and the United States By: Meena Surie Wilson, Ellen Van Velsor, Anand Chandrasekar and Corey Criswell Centre for Creative Leadership Learning, Issued September 2011
- Youth Development & Youth Leadership Andrea Edelman, Patricia Gill, Katey Comerford, Mindy Larson, Rebecca Hare; National Collaborative on Workforce and Disability for Youth, US June 2004
- Investigating the Links to Improved Student Learning, Executive Summary Of Research Findings,Kyla L. Wahlstrom z Karen Seashore Louis z Kenneth Leithwood z Stephen E. Anderson, University of Minnesota, Center for applied research and Educational Improvement, 2010
- The Mystery of Youth Leadership Development: The Path to Just Communities Margaret Libby, Maureen Sedonaen and Steven Bliss, Youth Development Institute, Spring 2006
- The Power of Transformative Youth Leadership: A Field Analysis of Youth Organizing in Pittsburgh Prepared for The Heinz Endowments' Education Program in partnership with the Movement Strategy Center, September 2012
- Reflective Practice Meets Youth Work Supervision, Margo Herman, YOUTH & POLICY, 2012
- *Published by The Leadership Alliance Inc., October 2000, All Rights Reserved*

The Essence of Online Reputation in Business

Mr. Mohd. Osaid Koti⁵⁴

Abstract

Online Reputation is a reflection of a business or an individual in the big world of the internet. An impeccable reputation in the online world brings in trust and thus has a significant impact on business. However, reputation management requires a strong mechanism in place and new age firms such as eBay and Amazon.com are adopting such mechanisms.

This paper attempts to understand online reputation and the approach to manage the same for businesses.

Key Words: *Internet, Online Reputation, Business*

1.0 Introduction – The need for Online Reputation

The online universe has changed the way we live and work forever. But as well as bringing huge benefits, our growing dependence on the web has its downsides too.

For companies, negative reviews, blogs or websites have the potential to damage reputation, regardless of how respectable their name is. And with more than 90 per cent of people using Google as their search engine, negative links on the first page will have a massive impact on companies and individuals in terms of sales and personal or brand image.

And herein lies the reason why businesses are flocking towards experts for help on Online Reputation through monitoring techniques and tools, they check not only Google but other large content portals such as YouTube, Flickr and other social media platforms.

⁵⁴ Research Scholar – Shri Jagdishprasad Jhabarmal Tibrewala University, mohdosaid@rmi.rizvi.edu.in

2.0 Research Objective

The objectives of this study is to understand

- The need for Online Reputation for businesses
- The impact of managing Online Reputation to businesses
- The mechanism towards Online Reputation for businesses

3.0 Research Methodology

Type of Research:

Exploratory

Type of Data:

Secondary Data – collected from sources viz. research journals, company websites, online data sources, etc.

Type of Data Analysis:

Qualitative

4.0 The Internet: A Magnifier

Creating an online presence can open up your doors to a global audience thus creating opportunities and reaching to a targeted audience. There are no geographical constraints and one can reach out to the set audience in a short span of time with minimal spend. However, only online presence does not do any good. Credibility has to be reflected online through a systematic approach which is fresh and updated.

Business in the Pre – Internet Era

Before the Internet era, businesses worked in the offline world, which is rather different now. Customer dissatisfaction had a limited reach confined to a few other customers / potential customers. Similarly, a good customer feedback had limited reach as well.

Traditional reputation management required rapt attention to how a company was perceived: narrowing the gap between perception and reality, identifying competitive advantage, and communicating to select audiences.

The Internet World

Today, the Internet acts like a magnifier; every customer grievance and praise reaches millions almost instantly. This is now also uncontrollable, which again has its pros and cons. The Internet revolution is clearly a double-edged sword. It presents opportunities for, as well as barriers to, building reputation, recovering lost reputation or boosting a languishing reputation.

Internet a Platform for Power of Expression

The internet provides a slew of integrated option for a customer to express his opinion about a firm. There are blogs, forums and also customer review sites, through which consumers express themselves freely sans restrictions. In fact, consumers often turn to the Web for either writing reviews or to research products and services before making the final purchase.

Internet: The Influencer

In an article on “How Your Online Reputation Affects Your Startup's Bottom Line”, Kristin Piombino, highlights key facts when it comes to taking buying decisions. According to the author’s survey, 97% of consumers who have bought a product find the online review to be accurate. Further according to the author, 70% of the consumers refer to online reviews before buying as compared to 75% of the consumers who feel that the advertisements are false. The survey also says that 87% of the people believe that CEO’s reputation is an important part of the company’s reputation.

Example: Websites such as Mouthshut.com help users write their reviews for any product or service. One blistering review on these types of sites can go viral. This can ruin the credibility of the firm almost instantly and undo all the good work done in the past.

A survey from the Society of New Communications Research stated that 74% of consumers choose companies based on other customer’s experiences shared online. This data supports the fact that companies have no choice but combat this challenge of safeguarding their reputation in the online world.

Example: A consumer complaining on numerous websites about a bad experience with a product. Let’s say you are a company that manufactures electronics, and a consumer bought a one of the gadgets for their kid’s birthday present, and the gadget stopped functioning only being used for a short duration. If that consumer decides to express their concern online, and write negative reviews about your products or your company on various sites, the reputation of your company could be negatively affected.

In fact, in the current big world of the web: people can post anonymous posts through blogs, forums and review sites thus providing customers the true power of expression. In fact this can also prove to be dangerous as the anonymous posts could also be negative reviews put through by competitors.

Relentless Online Monitoring

Online reputation management requires relentless attention to online advocates and badvocates. Today, companies must attend to a diverse and all-powerful portfolio of stakeholders that now include online media, online forums groups, bloggers, Twitterers and citizen journalists that constantly command attention. Armed with little more than a computer and an opinion, some of these chat-room transmitters and bloggers can undo a company's reputation by disseminating misinformation and innuendo instantly.

Companies are now participating in online reputation management strategies in anticipation of protecting their company reputation from destructive bloggers and even derogatory or defamatory content

5.0 Role of Internet Search Engines in Reputation Management

A customer's obvious choice to do anything is via search engines: purchasing books to going to a movie, a country or even a restaurant and much more. The easiest way to capture information is through *search engines* such as: Google, Yahoo, or MSN to name a few.

Search engines are also perceives to be reliable and consumers tend to rely on information that usually hits the first/first few pages on the search engine. The search results for a particular topic on a first few pages of the search engine, if properly optimized can be a boon for the companies.

Eg: Positive feedback by customers has a good influence on the consumer which may result into business for a firm.

However, if the firm does not monitor and leverage the search engine platform well, there are chances defamatory feedback makes its way to the top leading to a drastic fall in the Online Reputation.

Search engine rankings are based on relevancy and not quality. Therefore, firms have to constantly monitor information on the online world in order to take proactive steps to safeguard the firm's reputation.

6.0 The Search Engine Optimisation (SEO): Tool for Online Reputation Management

Since it is inevitable for consumers to rely on search engines for their daily consumption of information, businesses have therefore to now focus on Search Engine Optimisation (SEO) companies. These firms are companies are designed to create and safeguard Online Reputation Management. The objective is to manage the stakeholders' views and subsequently influence them in a positive way.

These SEO companies implement SEO mechanism by monitoring the front pages of search engines such that it is impressive and takes care of negative feedback at the same time.

The mechanisms adopted by companies are:

- Creating an attractive , user-friendly and an updated website,
- Use Integrated social media platforms: writing blogs, videos on Youtube.com along with creating social network profiles on social networking sites.
- Engage a link-building strategy to make sure that the company's sites perform well on the search engine results pages.
- The content for these sites, blogs or forums must be carefully reviewed before posting them online.
- One of the important aspects of SEO is the keyword. The results of this technique are based on the relevant keywords used in the sites, blogs or forums.

If we take the example mentioned above about a company manufacturing electronic gadgets, this strategy of a proper implementation of SEO by its marketers could benefit that company from its online image being tarnished. If that company is actively protecting their company reputation by engaging in online reputation management, they could provide fresh content to the search engines with positive customer reviews, information about the company, and why people should purchase gadgets from your company. Providing this alternate viewpoint would help the company's image.

7.0 Measures to protect Online Reputation

In an article on Small Business Computing, Michael Zammuto, president of Brand.com, offers small business owners advice on how to protect their online reputation.

Some of the measures are:

- Don't Ignore the Internet
- Know What You Can Control
- Search yourself
- Join social networks
- Keep private things private, while assuming nothing is truly private

Online research same as World Wide Web is humungous and business entities don't understand the value and importance of it. Search engines are the best way to find your presence online and in what way do you exist online. Possibly, you will be surprised by looking at the results.

Apart from this, one can try to improve the ranking on the search engine results pages. Be active all the time and post informative and useful content which are affirmative. This exercise is time consuming, but the results will be beneficial for the business.

8.0 Conclusion

Online Reputation provides credibility in the market, marketing stability and protects against defamatory, offensive posts. In fact it helps a company to put its best image forward in the online world. Online Reputation impacts the brand which helps create goodwill. The mechanism adopted for online reputation is important in sustaining the company's reputation in the long run.

References

- (2003). In Strauss, El-Ansary, & Frost.
- Adams, S. (2013, March 14). *Forbes*. Retrieved from Forbes Website: <http://www.forbes.com>
- Ariely, D., Farmer, T., Bennett, N., Martin, C., Fein, N., & Libai, B. (2007, December 1). Customers' Revenge (Commentary for HBR Case Study).
- Brown, J., Brown, J., & Morgan, J. (2006). Reputation in Online Auctions: The Market for Trust. *California Management Review*.
- Coutu, D., Palfrey Jr., J. G., Boyd, D. M., Joerres, J. A., & Fertik, M. (2007). We Google You. *Harvard Business Review*.
- Dellarocas, C. (2010). Online Reputation Systems: How to Design One That Does What You Need. *MIT Sloan Management Review*.
- Eisenmann, T. R., & Morris, G. (1999). DLJdirect: Putting Our Reputation Online. *Harvard Business Review*.
- Goldberg, A. (2013). *Ten Golden Rules*. Retrieved from Ten Golden Rules: <http://www.tengoldenrules.com>
- Herrero, A. G. (2012, December 15). *IESE*. Retrieved from IESE Insight: <http://www.ieseinsight.com>
- Kornfeld, L., & Deighton, J. (2013). Amazon, Apple, Facebook and Google. *Harvard Business School*.
- Piombino, K. (2013, September 26). *Entrepreneur*. Retrieved from Entrepreneur: <http://www.entrepreneur.com>
- Talreja, A. (2012, June 25). Retrieved from www.ncbi.nlm.nih.gov: <https://www.ncbi.nlm.nih.gov/pubmed/20973950>
- Tuohimaa, S. (2010). *The Role of Internet in Marketing Premiering Movies*. Oulu University of Applied Sciences.
- Wolcott, R. C., & Michael, M. J. (2013). Air France Internet Marketing: Optimizing Google, Yahoo!, MSN, and Kayak Sponsored Search. *Kellogg School of Management*.

Studying the training needs of companies across sectors – Analysis, Implementation and Challenges

Ms. Divya Ramakrishnan⁵⁵

Abstract

Every organization goes through a phase of struggle. This could be due to economic slowdown, reorganization, high rate of attrition etc. At such times, keeping the Human Resource of the organization motivated thereby improving the Knowledge, Skills and Attitude becomes important. With no exception to any organization under any sector, Training and Development of the employees effectively and efficiently plays an important responsibility and remains a core function of the HR department. Hence, every company should have a sound department for analysing and implementing the training needs of its employees.

Key Words: *Training, Human Resource, Training and Development, Training Need Analysis*

1.0 Introduction

Every organization has a Training and Development department. Though not relevant at higher levels, but this department surely finds its relevance and importance at lower levels, junior managerial levels and fresher levels. In today's competitive environment, it is mandatory to analyze the training needs of an employee which helps diagnose present problems and future challenges to be met.

A training need is the gap between the knowledge, skills and attitude required and the knowledge, skills and attitudes already possessed by an individual. It exists at all the levels of the organization and is now considered mandatory by all the companies. If training is to be relevant and cost – effective, it must meet the needs of the organization in terms of its target population. Conduction a training programme for the sake of training employees is pointless and the planning of who is going to receive training is essential. It is important to plan how much training will be received by an individual, when and where will it be conducted, who will be the trainer, what facilities the company has at its disposal, what would the training policy for the year

⁵⁵ Sr. SAP HR Consultant, divya1027@gmail.com

and most important what would be the budget allocated to the Training and Development Department. These factors must be considered in the planning phase.

Training Need Analysis generally needs to be done for the following reasons: (i) when the employee performance in their present position does not meet the required standards. (ii) When the requirement of the job changes due to changed conditions and technology challenges. (iii) When the present job ceases to exist or the job holder changes jobs. (iv) When the individual working on the job resigns or shifts project, the new person assigned to the job must be trained on the activities of the existing job.

The identification of gaps or deficiencies involves a study of short – term objectives (individual employees) and long –term objectives (requirements of the organization). Once this is done, the solution to meet the training needs and the target population must be identified. This can be done at three levels: individual level, organizational level and occupational level. Forecasting the training needs is a function of management which is given least importance. The line managers are responsible for their own growth and internal training and fail to take some time out to identify their future needs. Hence, Organizations will be forced to train or retrain their employees for the following future needs of the business or market:

Expansion	Reorganization
New methods	New equipment
New products / software	Promotion
Technology challenges	Attrition

K. Aswathappa's book titled "Human Resource Management" illustrates seven major obstacles to effective training – Management commitment is lacking and uneven; Aggregate spending on training is inadequate; Educational institutes award degrees but graduates lack skills; large – scale poaching of trained workers; No help to workers displaced because of downsizing; Employers and B – schools must develop close ties; Help from organized labour. The author also points out the benefits of training employees in an organization – improves profitability; improves morale; internal promotions and transfers thereby reducing costs; increase in productivity and/or quality of work, leadership skills, motivation etc. To achieve these benefits, the author recommends some methods and techniques of training such as – lectures, on – the – job training, computer aided training, role plays, case studies etc.

Jennifer Hofmann in her blog post titled "Five Trends Driving Virtual Learning" brings out the importance of e – learning. With the fast – paced advancement in technological changes, this

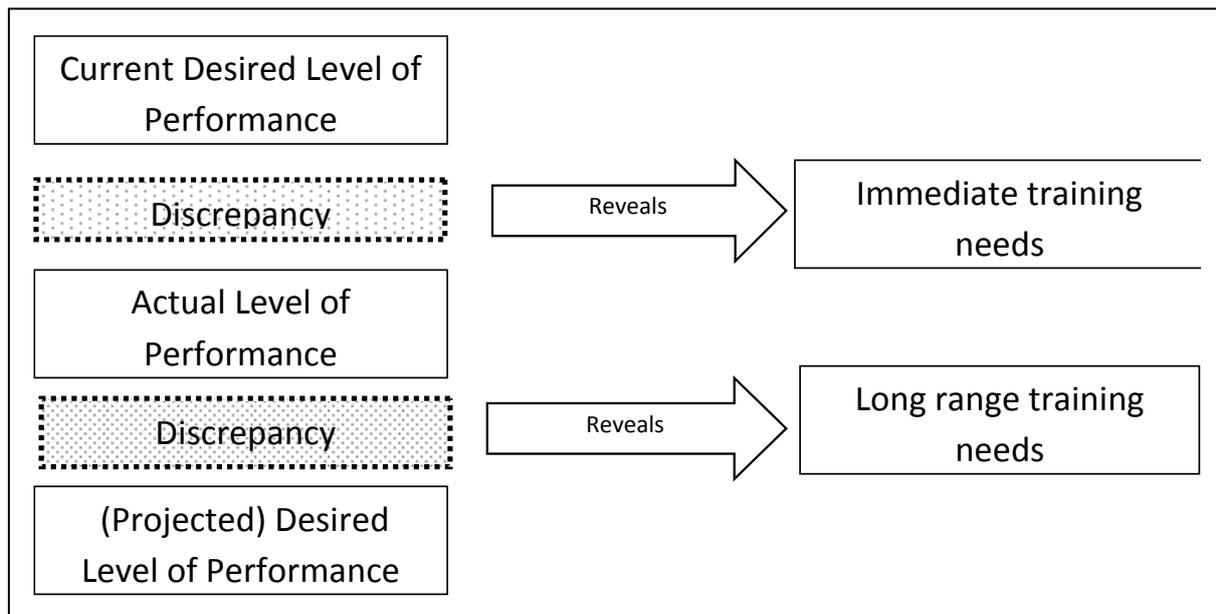
method of training is becoming very prominent across organizations as this gives employees the freedom to gain knowledge of various topics from anywhere and at any place. The five trends that she brings out are – virtual classroom trainings that help interact with individuals from other countries; Collaboration with all the trainees throughout the training program is the key to successful learning; learning technologies have become adaptive to the way we think; informal learning experiences such as on – the – job trainings or self – directed work to provide freedom to individuals to think creatively; new methods and techniques are being introduced day after day.

Professors Paolo Neirotti and Emilio Paolucci in their article titled “Why do firms train? Empirical evidence on the relationship between training and technological and organizational change” emphasize that training plays an important role in favouring technological and organizational changes. First, training plays a role in allowing the acquisition and the assimilation of new knowledge. Consequently, firms in which the provision of training is part of a bundle of high-performance management practices are more likely to undertake technological and organizational changes and to develop new competencies internally. Second, training supports firms in the assimilation of technological and organizational changes. Consequently, firms that undertake these changes exhibit a superior participation rate for employees and greater time intensity of their training programmes. Firms' inclination to develop new competencies internally does not affect, however, the intensity of training, thereby suggesting that organizational learning processes do not start by a broad involvement of employees in formalized training programmes.

Julie Patrick in her article “Creative Facilitation Techniques for Training” published by The American Society for Training and Development”, February 2011 issue emphasizes on the fact that there is no “one – approach – fits – all” solution for workplace learning and performance enhancement. The writer says workplace learning happens in a variety of environment and with groups of varied size and ages. The facilitator at such times must know to engage learners whether the training is one – on – one instructional, in person or online, synchronous (live) or asynchronous (anytime, anywhere). therefore, regardless of the environment and the group size, the facilitator must implement creative facilitation techniques to engage and hold the attention of the participants so as to enable them to increase and improve their Knowledge, Skills and Attitude.

P L Rao's book titled “Enriching Human Capital through Training and Development” spread over “X” chapters begins with an introduction to Training and the author underlines the

importance of Training and Development in order to compete in today's challenging environment. He diagrammatically illustrates the relationship between the actual level of performance and projected (desired) level of performance as follows:



2.0 Research Methodology

Objective

The study revolves around identifying and analysing Training needs across organizations in various sectors. Hence, the objective of the paper is:

- To understand how organizations categorize the Training needs of its employees.
- To understand what measures it takes to implement the needs identified
- To comprehend what the employees achieve out of the Training program.
- Overall Training and Development process across various organizations.

Need and Significance

It is essential to analyse the training needs in an organization which would benefit the HR managers, employees and the company as a whole. Organizations do invest a lot of time in planning and preparing Training Calendars, however, to fail to implement it successfully.

Research Questions

- Do the Training Programmes enable to increase the Knowledge, Skills and Attitudes of employees?
- Is the content/ curriculum of the training programme designed keeping in mind market expectation, standards and constant technological changes?
- Are the obstacles faced by the organization during implementation of the training programmes given attention to?

Scope and Limitation of the study

The scope of the study is restricted to a discussion with the Training and Development Department Heads, HR managers and employees of various companies, inputs from management students working at different levels in the companies. Evaluation of the training program is beyond the scope of the study.

Research Design

Survey and in – depth interview

Type of Data

Primary

Data was collected through the questionnaire method consisting of eight items.

Secondary

Data was culled from sources i.e. Research Journals, Books on Training and Development, Online Research Database, Periodicals etc.

Tools used for Data Collection:

An open and closed ended questionnaire was used for data collection. The questionnaire had eight numbers of items.

Sample Design:

Sample size: 30

Nature of sample

Heads of Training and Development department in an organization. Organizations were chosen across sectors. Management students at various levels in an organization were chosen.

Sampling technique

Convenience sampling was used

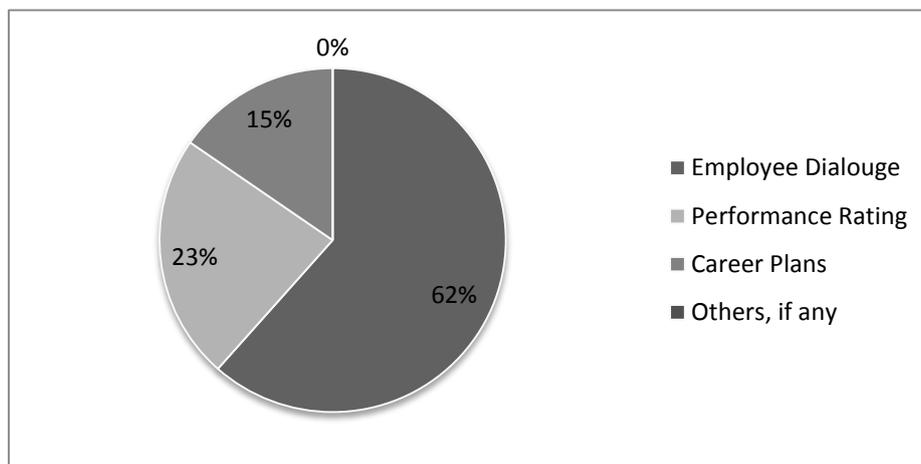
Research Approach

The heads of Training and Development departments of various organizations were approached and an in – depth interview was conducted with them. Management students at various levels were approached to gauge their understanding and importance of the Training and Development process.

3.0 Data Analysis and Interpretation

Question 1:

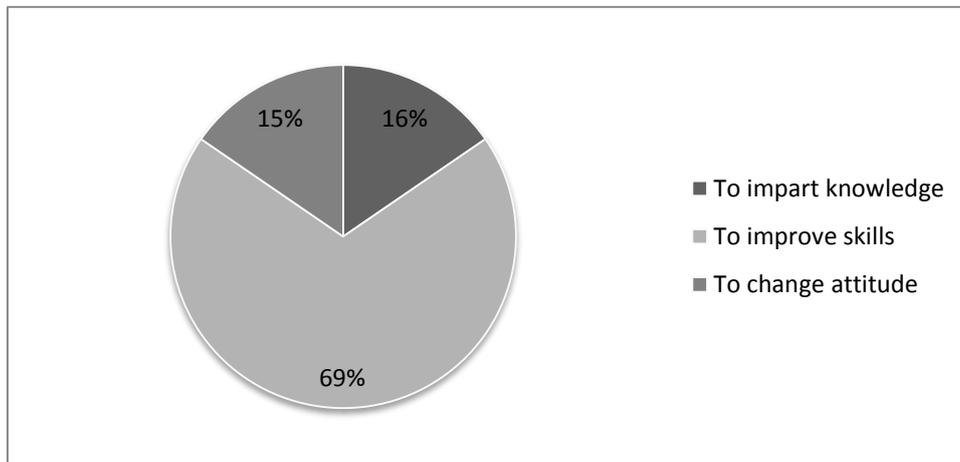
How do you identify training needs for an employee?	Total
Employee Dialogue	8
Performance Rating	3
Career Plans	2
Others, if any	0
Total	13



Interpretation: 62% of training needs are identified through Employee Dialogue → a one – to – one communication between the employee and his manager. This shows that although organizations want to follow a process for the growth and development of the employees but only a diminutive 15% look at the career interests and career plans of its employees. This may not go down well with the employees with respect to their motivation to work in the organization.

Question 2:

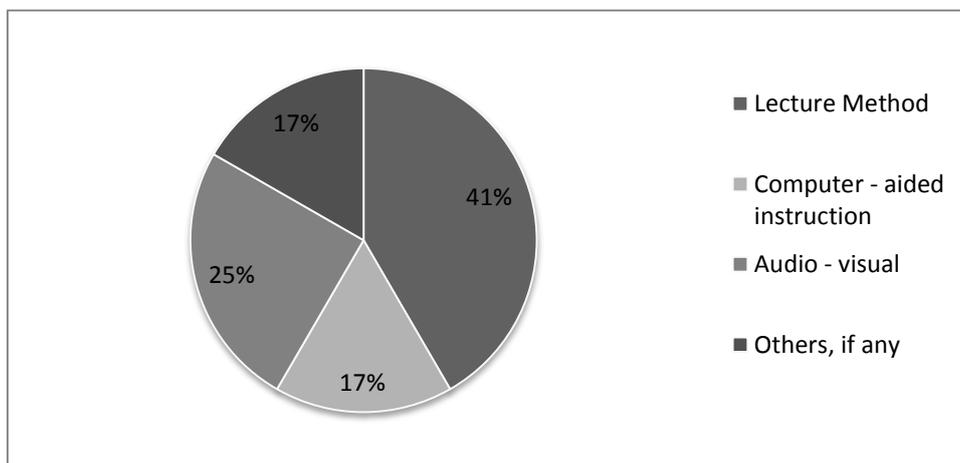
What according to you is an important element towards setting up the training objective?	Total
To impart knowledge	2
To improve skills	9
To change attitude	2
Total	13



Interpretation: Although it is seen above that the employer was not much interested in the career plans of his subordinate, but the goal of letting an employee participate in a training programme was to help him improve his skills which 69% organizations concentrated on.

Question 3:

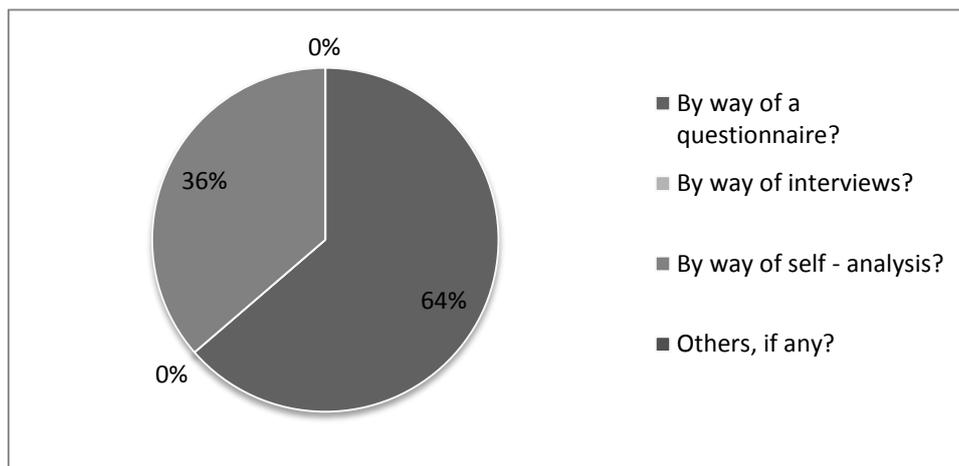
What training method is most preferred in your organization?	Total
Lecture Method	5
Computer - aided instruction	2
Audio - visual	3
Others, if any	2
Total	12



Interpretation: With the advent of technology, a lot of organizations still believed in Lecture – method training as this gives a chance to the employees to interact with the trainer and get a clear understanding of the subject matter. This method also helped employees boost their morale and confidence and a chance to interact with individuals at different levels in the organization.

Question 4:

How do you evaluate the training results?	Total
By way of a questionnaire?	7
By way of interviews?	0
By way of self - analysis?	4
Others, if any?	0
Total	11



Interpretation: It can be observed that this area needs a lot of improvement. An organizations responsibility is not only to train the employees and assume that they have understood all the concepts well; but to also evaluate the pros and cons of the training. Though in the survey, it is found that 64% of the training programme evaluation is done by the way of a questionnaire; not many organizations go back and check the feedback forms. And hence, do not work on the negative points.

Question 5:

How do you design the content/curriculum of a training program?

From the various discussions with the Training and Department Heads it is found that the organizations concentrate on the results of the Employee Dialogue which helps them understand the training needs of the employees. Based on this they design the content of the program for the overall growth, development and benefit of the employees.

ACC does this in the month of January and February, wherein the employee fills a self – appraisal form known as **Development Discussion Dialogue Document** and mentions two out of four competencies (followed by Holcim) that the employee would like to work upon during the calendar year.

Larsen and Toubro also have a **Performance Oriented Development Plan (PODP)** which is linked to Appraisal process. So every employee has to nominate for two trainings – Behavioural / Technical in the PODP form as a part of the appraisal process which is submitted to the Immediate Supervisor (IS). The IS approves or can nominate for one more training in addition to the existing two trainings. Based on the training requests, the Training Calendar is launched and the trainings are arranged In-House or through L&T Corporate Training Centre – C-TEA for Technical trainings & CHR for Behavioural trainings.

At Mitsubishi, the training modules are designed keeping in view the current market environment and changes. Depth of coverage, course materials, presentations, videos, case studies and live work – exercises are the areas of importance. For Technical Trainings, the business departments are asked to suggest improvements (if any), on existing course contents. Any training capsule has to be designed keeping in mind the needs of the business, and the requirement of the role in question.

Infosys designs the training program based on the industry needs and technology scope in market and the training programme is customized according to the grades of the employees being trained.

In a nutshell, a lot of companies also look at the available training programmes based on past research done and the same is proposed to the employees. The employees can now pick and choose the programme that interests them for their growth and skill building.

Question 6:

How does a training program benefit your organization?

Here, the objective was to understand how technical and behavioural training programmes help in the growth of the individual.

First, it makes the employee competent and helps him handle situations and conflicts maturely. Second, it builds the confidence of the employees, helps them increase their productivity and brings about a positive change in attitude. Third, it helps the organization in reducing costs in terms of the number of employees it would need to hire for one job had the employee not been effectively trained for the job. Fourth, it helps employees to handle & communicate with the

stakeholders and customers with the right communication at the right time. This in turn improves customer satisfaction when the employees are able to handle complex project situations. Fifth, it helps to enhance and improve knowledge and know-how about respective domain/business department.

Question 7:

While identifying a training need, what obstacles do you face in implementing it?

The biggest obstacle that organizations face while implementing a training programme is the reluctance from the employee's superior in sending his subordinate for the training programme on the planned date. Second, the background of the employees in terms of technical knowledge hinders the effectiveness of the training programme. Third, organizations are interested only in sending their employees for technical training. As a result of this, employees are not trained to understand the behavioural concepts well.

Some of the other obstacles that were highlighted are: organizations face a problem with identifying a back up for employee nominated for a training programme; Time – constraint; an issue with finding the right training agency; unsure if the employees will implement the knowledge gained post their training programme. Also, some employees feel de – motivated and looked down upon when they are nominated for training.

Question 8:

What qualities do you look for in a trainer?

The qualities that are looked for in a trainer are as below:

- Work experience and deep knowledge about the subject → Technical know – how
- More focus towards business usage
- Domain Specialist
- Application oriented explanation during the training
- Updated about the subject
- Good facilitator
- Good articulation
- Possess an ability to deliver a complex idea in a simpler way.
- Clear and crisp language with good choice of words
- Pace of delivery should be kept to medium for clear understanding by the participants
- Should be an optimist and be a motivator for the participants.

4.0 Conclusion

After discussing, understanding and studying about four companies each from a different sector and a couple of management students working at different levels in the industry; it can be concluded that a lot of companies do have a proper Training and Development department which follow good processes and emphasize on employee development.

Second, though companies take the discussion of training and developing their employees seriously, but when it comes to implementing the program, they find various reasons to not do so. Third, a lot of companies focus on Employee Dialogue to understand the training needs of an employee. This shows that companies do spend time at least once a year to have an open end – to – end discussion with its employees. This helps the employee increase his productivity, self – esteem, self – realization and brings about an overall change in his attitude and behaviour.

Fourth, organizations main concern once the training program is completed is that it should benefit both the employee and the organization itself. The data analysis shows that 62% organizations main objective is to improve skills.

5.0 Recommendation

After a detailed study of the subject – “Training Need Analysis”; some of the few recommendations that can be put forth for the companies are:

First, when the top – management prepares a budget plan for the year, considerable amount should be allocated for the Learning and Development Department as well.

Second, employee dialogue should be taken very seriously. It should not be a mere gimmick for MIS reporting. The employees should be allowed to attend the trainings identified during the discussions. It is recommended that the companies put this as one of the KRA’s to be achieved for the superior and the subordinate.

Third, with the progression in technology, companies must use the power of Computer – aided instruction method to train its employees. This provides for accountability as tests are taken on the computer so that the management can monitor each trainee’s progress and needs. Also, the training tends to be more flexible such that the trainees can usually use the computer anytime they want as per their convenience.

Fourth, it is highly recommended that companies must find the right training agencies or must set up its own Learning and Development Department. This helps improve the quality and effectiveness of the training programmes conducted thereby helping the employees in their growth and development.

References

Journal and Magazine Articles

- Patrick, Julie (2011) “Creative Facilitation Techniques for Training” published by The American Society for Training and Development.
- Usmain Bashir, Salman Bashir Memon and Syed Wajid Hussain Rizvi, Journal of Managerial Sciences
- Hofmann, Jennifer. (2012). Five Trends Driving Virtual Learning. American Standards of Training and Development, April

Electronic Sources

- Why do firms train? Empirical evidence on the relationship between training and technological and organizational change
<http://onlinelibrary.wiley.com/doi/10.1111/ijtd.12003/abstract/>

Influence of Advertising on Consumer Behavior and Attitude

Ms. Rahul Madhyani⁵⁶

Abstract

In the current era of information explosion through the world of media, advertisements play a major role in changing the behavior and attitude of consumers towards the products shown in the advertisements. Advertisements not only change the way of product is consumed by users but alter their attitude towards the product. All over the world, advertisements have been used across brands. For over the last two decades, there has been a sharp increase in advertisements per brand. Advertisements have a great influence in the buying decisions of customers for particular brands. It is an ubiquitously accepted fact that advertisements can bestow special attributes upon a product or service that it may have lacked otherwise. However marketers have understood the need to adopt different advertising strategy across different regions globally to suit the diversity of the consumer's needs and preferences. The present study focuses on identifying the influence of advertisements on the consumer behavior, attitude and diverse advertising approach used across various markets. Further, this study purports to consider the application of the AIDAS theory.

Key Words: *Advertisement, Attributes, Consumer Buying Behavior, Attitude*

1.0 Introduction

Advertisement is an important promotional strategy used by companies to reach out to their customers. The purpose of advertisements is to gain attention for the product, ensuring prolonged association with consumers, for the purpose of recall of their product in customers' mind. This study purports to consider the application of the AIDAS theory. For the purpose, it proceeds to analyze the impact of advertisements in influencing the consumer's attitude towards products and services. Today, most of the advertisements have 'celebrity endorsements' which adds credibility to the product. The social status of the consumer's matters: wear the "right" clothes, drink the "right" beverage and use the "right" perfume and own the "right" durables. Based on research on attitude of consumers, it is observed that if a consumer observes messages for two different firm's products, one product's message containing a better advertisement and

⁵⁶ ⁵⁶ Research Scholar – Shri Jagdishprasad Jhabarmal Tibrewala University, rahulmadhyani@rmi.rizvi.edu.in

the other not, the consumer believes the better advertisement's product will definitely have more features and therefore higher value.

2.0 Objectives

The present study is designed to achieve the following specific objectives:

- To examine the influence of advertising on consumer buying behaviors and attitudes
- The different advertising strategies adopted across different markets to influence consumer buying behavior and attitudes
- To understand the AIDAS model
- To understand the impact of advertisements on consumers in India and globally.

3.0 Research Methodology

- This paper used secondary data through websites, journals and books.
- Theories are discussed to understand the influences of advertisements on consumers behavior along with relevant global and Indian examples

4.0 Fundamental Principles for Advertising

The six fundamental principles, on which advertising campaign run, have been unanimously agreed upon by researchers which are as follows:

- To score attention
- To arose interest
- To develop and sustain that interest
- To create desire
- To incite action
- To create good will

After choosing an appropriate strategy and deciding upon the advertising objectives, media selection is the next important consideration. Media is the vehicle that is used for the delivery of the message. Some important tools of advertisement are newspapers, magazines, radio, television, direct mail and mail order, outdoor display and transportation (Wells et al., 2000).

All the efforts to make an advertisement are centered on the sole aim of making it so effective and persuasive in a natural way so as to serve the motto of meeting the consumer psyche in a positive manner.

5.0 Human Behaviour is a mirror to Consumer Behaviour

Society develops a eco system by which it provides and distributes goods and services. In today's advanced societies, this system is very complex due to wide range of available goods / services across fields. To understand this system fully, it is required to study a consumer's life experiences on the consumption of economic goods. It involves study of almost every activity towards consumables in which humans are involved. From this point of view, consumer behavior appears to be subsets of human behavior for the factors, which affect individuals in their daily lives, also influence their purchasing activities. Besides, internal influences, such as social class, society, family, reference group, opinion leaders and culture also affects us in our roles as consumer (Loudon and Bitta, 1994; Foxall and Goldsmith, 1994; Ralphs, 1993). Wilkie (1994) defined consumer behavior as "the mental, emotional, and physical activities that people engage in when selecting, purchasing, using, and disposing of products and services so as to satisfy needs and desires" (Wilkie, 1994).

The latest study by Source Dynamic Logic through a survey conducted in 2009 on the consumer behavior to different types of advertisements for products including Television, Online and Magazines, revealed that advertisements have *modified* the consumer behavior in such a way so that they only go for brand favorability despite of ad awareness in every type of media. Surveys show that magazine advertisements provide great impact on purchasing behavior of consumers. Mostly people go for purchasing according to the product value shown in advertisements despite of cost of the product as they spend a lot more than the actual value only due to the influence of advertisements. The graph in Figure 1 indicates the results of survey for better understanding (Globalisation, 2003).

Aidas Theory

AIDAS stands for *Attention, Interest, Desire, Action and Satisfy*. This theory was in an article by C.P.Russell in 1921 where he wrote "The first instance of the AIDA acronym was in an article by C.P. Russell in 1921 where he wrote:

An easy way to remember this formula is to call in the "law of association," which is the old reliable among memory aids. It is to be noted that, reading downward, the first letters of these words spell the opera "Aida."

When you start a letter, then, say "Aida" to yourself and you won't go far wrong, at least as far as the form of your letter is concerned. I

t is an acronym used in marketing and advertising, which helps marketing managers develop effective communication strategies and communicate with customers in a way that responds better to their needs and desires. AIDAS describes a common list of events that occur when a consumer views an advertisement. Each letter in the acronym stands for the following:

The "A" represents attention or awareness, and the ability to attract the attention of the consumers.

The "I" is interest and points to the ability to raise the interest of consumers by focusing on and demonstrating advantages and benefits (instead of focusing on features, as in traditional advertising).

The "D" represents desire. The advertisement convinces consumers that they want and desire the product or service because it will satisfy their needs.

The "A" is action, which leads consumers toward taking action by purchasing the product or service.

The "S" is the need to satisfy the customer so as to encourage repeat purchases and generate product referrals.

The system is used to guide marketers to target a market effectively. Naturally, as organizations move through each step of the AIDAS model, a percentage of initial prospects are lost throughout the sales cycle.

Car advertisements are prime examples of results stemming from the use of the AIDAS model to narrow the target market. Marketers in the automotive industry know their advertisements must grab the attention of consumers, so they use colors, backgrounds, and themes that would appeal to them. Next, automotive marketers pique interest by showing the advantages of owning the car. In the case of the Mini-Cooper, for instance, marketers imply that a small car can get the consumer to open spaces and to fun.

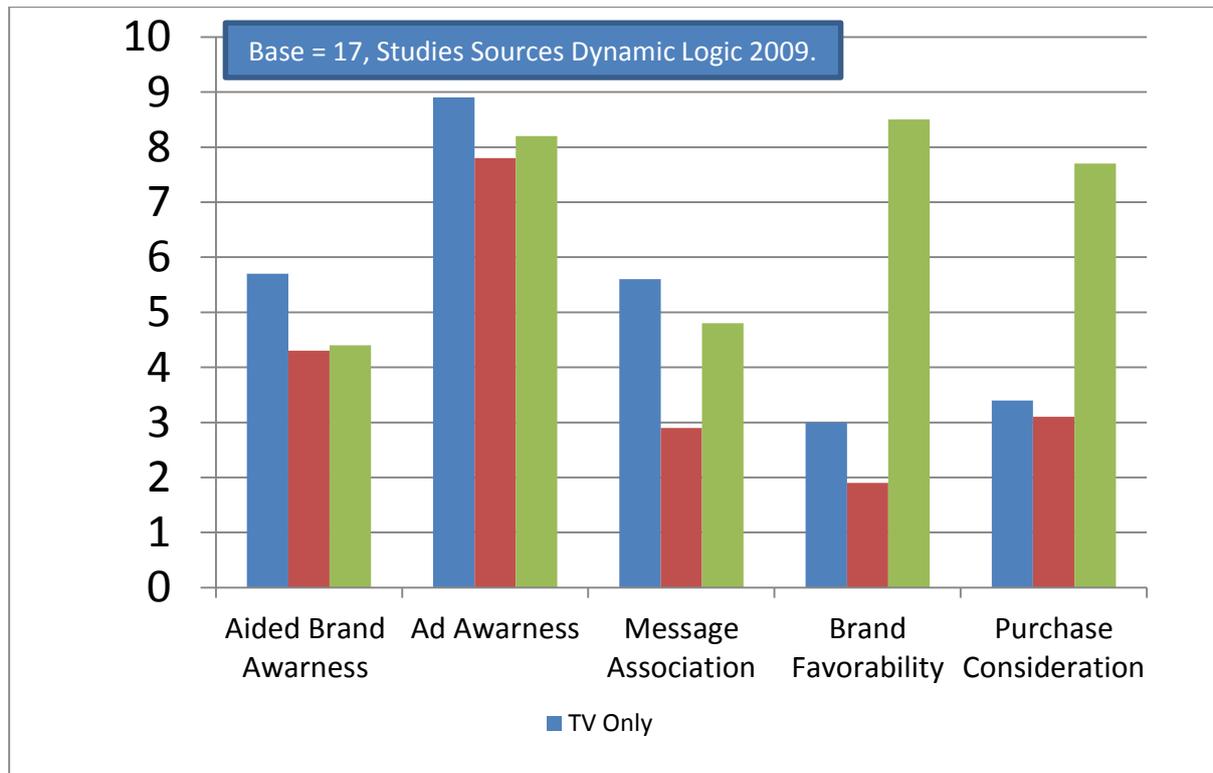
Third, automotive marketers find what their consumers desire. For Mini-Cooper drivers, it's the "fun" of driving, while for Toyota Prius consumers it may be fuel efficiency. Only after evaluating consumer desires are marketers able to create effective advertisement campaigns. In fact, marketers encourage consumers to take action by purchasing the product or service.

6.0 Impact of Advertisements on Global Consumer Markets

Globalization of Advertisement Communication

Global communications are *assumed* to create a global, homogeneous consumer culture. Views on this homogenization process, however, are stronger in the *United States* than in other parts of the world (Alden et al., 1999), who analyzed the representation of global consumer culture in advertising, view global consumer culture as shared sets of consumption-related symbols (product categories, brands, and consumption activities) that are meaningful to segment members. Mass media programming, flowing primarily from the United States, has played a major role in the creation, learning, and sharing of such consumption symbols. As a result, the symbols of global consumer culture are basically American symbols that in the United States are viewed as local. In the sample of advertisements that was analyzed, only 5.5% were viewed as including global culture symbols compared with 25.6% in the other countries. The spread of global symbols, however, does not necessarily include homogeneity of people's habits or values (Featherstone, 1991).

Global Consumer Market



Advertisements now Going Glocal: Global yet Local

In practice, notwithstanding the worldwide reach of television and the Internet, in many areas of people's lives, in consumption or entertainment habits, be it music or sports, the people of different nations continue to have different habits, tastes, and loyalties. Perhaps one of the causes of McDonald's success in foreign markets is the fact that, next to maintaining a strong brand image and consistent service standard around the world, its advertising is mostly local, its product offerings have a local touch, and the restaurant design is adapted to local preferences. Examples of products are the Kiwi burger in New Zealand, the Maharaja Mac in India and the Prosperity Burger in Malaysia. Advertising by McDonald's has tried into *local habits and symbols*. For example advertising in France was linked to "Asterix and Obelisk" the most famous historical cartoon of the nation. Around the world consumers don't use McDonald's in the same way. In some countries McDonald's is perhaps the place to go for children birthday parties, whereas in others, it's typical a family restaurant. In China, McDonald's is a place to go for a date because the typical Chinese restaurant with large table groups doesn't provide the privacy couples may want. With the tables for two, McDonald's does. Instead of causing homogenization, globalization is the reason for the revival of local cultural identities in different parts of the world (Giddens, 2000).

7.0 Indian Consumer Market

This paper now takes into account advertising influence on Indian consumers. As the Second Largest populated country in the world, India plays a huge role in the development of the global economy. Many companies have realized through extensive research on the Indian economy that Indian consumers are hugely influenced by different methods of advertisements. For example, it has been observed that Indian consumers mostly buy home durables like Television, Refrigerator, Air conditioners keeping in mind the advertisements. In other words, advertisements impacted consumer buying behavior and therefore sales.

The Indian Home Durable Study

Consumer attitude and behavior hugely influenced by advertisements

Life Good (LG) and Samsung are the brands that are most popular in Indian market due to the advertisements. Before these South Korean giants came into the Indian market, Ondia was one of the leading players in the consumer durable category. This Indian brand offered a wide range of products at low prices but did not focus too much on advertisements. Sensing this gap, the South Korean giants plunged into the Indian market with an aggressive advertisement strategy,

which helped over a period of time through a larger market share. This change in preference towards LG and Samsung over Onida is a clear indication that Advertisements did make all the difference in influencing Indian consumers.

This reflect the behavior change and attitude formation of consumer as Onida is still providing wide range of products but consumers only use to go for other new brands due to their better advertisement strategies involving Sports and Bollywood celebrities who act as idols in minds of Indian people. Not only durables but food products and beverages, etc., also get influenced by advertisements.

8.0 Conclusion

The findings of the present study are that advertisement worldwide influence the behaviour and attitude formation of consumers not only in India but also worldwide. The consumers of durables products have their motivational sources which are advertisements and study revealed that advertisement motivates them to materialize the purchase of durables. The consumers are induced significantly by advertisements when the target is on quality and price. Purchase attitude and behaviour is influenced by variety of advertisements which cover product evaluation and brand recognition.

References

- Alden D L, Steenkamp J B E M and Batra R Figure 3: Shipments of Products on the Basis of Advertisements Only (1999), “Brand positioning through advertising in Asia, North America, and Europe: The role of global consumer culture”, *Journal of Marketing*, Vol. 63, pp. 75-87.
- European trusted brands, London: Reader’s Digest, Retrieved from <http://www.rdtrustedbrands.com>.
- Featherstone M (1991), *Consumer culture and postmodernism*, Sage, London.
- Giddens A (2000), *Runaway world*, Routledge, New York.
- Globalisation (2003), Flash Eurobarometer report 151b (Oct.- Nov.).
- Loudon L D and Bitta D J A (1994), *Consumer Behavior*, 4th Edition, McGraw Hill, Inc., New York.
- Retrieved Nov.6, (2009), <http://www.cnnasiapacific.com/factsheets/>.

- Shahid M I (1999), Mass Communication, This article can be downloaded from <http://www.ijmrbs.com/currentissue.php> Int. J. Mgmt Res. & Bus. Strat. 2013 Naveen Rai, 2013 2nd Rev. Edition, Carvan Press, Lahore.
- Source Dynamic Logic (2009), Magazine Publishers of America, October, 2009
- Wells W, Burnett J and Moriarty S (2000), Advertising Principles and Practice, 5th Edition, Prentice Hall, USA.
- Wilkie W L (1994), Consumer Behavior, 3rd Edition, John Wiley & Sons, Inc., USA.

The Indian Call Center Experience: The Role of Family as a Coping Mechanism for Customer Service Representatives (CSR)

Engaging in Emotional Labor

Ms. Kirti K. Shenoi⁵⁷

Abstract

With a rapid movement towards service economies, employees including Customer Service Representatives (CSRs) in an outsourced workforce increasingly engage in emotional labor. It is important to note the role that communication with family members' plays in dealing with the resultant work stress and burnout. This research uses a grounded theory approach to understand the communication process that transpires between call center customer service representatives (CSRs) and their families. Findings reveal that CSRs communicate with family in multiple ways, in which they formulate, reframe, and account for work induced feelings and perspectives arising from emotional labor. An important finding is that CSRs engage in emotional labor even outside of the workplace at home when communicating with family. Finally, this research, a) illustrates how CSRs converse with family, b) their purpose for conversation, and c) establishes the family as an important community of coping for CSRs.

Key Words: *Customer Service Representatives, Emotional Labor, Service Economies, Family*

1.0 Introduction

Statement of the Problem

Outsourcing today is a widely discussed organizational practice, and is receiving increased attention in management literature. Subcontracting is among the many common organizational practices in existence since the industrial revolution. Outsourcing then is only a new concept in definition but a practice that has existed for centuries. Customer service, also commonly referred to as call centers, dominate India's outsourcing industry both in terms of revenue and employment. In 2003-04 customer service employed 96,000 people and had revenues amounting \$1.2 million (Nasscom, 2004). In 2005-06 this sector constituted 46% of the total outsourcing

⁵⁷ Corporate Communication Professional : kirti.shenoi@gmail.com

industry (Nasscom, 2006). For the most part, the tasks Customer Service Representatives (CSRs) at call centers undertake are interactions over a telecommunications medium (telephone).

This growing dependence on interactive service work has led to increased work demands, resulting in an increase of emotional labor. Emotional labor is when an employee is compelled to stimulate or suppress feelings in order to maintain the outward countenance that produces the proper state of mind in others (Hochschild, 1983). D'cruz and Noronha (2008) identified emotional labor in call centers in India based on four themes: a) addressing agents' perceptions of and responses to emotional labor demands by reorienting self, b) balancing expectations, c) neutralizing stress, and d) humoring irate customers.

It is difficult for individuals to discontinue work-related stressful interactions instantly, but they can instead take advantage of coping resources to cope with emotional labor demands and reduce exhaustion. Communication, the process of joint meaning making and negotiating realities, is the means through which people will make sense of and cope with such work related stress. For example, narratives can work deductively to help individuals make sense of their experiences (Bochner, Ellis, & Tillmann-Healy, 1997). Writing a story about a distressing experience or narrating it to an audience can have positive effects on an individual's wellbeing (Clark, 1993; Pennebaker & Keough, 1997). Social support is said to positively impact the physical and psychological wellbeing of individuals irrespective of the presence or absence of life and/or work stressors (Aquino, Russell, & Cutrona, 1996; Beehr & Drexler, 1986; Pierce, Sarason, & Sarason, 1991, 1992). Family is an important source of social, physical, mental, economic and emotional support. At the same time, economic and cultural changes in India may be destabilizing the very family resources that CSRs (mostly young people) need to cope with job stress. This research seeks to explore the role communication with family plays as a social coping resource to alleviate stress and prevent burnout among CSRs in Indian Call Centers.

Emotional Labor

Through family communication – conversations, narratives, and so forth – people process their positive and negative experiences. Meanings are constituted and changed in such talk. In conversations, stories may take on new shapes based on the questions, interruptions, exclamations, and displays of understanding offered by recipients (Mandelbaum, 1989). Polanyi (1985) proposed that conversational partners help tellers to shape, clarify, and organize their narratives. In these and other ways, Customer Service Representatives and their families may negotiate the meanings and impacts of incidents leading to emotional labor that they endure throughout their professional careers.

Hochschild's (1983) defines the term emotional labor as an expression of feelings contradictory to one's true mind-set through deep or surface acting, possibly resulting in abject dissonance, pretence, alienation and increased stress. Hochschild initially studied emotional labor among flight attendants and bill collectors where the former has to be "nicer than natural" and the latter "nastier than natural". In Hochschild's classification, there are two kinds of emotional labor: "surface acting," which is acting as if the worker has a certain feeling (p. 37), and "deep acting," which involves inherently developing the feeling which is "express[ed] spontaneously...a real feeling that has been self-induced" (p. 35).

Emotional labor is studied most frequently in service occupations, and therefore can be explained in the call center scenario as well. Dialogues with CSRs are almost always transactional with defined ends (either to make a sale or clarify customer queries) and well-established means to attain these ends (scripted and rehearsed conversations). These guided communications can thwart awkward interpersonal interactions and ease task accomplishments, making the whole work environment more predictable (Ashforth & Humphrey, 1993).

Communication is a process of joint meaning making. In this postmodern era, people organize their experiences by developing bipolar dimensions of meaning. CSRs engage in informal communications externally with friends and family outside of the office space.

This study aims to analyze the communication between CSRs and their families in terms of sharing of work-related experiences. It intends to establish the family as a meaning-making entity (an informal community of coping) in dealing with difficult situations at work to prevent of job burnout.

2.0 Research Questions

This research proposes two research questions:

RQ1: How do CSRs constitute their emotional experiences of their jobs through communication with their families?

RQ2: What do CSRs accomplish through this communication of workplace emotion to their families?

3.0 Methodology and Research Design

The lack of prior research in the specific areas of communication between call center representatives and their family (parents and siblings) - the experience sharing process, the benefits and shortcomings, and other alternative recipients of work-talk, and the desire to understand social actors' sense-making practices led to my selecting a qualitative method to investigate the CSRs' lived experiences of working in call centers as a part of an outsourced workforce. The data collection technique adopted was to conduct semi-structured in-depth interviews with male and female customer service representatives. The study relied on a grounded approach focusing on the communicative context of the customer service representative - family relation.

For this particular research purposeful and selective sampling were used to pick participants who are CSRs at an outsourced work setting to provide rich data on the phenomenon under study (Patton, 1990). The research questions established that gender and household composition (living with parents, spouse or extended families, or living independently in a separate house) are important characteristics of the participants who form a part of the sample of interest. Therefore, the sample represented both genders and had individuals who lived with their families and away from home. All respondents were 18-35 years of age. This age group was chosen because studies recognize the average age of CSRs globally ranging from 18- 35 years (Taylor & Bain, 2005; Taylor & Bain, 1999).

Table 1 Call Center A (N = 12)			Table 2 Call Center B (N = 12)		
Gender	Live with family	Live independently	Gender	Live with family	Live independently
Male	3	3	Male	3	3
Female	3	3	Female	3	3

Note. N is the total sample size

For this study, 24 participants from 2 call centers in Mumbai were interviewed as a predetermined sample size. However, during data collection, it was noted that a smaller sample size would suffice. Saturation was noted after interviewing 8 representatives from each call center (16 in total). As research progresses, data saturation is when no new categories, themes or explanations emerge from the data (Marshall, 1996). Mumbai, India was chosen as the research site because the city has a sizeable concentration of call centers. Most participants lived in this city or in its suburbs for a considerable period of time (average 3-5 years and above). Their educational qualification varied from undergraduate (bachelors) to graduate (masters) degree

holders. Thus, the sample is fairly well-educated, with only two participants being high school graduates. The range of household income among the participants was from \$6,000 (Rs. 3, 00,000) - \$10,000 (Rs. 5, 00,000) and above. Typically this included the income of other family members in the case of participants who live with their families. In the case of those who lived away from home, it is representative of their independent income.

4.0 Data Collection Methods

The data collection method includes in-depth, semi-structured interviews, field-notes, and general observations. All data collection and data analysis was conducted simultaneously until theoretical saturation was achieved. The questions normally moved from general to specific and explored specific areas with lack of information (Maxwell, 1998). Prior to actual interviews, four pilot interviews were conducted in November 2009. All interviews included questions that were used in the final questionnaire for this research. The interviews lasted approximately half hour to an hour each.

To best understand the participants' opinions on their jobs, they were asked to highlight the positives and negatives of the job and also to elaborate on any incidents that they found particularly challenging. They were also asked with whom they were likely to share work-related experiences outside of the workplace and to give an example of how they would explain things. The purpose of these questions was to gauge each respondent's tendency to vent work frustrations or successes outside of the workspace and to pinpoint whom they are most likely to approach with the same. The question of whether personal interactions both inside and outside the office help work performance was intended to let them justify why they share incidents with the people they do (friends or family), and state their expectations from this sharing process.

The next segment of the interview addressed family-related questions such as do any other members work in call centers, do the participants avoid sharing work details with family, if so why? Participants were also asked if what family members say makes a difference with them, if there are any incidents that they would like to share with family, but hesitate to do so, etc.

Limitations

While the data from this study suggests a number of steps to include CSRs' families and encourage conversation, there are several limitations that must be acknowledged:

First, the sample may have obscured the problematic relationships that exist in some CSR- family interactions. To participate in this study, it was necessary for CSRs to live with family or away

from home, but it did not specify the kind of relationship they share with their families. Therefore, the study is likely to overrepresented well-functioning systems.

Next, the study relied on self-reports to evaluate how CSRs conversed outside of work with their families and friends. Self-reports shared by respondents do not always depict what really transpires. While the use of a large sample size helps to diminish some of the inconsistency and increase validation, the CSRs' perceptions of their conversations and expectations might not have been completely accurate.

Another limitation of this study was the short period of time in which the interviews transpired. Even though 24 respondents participated, the short time line makes it difficult to evaluate how they shape their messages in different situations.

This study used a modified grounded theory approach. Most agree that the use of GT requires a major investment of the researcher's time and that the origination and organization of emergent themes can be a daunting task. For this reason, as themes emerged through data collection, coding and analysis, I made an effort not to generate unrelated hypotheses that required investigation which were beyond the scope of the study. This helped to minimize the investigation of tangential issues.

Finally, this study conducted an in-depth examination into the lived experiences of CSRs and their unique work talk. There are other dynamics inside the social environment that either positively or negatively affects these conversations that this study did not explore.

5.0 Discussion

Family - Work Talk

This study focuses on how and to what ends CSRs engage in work-related talk with family members. This talk embodies their shared values, beliefs and practices in dealing with work stress arising from emotional labor. The focus is on the content of conversation; the conversational method employed; the situations that lead to talk; the meanings they ascribe to the dialogue; and finally their expectations from the process of conversation. Their responses included details on dealing with irate and abusive customers as also the need for being courteous in service related professions.

It is observed that family interactions were directly and indirectly related to and addressed work stress. They influenced the acceptance, adoption, and/ or rejection of various means of coping with this stress. For instance, both female and male CSRs valued the family, their relationships,

and their interactions. It was evident from the CSRs responses, that they had a shared belief of their profession being a reason for family discord and ridicule. Finally, CSRs engaged in diverse conversational tactics that were specific to their personal understanding of their profession.

Their conversational experiences are seen through three dominant themes; a) conversations for experience sharing, b) enhanced understanding of the job through conversation, and c) conversations shaping performance.

Implication one: *Conversations are a means for emotional experience sharing with families*

CSRs used narratives and storytelling as a means to share their everyday work experiences with family members. Not only did they share everyday incidents, their conversations also had deeper emotional undertones. They expressed stress, work overload, work rigorousness, its ramifications for their physical and emotional health, etc. CSRs constitute their workplace emotions through informal conversations with family. Friends also form important conversational partners, but are secondary to family for most participants.

Implication two: *CSRs engage in emotional labor at home*

While conversations are a means for emotional experience sharing is a given, the interactions vary in frequency from being regular everyday conversations, to answering questions about the workday only when asked by a family member. Most CSRs are in a state of constant flux trying to negotiate their narratives. They worry that details on their job may lead to disapproval of their profession from family members, especially those of another generation. CSRs filter the information they share with family members. They may be cautious and selective in choosing conversational partners, specifically seeking those who work in the same industry (friends), to reduce possible negative judgments.

In attempting to manage family conversations about workplace stress, *CSRs experiences emotional labor at home as well as at work*. They describe the emotional stresses of these work-related discussions. They display caution and strategy in framing their narratives. Working long hours, often nights, they reported feeling isolated from the mainstream and they yearn for more social interactions. But within the limited family interactions, they are constantly reinventing and presenting the self. This is a major indication of emotional labor, which is rooted in a compulsion to inspire or curb feelings in order to maintain an outward representation to generate the proper state of mind in others (Hochschild, 1983).

Every individual has a tendency to share work experiences at home, especially the frustrating ones. Everybody narrates stories of their jobs, list complaints, and shares positive influences with

the frustrating ones. However, what may differentiate the CSRs from others is the emotional labor that they engage in at the home front- rooted in the strangeness and even stigma of these jobs in the eyes of family members.

Implication three: *Conversation with family enhances both personal and family understanding of the profession*

The CSRs patterns of communication originated from their past knowledge of widely held opinions on the profession, particularly their knowledge of the profession as it relates to family members (i.e. parents, siblings, other family members). CSRs fear criticism from family and therefore choose to pass on work related information to family members. They share both positive and negative experiences, but closely evaluate what they say. Noting the apprehensions, CSRs' communication efforts were aimed at reversing misconceptions about their profession. Words such as "explain," "narrate," "knowing the truth," "positive approach," etc. exemplify this trend.

Given this effort in CSRs' conversations, managers and communication experts could help by providing them with discursive resources for changing family perceptions of their jobs. Not only could this enlighten employee and family conversations, but can also improve awareness among their extended families (relatives), who play an important role in the CSRs social lives. Practitioners who acknowledge this important social influence must positively affect organizational performance by implementing initiatives to make employees feel more comfortable. An employee's social health encompasses the relationships the person shares with people, and the social conditions that promote a less stressful, healthier lifestyle, and the well-being of the whole person in the context of his or her social environment (Ahmed, Kolker, & Coelho, 1979). These include social conditions both inside and outside of the workplace. Communication is central to the social health created from personal and professional relationships. At individual levels, employees can be attributed partial responsibility for their personal and professional lives. However CSRs work in rigorous shifts, and at odd working hours. Accordingly, even though these conversations happen outside the workplace, they are an organizational phenomenon, as they can impact employees' social well-being.

CSRs seek empathy from family members in their conversations. The distinction between cognitive and affective empathy (Jones, 2008) is helpful in considering implications of this finding. Cognitive empathy involves perspective taking and encourages the cognitive exploration of another's experience. Affective empathy is, "emotional responses to another person, that either are similar to those the other person is experiencing (parallel empathy) or are a reaction to the emotional experiences of the other person (reactive empathy)" (Stephan & Finlay, 1999, p.2).

It is difficult and practically impossible to identify affective empathy unless the feelings and emotions are explicit. It is evident then that what CSRs seek from family members is cognitive empathy. Cognitive empathy helps the receiver to attain a better self-understanding through the observer's perception. Gareis (1991) states, "In empathy, however, the purpose of understanding another is simply to enable that other to better understand himself/ herself" (p. 23). For CSRs it is a means to help them reframe their experiences and look at things from a new perspective.

Implication four: *Conversations help shape CSRs' performance*

CSR's wellbeing depends in part on to reconnecting with family. Whether this means time spent in the home or elsewhere, the employees' narratives revealed that they are not willing to sacrifice time spent in interacting with family. They elaborated on the significance of being with family, and furthermore that a way to counterbalance the stress at work is to interact with parents, spouses, children, and friends. Work – family has an influence in shaping the CSRs work performance. There is intense media speculation on the breakdown in family systems in India, owing to the fast growth in outsourced labor. Inconsistent with literature, not only did families extend their support to their children, but in many instances they used personal judgment and other means to help their children cope with work stress and professional life in general.

CSRs at times felt they were on the receiving end of their parents' suggestions which were of little use. Hence, on certain occasions this conversational dissonance leaves them frustrated and in angst. While they were quick to know that this was out of care and concern and appreciated it. CSRs in their stories highlighted the outcomes of interacting with family, evidenced in words such as - "I am motivated," "comforted," and "supported". The organizational control over employees' time and physical presence represents a paradox of participation (Stohl & Cheney, 2001) where while their communication may build camaraderie with peers and allow them to commune with supervisors; their time to reconnect with family is compromised. A second step will be to encourage organizational communication experts or researchers to work in harmony supporting CSR- family groups in the development of a community-based setting that promotes the sharing of professional and personal life experiences/stories. Creating a tangible site where employees and families can interact collectively and individually will help.

Organizations have over the years focused on peer interaction and even interactions with supervisors. Through opportunities like open door policies, training programs, annual employee activities, fitness centers and seminars as well as employee assistance programs, they have provided for physical and mental wellness. But the next step is deciding if and how their programs can consider the complexities and benefits of the social component. Open dialogues

can lessen and potentially eliminate any myths or misdirected information that CSRs and families might have gained from other inaccurate information channels (i.e., social connections, media etc). Addressing the implications and concerns over this profession can serve to dissipate fears that CSRs and their families might have internalized. Paradoxically, someone's commitment to live well in the private sphere may contribute to a decline in their social interactions at work because the conflicting time commitments may restrict opportunities to build camaraderie with peers or to commune with supervisors. Similarly, efforts on the job drastically limit the time and opportunities that CSRs have in interacting with family and friends outside of work.

Outsourcing is here to stay, and the mentioned efforts only make it easier to embrace this new organizational system of working. This identifies the organization to be largely responsible for employee wellbeing. However, as Deetz (1992) explained, it is a form of corporate colonization that may lead many to question whether employees really want their social wellbeing to be in the hands of the organization (Ciulla, 2000). The family structure is fast evolving, but the essence of conversation and communication is the same. Emotional labor increases the propensity to use communication for meaning making. The family is a very important partner in communication, and an informal community of coping, which aids dealing with difficult work-situations to prevent job burnout.

6.0 Conclusion

Conversation with family helps CSRs reframe their experiences, and helps overcome the stress at work and the stress generated through media miscommunication of their profession. They constantly strive to share their everyday experiences as a means to vent out emotional suffering and as a means to attain social acceptance. Social exchange theory is based on the exchange of rewards and costs to quantify the values of outcomes from different situations for an individual. Thibault and Kelley (1952) state that people strive to minimize costs and maximize rewards and interact with others based on the perceived possible outcomes. When the outcomes are perceived to be greater, individuals disclose more and develop a closer relationship with that person. In their efforts at dealing with work related stress; CSRs closely interact and share their experiences with family members for support in reciprocation. The family is an extremely useful resource to pacify agitated employees by expressing concerns, helping them to make sense of their jobs, negotiating forced change in identities, and eventually dealing with emotional labor. However, as social exchange theory explains, CSRs share only information that they perceive will provide positive rewards. This explains their efforts at filtering information.

In the service industry, CSRs are often discouraged from sharing their work dissatisfactions and unpleasant customer experiences with fellow colleagues. Literature suggests that managers fear the resultant spread in negative emotions and an increase in employees' collective strength. However, such concerns are far less likely to be realized when CSRs communicate about work with their families. This family-work communication provides a venue for crucial sense-making and social support talk with a less direct negative influence on work performance or environment. Encouraging employee-family time and implementing means to improve CSR social health provides a nonthreatening, beneficial source of community for coping.

References

- (Eds.), *Handbook of Applied Social Research Methods* (pp. 69-100). Thousand Oaks, CA: Sage Publications, Inc.
- Ahmed, P. I., Kolker, A., & Coelho, G. V. (1979). Toward a new definition of health: An overview. In P. I. Ahmed & G. V. Coelho (Eds.), *Toward a new definition of health: Psychosocial dimensions* (pp. 7-22). New York: Plenum.
- Aquino, J.A., Russell, D.W., & Cutrona, C.E. (1996). Employment status, social support, and life satisfaction among the elderly. *Journal of Counseling Psychology*, 43, 480-489.
- Ashforth, B. E., & Humphrey, R. H. (1993). Emotional labor in service roles: the influence of identity. *Academy of Management Review*, 18(1), 88-115.
- Beehr, T.A., & Drexler, J.A. (1986). *Social support, autonomy, and hierarchical level as moderators of the role characteristics—outcome relationship*. New York: John Wiley & Sons.
- Bochner, A. P., Ellis, C., & Tillmann-Healy, L. M. (1997). Relationships as stories. In S.W. Duck (Ed.), *Handbook of personal relationships: Theory, Research, and Interventions* (2nd ed., pp. 107–124). Chichester, England: Wiley.
- Ciulla, J. B. (2000). *The working life: The promise and betrayal of modern work*. New York: Times Books.
- Clark, L. F. (1993). Stress and the cognitive-conversational benefits of social interaction. *Journal of Social and Clinical Psychology*, 12, 25–55.
- D'Cruz, P., & Noronha, E. (2008). Doing Emotional Labour: The Experiences of Indian Call Centre Agents. *Global Business Review*, 9(1), pp. 131-147.
- Deetz, S. (1992). *Democracy in the age of corporate colonization: Developments in communication and the politics of everyday life*. Albany: State University of New York Press.

- Gareis, J. W. (1991). Characteristics of Empathic Exchanges in Human Interactions (Doctoral Dissertation). Retrieved from UMI Dissertation Services. University of Pittsburg, Ann Arbor.
- Hochschild, A. R. (1983). *The managed heart: Commercialization of human feeling*. Berkeley, CA: University of California Press.
- Jones, J (2008). A descriptive study of the use of empathy in mediation (Unpublished master's thesis). Emerson College, Boston.
- Mandelbaum, J. (1989). Interpersonal activities in conversational storytelling. *Western Journal of Speech Communication*, 53, pp. 114–126.
- Marshall, M. N. (1996). Sampling for Qualitative Research. *Family Practice*, 13(6). Great Britain: Oxford University Press.
- Maxwell, J. A. (1998). Designing a qualitative study. In L. Bickman, & D. J. Rog
- Patton, M. Q. (1990). *Qualitative evaluation and research methods* (2nd ed.). Newbury Park, CA: Sage Publications.
- Pennebaker, J. W., & Keough, K. A. (1997). Revealing, organizing, and reorganizing the self in response to stress and emotion. In R. J. Constrada, & R. D. Ashmore (Eds.), *Self, social identity, and physical health: Interdisciplinary explorations* (pp. 101–121). New York: Oxford University Press.
- Pierce, G. R., Sarason, B. R., & Sarason, I. G. (1992). General and specific support expectations and stress as predictors of perceived supportiveness: An experimental study. *Journal of Personality and Social Psychology*, 63, pp. 297-307.
- Pierce, G. R., Sarason, I. G., & Sarason, B. R. (1991). General and relationship based perceptions of social support: Are two constructs better than one? *Journal of Personality and Social Psychology*, 61, pp. 1028-1039.
- Polanyi, L. (1985). *Telling the American story: A structural and cultural analysis of conversational storytelling*. Norwood, NJ: Ablex.
- Stephan, W. G., & Finlay, K. (1999). The role of empathy in improving intergroup relations. *Journal of Social Issues*, 55(4), pp. 729-743.
- Stohl, C., & Cheney, G. (2001). Participatory processes/ paradoxical practices: Communication and the dilemmas of organizational democracy. *Management Communication Quarterly*, 14, pp. 349-407.
- Taylor, P. & Bain, P. (2005). “India calling to the far away towns” The call centre labour process and globalization. *Work Employment and Society*, 19, pp. 261–282.

- Taylor, P., & Bain, P. (1999). An Assembly Line in the Head: Work and Employee Relations in the Call Centre. *Industrial Relations*, 30(2).
- The National Association of Software and Services Companies (NASSCOM). (2004). *Indian ITES- BPO industry: Nasscom Fact Sheet 2003-04*. Retrieved November 26, 2009, from www.nasscom.org/download/Indian%20ITES-BPO%20Factsheet.doc
- The National Association of Software and Services Companies (NASSCOM). (2006). *Indian ITES- BPO industry: Nasscom Fact Sheet 2005-06*. Retrieved November 26, 2009, from http://www.nasscom.org/download/Indian_ITES-BPO_Factsheet.pdf
- Thibault, J. W., & Kelley, H.H. (1952). *The Social Psychology of Groups*. New York: John Wiley & Sons.

Leveraging Literature as a Management Teaching Tool

Ms. Soma Tandon⁵⁸

Abstract

On a daily basis, faculty members struggle with the idea of teaching a relevant, useful lesson to their students. Many different approaches have been used to gain the attention of students and capture their imagination. The process of learning for students means assimilating new information and experiences in a way that improves personal fulfillment, effectiveness and goal attainment. Integrating literary fiction into the classroom as a substitute for bookish knowledge could provide the students with functional and educational experiences. A model of teaching using literature will prove as a beneficial Management teaching tool to enhance the comprehending abilities of Management students. By using fiction in the Management classroom, students will be given a unique way of exploring the subject. The andragogy used to convey Management insights or teach these competencies would be to combine traditional Management knowledge with stories from literature in order to give a different mental map of business. This paper studies the impact of literature as a useful Management teaching tool to prepare Management students for social and environment stewardship.

Key Words: Literature, Management Students, Tool, Learning

1.0 Introduction

Using illustrations to elucidate theory is a well-respected academic tradition. Going back in history, management competencies have been taught through stories. Machiavelli used stories of the kings in Ancient Greece to instruct his Florentine princes in strategic statesmanship. Ancient Greek Aesop's fables have been moral exemplars for thousands of years. Closer home, Jijamata used stories of exploits of famous personalities and trained her son Shivaji in leadership qualities. It is the standard practice in Business Schools all over the world to instruct by looking at what other people have done. Management students look at case studies of real businesses to determine the principles of organizational management. The protagonist and the situations of literary novels can offer candid and impressive lessons about management skills. As such, literature can be a useful Management teaching tool.

⁵⁸ Research Scholar, SNDT University, Mumbai, somatandon@gmail.com

Danzig (1999) has said that “one of the great advantages of reading fiction or history is it gives you the opportunity to understand the world from different vantage points and different time periods and different psychologies.” This study is based on the fundamental belief that the use of literature to teach management concepts as a way into a greater understanding of organizations has enormous potential.

Hence the researcher advocates the use of literature to teach Management. Literature can help develop business judgement. Beyond their recognized entertainment value, they activate critical processes which are not bound by plain logical reasoning. In a narrative fiction, the complexities of an organization can be demonstrated through the various characters. Fiction works on the similar lines of a case study whereby the students put on the shoes of the decision maker. But whereas case studies tend to focus on the judgement that lead directly to action (Clawson & Frey 1986), literature goes a step further by letting the students explore the situations which led to the judgement. Students engaged in the traditional course content including case studies study it from a purely managerial perspective. In the real world, the human factor plays an important role, and literature encourages student to broaden their thinking horizon.

The aim of the research was to design a teaching model to augment and illustrate organizational behavior concepts using a fictional literature (*Lord of the Flies* by William Golding) and to test the effectiveness of teaching OB concepts using novel in terms of achievement.

The objective of the study was to compare the cognitive achievement of students, at the overall, knowledge, comprehension and application level, in OB concepts in experimental & control groups.

The secondary objective was to compare the cognitive achievement (total, knowledge, comprehension and application level) in OB concepts in experimental & control groups with respect to educational qualifications, age, gender, CET scores, social class and work experience.

The study will prove as a beneficial Management teaching tool thus enhancing the comprehending abilities of Management students. It will be important because it will help people understand more about the teaching methodologies differences, specifically in India. Findings may be important in developing a new curriculum for teacher education. This study can also be an important endeavour in andragogical literature. Studying this unexplored issue in Indian context may help the academic system in the country and from there, develop and/or create strategies or suggestions on how to address specific weaknesses or strengths of the teaching methodologies employed.

2.0 Review of Literature

The literature was reviewed for the problem area and methodology. Firstly material directly related to the problem being studied namely the various management andragogies in use was reviewed and it was found that management development methods and tools comprise of in-house methods and corporate interface. In-house methods are those which consider andragogies used within the college premises. They are further categorized into single and dual interface methods. Single interface includes case study, group discussions, lectures, Management games and role playing. Dual interface includes group projects, presentation, projects, seminars and workshops. Corporate Interface discusses methods whereby students interact with the corporate world in terms of placement, educational visits, experiential learning and field trips. The use of art and literature in terms of book review, dramatic skits, films, critiquing, novels, poetry and storytelling was also reviewed. This thesis proposes the use of a contemporary fictional novel to teach Management. Hence research methods used in previous investigations in the area were reviewed. The works of Shakespeare (e.g., Corrigan, 2000; Whitney & Packer, 2000; Augustine & Adelman, 1999; Shafritz, 1999), stories from the bible (e.g., Briner, 2005; Manz, 2005; Collier & Williams, 2004; Jones, 2002, 2001, 1996), Indian classics like Mahabharat (Khandelwal, 2001), Bhagwad Gita (e.g., Singh, 2008; Roka, 2006; Bhattathiri, 2005) and Sun Tzu's 2500 year old Chinese text (e.g., Michaelson & Michaelson, 2003; McNeilly, 1996; Krause, 1995) have been used for their invaluable commentary on such topics as leadership, strategy, organization, competition and co-operation and the principles of competitive success. Assorted fiction from literary classics like *The Great Gatsby* (McAdams, 1993), *Death of a Salesman* (Brawer, 2001) to Rowling's Harry Potter (Rosser, 2007) have been used to demonstrate Management concepts. An endeavour was also made to review the studies done to compare teaching methods, globally and in the Indian environment. Research on methods of teaching have focused on a varied range of topics from ethics, marketing, entrepreneurship, decision making and planning, Stress management, Whistle blowing, strategy, organization, competition and co-operation and the principles of competitive success, problem-solving skills, communicating skills, cultural diversity, management of human resources to organizational behavior theories and concepts such as motivation, team building, conflict resolution, leadership, Maslow's hierarchy of needs theory. A sizeable number of researches have also experimented with Organizational behaviour (OB) studies. These were also reviewed as the study has been delimited to OB concepts. On the basis of the literature reviewed, the research gap was established and the hypotheses were framed.

3.0 Research Gap

From the review of literature, it was observed that there are several studies done on lectures and case studies as teaching methods. Experiments have been conducted for co-operative learning methods as well as constructivist learning methods. The impact of teaching methods on various parameters like critical thinking, student engagement, motivation, knowledge, comprehension and application ability of students have been researched. There are very rare instances of comparing the use of literature as a teaching tool with other teaching methods. Internationally, there have been various instances of the novel being used to teach Management, but in the Indian scenario, it is not widely used. Lately, there have been reports of IIM using this methodology. In the international and Indian scenario, instances of comparison studies of literature as a Management teaching tool with other andragogies are rare.

4.0 Research Hypotheses

- 1. There is no significant difference in the mean of the cognitive achievement scores (overall, knowledge, comprehension and application) in OB concepts in experimental & control groups .
- 2. There is no significant difference in the mean of the cognitive achievement scores of OB concepts in experimental & control groups with respect to educational qualifications, age, gender, CET scores, social class and work experience.

Variables under study

Type of Variable	Description
Independent Variable	
Teaching Method - the mode or manner of teaching	Experimental Conventional
Conventional Teaching Method	using lectures, Power point presentation and case study
Experimental Teaching Method	using literature

Dependent Variable	Measures
Exam scores - Total	Overall scores of the exam
Exam scores – Knowledge	Recall data or information.
Exam scores – Learning	Understand the meaning, translation, interpolation, and interpretation of instructions and problems.
Exam scores – Application	Applies what was learned in the classroom

Moderating Variables	Codes
Educational Qualifications	Degree applicable coded as 1 = Arts Graduates 2 = Commerce & Management Graduates 3 = Science and Engineering Graduates 4 = Post Graduates
Age	1 = (Junior) 21 to 24 years of age 2 = (Senior) > 24 years of age
Gender	1 = Male 2 = Female
Social Class	Social class coded as : 1 = General 2 = OBC/ SBC 3 = SC / ST /NT
CET Score	1 = CET score less than or equal to 100 2 = CET score greater than 100
Work Experience	Freshers – students who have not worked in any organization before joining this course. (summer training not considered as work experience) Work experience – Students who have worked in an organization before joining this course.

Controlled Variables	
Students	MMS first year students of a Management college in Mumbai
Teaching Expertise	The number of years of teaching experience
Infrastructure	Classroom, Seating arrangement, Canteen facilities
Resources	Library, Access to faculty
Examination	Question Paper
Syllabus	Mumbai University, MMS degree, 1 st year Syllabus for Organization Behaviour
Course Content	Leadership Motivation Personality Organizational change Organizational development Group Conflict
Course Schedule	Ten lecture sessions of 1.5 hours each for both the classes.

5.0 Experimental Design

The design used is two-Group posttest only randomized experimental design. The choice of research design was based on an attempt to explain variance in student achievement through teaching methods. The two-group posttest-only randomized experiment allows researchers to compare the final posttest results between the two groups, giving them an idea of the overall effectiveness of the intervention or treatment.

X: Experimental Teaching method using literature

Y: Conventional Teaching method

O: Observation or measurement of post test 1

R: Random assignment

Group		Treatment	Post-test
Experimental Group 1	R	X	O1
Control Group 1	R	Y	O2

Table 1 Experimental Design

Treatment effect = $O1 - O2$

In design notation, it has two lines, one for each group, with an R at the beginning of each line to indicate that the groups were randomly assigned. One group gets the treatment or program (X) and the other group is the comparison group which received the standard or typical treatment (Y). This study would be a relative comparison. The post test only randomized two group design structure takes care of all the factors of internal validity.

6.0 Delimitations of the Study

ambit of the study. This study is delimited to first year students study for the degree of MMS under the Mumbai University. The researcher delimited this study to examination of the efficacy of the teaching method when teaching organizational behaviour (OB) concepts. The OB concepts are taken from the Mumbai University MMS first year syllabus. Performance of the students is assessed on the basis of examination scores. The question paper is set by the college instructor. The students examined were students studying for MMS degree of the Mumbai University and the paper considered was Organization Behaviour which is standard globally. Hence the results of the proposed study will be generalizable to teaching Management students.

7.0 Research Methodology

The approach adopted was as follows:

The design of the experimental method considered the group size, estimated time, training methods, material to be distributed and the procedure to be adopted. Thereafter, in the development phase, a course outline based on the MMS first year OB syllabus of the Mumbai University was constructed. The themes to be studied were identified on the basis of the major topics taught in OB which are about individuals, groups and the organization. Personality, leadership and motivation were considered for individuals. Group dynamics in terms of group formation, norms, conflicts and negotiation were taken into account. Organizational development and change were also taken up. The study made use of themes from William G. Golding's novel, "Lord of the Flies," to analyze the setting, as the novel provides an excellent vehicle for teaching leadership and power and other organizational behavior concepts. The book portrays interactions between the characters in ways that the students can understand and identify with. To develop course materials, an extensive search on the internet for study material on the novel was done. Thematic analysis was done by reading the novel several times to identify the situations which were examples for a theme. It was felt that the attention span of the current generation of students is short. Hence project resources like the chapter wise summary, plot synopsis, timelines, list of important quotes were prepared. The next step was to develop assessment items. It was felt that assessment would be done through traditional examination papers set by the college. The model was validated by a professor teaching in a Management institute. The validation inputs were incorporated in the model. This formative evaluation in terms of a pilot study gave an impetus to go ahead with the study.

The study used the population of Management students. The sample was drawn from the two divisions of the same population. The treatment was randomly assigned to each of the groups.

The Sample size was 120 students. 60 students formed the experimental group and were taught by means of the experimental method. Another set of 60 students, being the control group, were taught by means of the conventional method. Students had got admission on the basis of their MH-CET scores. There were category / ethnic origin quota namely general, OBC – SBC and SC – ST – NT. The male female ratio is 65-35. The age group of the students is 21-30. The students came from different graduation streams like Arts, Science (including engineering) and Commerce (including Management). There were a few post graduates also. Some students had work experience prior to joining the course but a majority of the students were freshers.

The research tried to establish whether using literature to teach Management students affects the student's performance as compared to Management students taught using conventional methods. Due to time and resource constraint, the model was tested in one Management college only.

Prior permission was obtained from the authorities of the business school. The experiment comprising of taking lectures, the post test and the evaluation was conducted from August 2012 to February 2013 with two classes of MMS first year students of a Management college. Each class had 60 students. One class formed the control group and were taught through the conventional methods. The other class formed the experimental group and was taught using the model using literature.

The teaching methods compared were

- Conventional: using lectures, Powerpoint presentation and case study and
- Experimental : using literature (the novel *Lord of the Flies* by William Golding)

The experimental method using a novel was explained with a demonstration to the professor who was to conduct the lectures. The course was conducted by the same college professor for both the groups. The instructor monitored, guided, and facilitated as learners completed the course. To ensure the fidelity of the experiment, the research acted as an observer for the experimental and the control group.

After the completion of the course, an examination was conducted on topics from Organizational behavior which were taught to the students. The examination paper was set and conducted by the college. The same post-test exam was administered to both groups. The control and experimental groups were tested over the same period of time. The difference between the post-test scores of the two groups is measured give the net effects of the treatment.

8.0 Analysis

This study compared the effectiveness of literature based teaching and traditional instructional approaches in developing Organization Behaviour concepts among Management students and examined whether literature based teaching was differentially effective with students of different ages, gender, social class, students with work experience, students with different CET scores and entry qualifications.

In this study, the researcher was interested in determining whether the performance and perception of the two groups is different after the program. The groups are measured on the

total, knowledge, comprehension and application level within cognitive domain and are compared by testing for the differences between the means using an independent t-test. The perception was determined by using a student feedback form designed by the institution.

For moderating variables a general linear model – multivariate was done. In the cases where the three way interaction was found to be statistically significant, a two way interaction for two of the factors at each level of the third factor was examined using MANOVA. If the mean square from the three analysis of variance was different for the different groups, a simple effects analysis for the knowledge level was done using the sum of squares. For results that suggested that the students were more receptive to the experimental teaching method, the impact of the experimental method on the different groups is assessed.

9.0 Findings

While the connection between teaching style and student performance has been studied in the field of teaching research, this paper makes some unique contributions specifically in regard to the impact of using literature as a Management teaching tool on student performance in the cognitive domain with specific focus on the knowledge, comprehension and application level. These findings may provide new insight into the ways in which teaching Management using literature is a factor for how students perform.

Five findings stood out as interesting.

First, over all, literature based teaching was found to be a more effective instructional approach for teaching OB concepts than traditional lecture–presentation–case study. Additional analysis provided evidence that literature based teaching was more effective than traditional instruction for knowledge level, comprehension level and application level within the cognitive domain.

Secondly, the results suggest that students perceive using literature as a Management teaching tool as better than the conventional methods of teaching. Further, it is observed that students perceive using literature as a Management teaching tool to have better content and results in better communication. In terms of connect and confidence perception, there was no significant difference between the experiment and control groups.

Thirdly CET scores moderate the relationship between the independent variable (teaching method) and dependent variable (performance scores) at the knowledge level of the cognitive domain.

Fourthly, Commerce and Management graduates performed better at the knowledge level of the cognitive domain. On further reviewing the data, it was found that a majority of Science and engineering graduates had higher CET scores. These students usually prefer the streams of marketing, operations and systems. It is felt that the choice of an HR subject may have deterred these students from being impacted by the use of literature as a Management teaching tool.

Lastly age, gender, work experience and social class do not moderate the relationship between the independent variable (teaching method) and dependent variable (performance scores). Therefore it can be concluded that the teaching method using literature is equally applicable like conventional teaching methods to all students, irrespective of their age; gender: male or female; freshers or students with work experience; social class : General, OBC and SC/ST/NT.

10.0 Recommendations

The researcher would like to make the following recommendations:

- Management concepts should be taught in an interesting manner using various art and literary forms like novels, drama and films.
- The technique of using literature as a Management teaching tool should be introduced in B-schools.
- The current generation of students whose attention span is on a diminishing trend may find it easier to tackle short case studies as compared to long novels. Short stories, one act plays could be used to teach Management concepts.
- Training programs to train faculty in this technique should be conducted.
- B-schools could procure well-structured case studies based on novels which are available from institutions such as The Hartwick Humanities in Management Institute and Harvard Business School.
- Universities can introduce a novel for analysis similar to the rapid reader concept in schools.
- 7. Student's perceptions could be studied at regular intervals in order to tailor courses that meet the needs of the students and reach acceptable standards.
- 8. A combination of novels could be used to teach a subject.

11.0 Future Scope of Research

Additional experiments are being designed to provide more information, new insights, and new direction for future research. Future experiments could focus on

- The current generation of students in India prefer to read Rowling's Harry Potter series or Chetan Bhagat's novels as compared to classic literature like Shakespeare, Jane Austen etc. Research could be done to find whether the impact of contemporary novels would be different from classic literature.
- This study leads us to question whether there are other entry level factors like CET scores and entry qualifications which tend to have an impact on student performance as demonstrated in this study.
- Research could also be done on other factors which could moderate the impact of the teaching method like culture, religion, family income, urban / rural background.
- Effectiveness of the use of literature as Management teaching tool compared with other teaching andragogy like simulation, role play, case study, films could be assessed.
- The current generation of students whose attention span is on a diminishing trend may find it easier to tackle short case studies as compared to long novels. Effectiveness of a short story as compared to a novel in generating interest and motivating students could be studied.

12.0 Conclusion

This study propagates the use of literature for teaching Management. Stories do not merely amuse, they entrance, and they suggest ideas and encourage people to find their own solutions. People forget facts but they remember stories. In some ways, we could argue, these created situations can be even more valid than real ones. Herman (2004) explains that while case studies often provide extensive evidence of profit and loss accounts and of strategic decisions rightly or wrongly made, they rarely indicate the personal conflicts or the emotional engagement of senior management. They show how organizations have reacted to market or other external forces but they do not illustrate the interior forces that are inevitably at work. Management wisdom can be developed with the help of various types of literature. The classics can be used as a vehicle for teaching business and managerial ethics. For example, Herman Melville's *Moby Dick* can be used to help students learn the importance of balance and perspective. Captain Ahab is determined to catch the whale regardless of the consequences just as many entrepreneurs often pursue their

dreams of business success regardless of the consequences to their families, their marriages, and their health. On another level, Captain Ahab represents the heroic, against-all-odds type of struggle that most entrepreneurs find they must wage to realize their dreams. Equally, King Lear's disastrous attempt at passing his realm on to his successors offers us a brilliant analysis of the difficulties inherent in retirement and in second-generation family businesses.

Stories recognize the value of qualitative designs and methodologies. Studies of human experiences are not approachable through quantitative approaches. Stories focus on the wholeness of experience rather than solely on its objects or parts. They search for meanings and essences of experience rather than measurements and explanations. They obtain descriptions of experience through first-person accounts in informal and formal conversations and interviews. They regard the data of experience as imperative in understanding human behaviour and as evidence for scientific investigations. They formulate questions and problems that reflect interest, involvement, and personal commitment of the researcher. They view experience and behaviour as an integrated and inseparable relationship of subject and object and of parts and whole.

However it is one thing to claim that literature can contribute to our understanding of Management concepts, and another to prove it. Supporters of the claim tend to presume they go together, while skeptics and detractors often discard them as a package. These claims warrant further investigation if they are to be perceived by business scholarship and practice as worthy of serious attention. This study tries to prepare a module for organizational behavior concepts & theory using a fictional novel and tries to prove that literature can contribute to improving the understanding of students of Management.

The study was important in the sense that it has checked the effect of an experimental teaching method on performance in the cognitive domain. Such types of studies are very rare in India where the students' performance has been investigated. The study adds, in a small way, to our existing deficient knowledge of the real experience of students. More particularly, literature as a teaching tool is used extensively, internationally. In India, it is a rare occurrence. Recently, there have been reports of IIM using this andragogy.

The analysis of the approach adopted in this study provides a sound basis for re-thinking Management education, especially in India.

References

- Augustine, N. R., & Adelman, K. L. (1999). *Shakespeare in Charge: The Bard's Guide to Leading and Succeeding on the Business Stage*. New York: Hyperion.
- Behrman, J. N., & Levin, R. I. (1984). Are business schools doing their job? *Harvard Business Review*, 62(1), 140-146.
- Bhattathiri, M.P. (2005). World Management lessons from India. *The Internet Journal of Alternative Medicine*. Vol. 2 No. 2. Retrieved Dec 28, 2012 <http://archive.ispub.com/journal/the-internet-journal-of-alternative-medicine/volume-2-number-2/world-management-lessons-from-india.html#sthash.6M9IbCql.dpbs>
- Brawer, R. A. (2001). *Fictions of Business: Insights on Management from Great Literature*. New York: Wiley.
- Briner, B. (2005) *The Management Methods of Jesus: Ancient Wisdom for Modern Business*. Nashville, Tennessee: Thomas Nelson.
- Clawson, J.G., & Frey, S. C. (1986). Mapping Case Pedagogy. *Organizational Behavior Teaching Review*, 11, 1-8.
- Collier, K., & Williams, M. (2004). *Biblical Leadership : Becoming a Different Kind of a Leader*. North Ireland: Ambassador Publications.
- Corrigan, P. (2000). *Shakespeare on Management*. London: Kogan.
- Dr. Richard Danzig, US Secretary of the Navy (1999) as quoted in *Shackleton's Way* by Margot Morrel and Stephanie Capparel (2001) Pg. 46. London: Nicholas Brealey Publishing.
- Golding, W. (1958) [1954]. *Lord of the Flies* (Print ed.). Boston: Faber & Faber.
- Harrington, K. V., & Griffin, R. W. (1989). Ripley, Burke, Gorman and Friends: Using the film "Aliens" to teach leadership and power. *Journal of Management Education*. 14(3): 79-86.
- Herman, R. (2004). *Teaching Management through Literature: A bibliography*. Retrieved Apr 7, 2007, from <http://www.britishcouncil.org/arts-literature-management-teaching.htm>.
- Jones, L. B. (1996). *Jesus, CEO*. 1st Pbk. Ed edition. New York: Hyperion.
- Jones, L. B. (2001). *Jesus, Entrepreneur: Using Ancient Wisdom to Launch and Live Your Dreams*. New York : Three Rivers Press.

- Jones, L. B. (2002). *Teach Your Team To Fish: Using Ancient Wisdom For Inspired Teamwork*. New York: Crown Business.
- Khandelwal, N. M. (2001). *Managing Concepts from the Mahabharata*. Delhi: New Century Publications.
- Krause, D. G. (1995). *The Art of War For Executives*. England: Berkely Publishing Group; Perigee Books.
- Manz, C. C. (2005). *The Leadership Wisdom of Jesus : Practical Lessons for Today*. California: Berrett-Koehler Publishers, Inc. 2nd ed.
- McAdams, T. (1993). The Great Gatsby as a business ethics inquiry. *Journal of Business Ethics*. Vol. 12, No. 8 653-660. Springer, Netherlands. Retrieved May 28, 2007 from <http://www.springerlink.com/content/g96471102171r204/>
- McKinney, E. H. & Yoos, C.J. (1998). The one room school house: An information and learning approach to curriculum integration. *Journal of Management Education*, 22, 618-636.
- McNeilly, M. (1996). *Sun Tzu and the Art of Business: Six Strategic Principles for Manager*. New York: Oxford Univ Press.
- Michaelson, G. A., & Michaelson, S W. (2003). *Sun Tzu Strategies for Selling: How to Use The Art of War to Build Lifelong Customer Relationships*. New York: McGraw-Hill Professional.
- Porter, L.W. & McKibbin, L.E. (1988). *Management education and development: Drift or thrust into the 21st century?* New York: McGraw-Hill.
- Roka, P. (2006). *Bhagavad Gita on Effective Leadership: Timeless Wisdom for Leaders*. Lincoln, US : iUniverse.
- Rosser, M. (2007). *The Magic of Leadership: An Exploration of Harry Potter and the Goblet of Fire*. *Advances in Developing Human Resources* Vol. 9, No. 2 236–250.
- Shafritz, J. M. (1999). *Shakespeare On Management: Wise Business Counsel from the Bard*. Michigan: Carol Publishing. Harper Business.
- Singh, U. V. (2008). *Management Wisdom Of Lord Krishna; A Treatise on unified concept of Management performance for the globalised world*. Delhi, India : New Century Pub.
- Whitney, J. O., & Packer, T. (2000) *Power Plays: Shakespeare's Lessons in Leadership and Management*. New York: Simon & Schuster.

An Exploration of Factors that Play A Vital Role in Facilitating Transfer of Learning From A Training Programme into Enhancement of Performance at the Workplace

Ms. Rita Rangnekar⁵⁹

Abstract

Various factors lead to transfer of learning from a training programme to the workplace to convert the learning into performance. Effectiveness of a training programme does not automatically lead to individual performance. Transfer of learning is a phenomenon that also needs attention and monitoring. The paper attempts to explore the concept of learning and training transfer (similarities and differences) and factors that play a vital role in effectuating transfer of learning from a training programme into workplace performance. The study contains an overview of adult learning theories that strengthen learning transfer and presents strategies to bring about behavioural change to enhance performance especially in the use of soft skills. The study also contains and reviews findings from an expert survey on issues faced by expert trainers with regard to training effectiveness and learning transfer.

Key Words: Transfer of Learning, Soft Skills, Training Programme

1.0 Introduction

A major question raised in the professional world of training, especially in the behavioural and soft skills arena, is whether an effective training programme reflects in better performance of the participants in their work. Models and theories of training effectiveness evaluation advocate that training programmes can be considered effective only if the learning in a training programme reflect in the performance, of its enhancement, in the workplace performance of those attending the programme. Determining this would require evaluation at various levels after the conduct of the training programme. As this is a lengthy and very complex process, effectiveness of a training programme is determined in most cases by evaluating the immediate feedback of the trainer and the training programme. M. Murrier (2000) found through that only

⁵⁹Associate Dean, ISB Business School, Mumbai, ritar@ibsindia.org

3% of the organisations used Level 4 for gauging effectiveness of training. Later, Twitchell in his study on evaluation of training, derived that level four of Kirkpatrick's model was studied by organisations and researchers on only in the range of 21 to 49%.

Even if training evaluation were to be measured at various levels for its level of performance achievement, it is also important to study how this transition from learning in training programmes actually converts into performance. For training to manifest into performance, there has to be a transfer of learning from the programme to the workplace. This passage is dependent on various factors such as organisational support and climate, the supervisor- his support and attitude, the trainee's own behavioural and learning abilities, focused supervision and the trainer himself. In order to understand these factors, it is also important to know the different ways in which adults learn and use their learning. Trainers too face various issues while designing and delivering training programmes in order to ensure effective performance, post training.

This paper is an overview of research studies in the process of transfer of learning from a training programme, factors that strengthen or affect transfer of learning and includes findings from an expert survey on issues faced by trainers. It also contains reflections on adult learning theories and strategies to bring about effectiveness transfer of learning from the training programme to the workplace.

Objectives of the Study

The basic objectives of the study are

- To understand the difference between learning and training transfer
- To understand the theories and research conducted on adult learning, with a focus on behavioural and soft skills training.
- To determine the role of various factors that are involved in the process of transfer of learning from training programmes to the workplace and the gaps that exist in the path.
- To understand the issues that trainers face in bringing about learning transfer.
- To explore strategies to bridge the gap between learning out of a training programme and widen the scope for transfer of learning from a training workshop and performance.

Need for the Study

Studies in the area of training effectiveness revolve mainly around the measurement of training effectiveness in terms of pre-post impact. This research happens at various levels starting from immediate feedback to measurement of its use at the workplace. However, there is a strong need to explore, identify and understand dynamics of the process of transition between learning in a training programme and actually using it for work. There are numerous reasons for why training participants do not use the learning. Trainers too find it difficult to link their programmes to performance. There is a strong need to understand issues that are faced by trainers.

Learning out of a training programme is different from learning in the organisation through various other ways. It is important to understand what makes people ready to learn from a formal training and make use of it at the workplace.

The theme of this study has been selected with the purpose of understanding these important dynamics and their role in bringing about a positive impact in training programmes. The identified factors, if analysed and addressed will help in enhancing workplace performance.

Method

The paper involves

- secondary research of studies conducted in the area of transfer of training to enhance performance
- a summary of issues expressed by Trainers from a survey of problem faced by trainers.

Scope and Limitations of the Study

- Findings and observations from the study pertain mainly to the domain of behavioural and soft skills training, however, the factors and concepts can be applied even to technical training where behavioural change is involved
- The study on transfer of training is based on secondary research. Findings on problems of trainers are based on an expert opinion survey of trainers.

2.0 Review of Concepts

Difference between learning transfer and training transfer

- **Transfer of training**

Bhawani Shankar Subedi(2004), in the research article, *“Emerging Trends in research on the Transfer of Training on transfer of learning”* mentions that learning transfer and training

transfer have always been referred to as different areas in the study of organisations. Subedi states that training transfer usually refers to adult learning in organisations where skills are imparted to people to perform certain types of works. The 'learning' in a training programme or process is involved with gaining knowledge of what causes success or failure of training. The question to be asked according to him about what training transfer should show as a result of a soft skills or behavioural training. Training transfer in a soft skills situation should be an observation or record of observed change in behaviour, a behavioural change assessment and as a result, as changed work behaviour.

Training transfer, therefore, is an ongoing learning of the process through which an employee can modify his or her work (related) behaviour. The choice or opportunity to transfer the learning as an outcome of training may not always be manifested at the workplace. Transfer of learning generally refers to developing knowledge or generic competencies.

- **Transfer of Learning**

Transfer of learning or learning transfer is referred to as the study of the dependency of human conduct, learning and performance on prior experience. It is the influence of the improvement of one mental function on a related mental function. According to Schunk (1996), when a learner sees the value of 'using' what was learned in one situation in another, it culminates in a transfer of learning. Learning transfer also happens when learning in one-situation assists learning in another, by recognizing common features among concepts, principles or skills. Learning transfer has been usually viewed as positive transfer and negative transfer. For transfer to be effective, positive transfer is very important. If knowledge that is learned in one situation is not applied in situations where it obviously can be and needs to be applied, the knowledge becomes inert knowledge. However, transfer can be made positive and constructive if the instructor is able to integrate and indicate the similarities between one setting and another.

- **Learning Transfer and Training Transfer**

Learning Transfer and Training Transfer are different in the sense that learning transfer can happen out of any learning situation, which may not necessarily be out of a training programme but even on the job or prior learning that an employee may have had. Training Transfer would mean a transfer, or the use of the learning that

happens because of having attended a formal training arranged for employees to learn specific skills. The application of the learning should happen in work situations where the learning (knowledge) is applicable and needs to be applied. Learning, on the other hand, can happen both inside a training programme and outside.

Adult Learning Theories And New Approaches to Training

- **Andragogical Model of Learning**

Malcolm Knowles lays down six principles of adult learning, which, when summarised, propose that

- ✓ Adults will not learn unless they have a strong reason to learn- . that
- ✓ Adults would like to drive their own learning (they need to learn experientially)
- ✓ Adults would like people to acknowledge their experiences-
- ✓ adults approach learning with the purpose of solving problems ,
- ✓ they will learn if the learning helps them to cope with real life situations and
- ✓ Adults will learn if the learning is of immediate value.

Research studies show that internal factors are more effective in getting people to learn.

The theory of andragogy has been applied extensively in the area of learning transfer, especially in the case of soft skills training and in management development programmes.

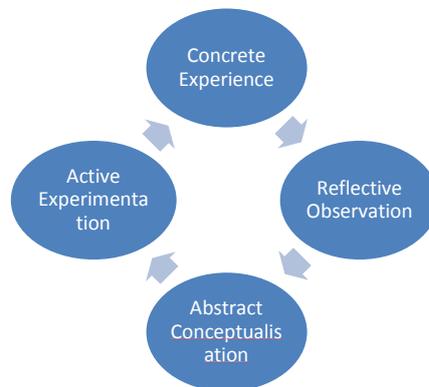
The principles arising out of Knowles assumptions state that there is a need to involve adults in the design of any instruction and evaluation planned for them. Their experience provides them with a base for learning. Knowledge of the background of the learners should be taken into consideration. Lastly, the instruction should enable learners to discover things for themselves.

This model focuses on learning for the individual, learning from experience or discovery as against learning from being told or knowing. It encourages an individual to use his own initiative through interest and curiosity, and deciding what is best for him through experience. One of the most useful models is that of David Kolb's, which was based on Kurt Lewin's work.

- **David Kolb's Model of Experiential Learning(1984)**

David Kolb proposed four stages in learning which have helped adult learning studies to develop extensively. He suggested that these four stages in learning follow

from each other. The first one is **Concrete Experience**, which is followed by **Reflection** on that experience on a personal basis. Reflection may then be followed by the realization of general rules describing the experience, or the application of known theories to it (**Abstract Conceptualisation**), and hence to the construction



of ways of modifying the next occurrence of the experience (**Active Experimentation**), leading in turn to the next **Concrete Experience**.

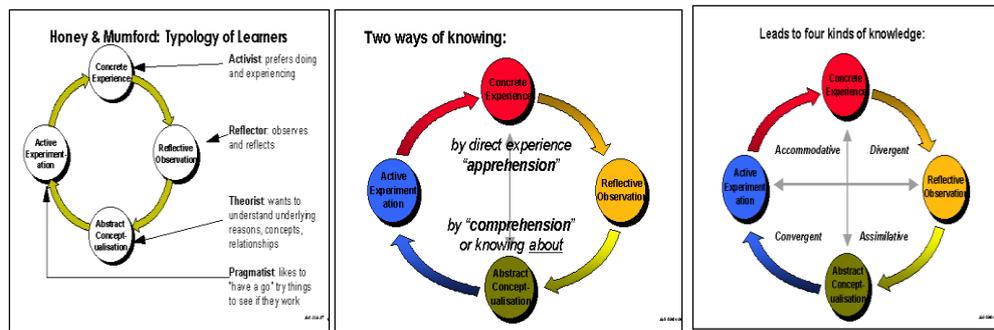
Kolb proposed that this might happen either in a very short span or over days, weeks or months, depending on the topic, and there may be a "wheels within wheels" process at the same time. The theory proposes that the onus remains on the mentor or the tutor to chase the learner round the cycle for the complete learning process, through the test of ideas and continuous questioning.

- **Honey & Mumford: Typology of Learners**

Honey and Mumford (1982) built a typology of Learning Styles around this sequence designed by David Kolb. They identified individual preferences for each stage (Activist, Reflector, Theorist, Pragmatist respectively),

The Activist prefers doing and experiencing, the Reflector observes and reflects, the theorist wants to understand the basic reasons and underlying relationships, and the pragmatist likes to try out things before accepting them as a way of doing things. Kolb also designed the Learning Style Inventory but has carried it further by relating the process also to forms of knowledge.

The theory revolves around meaning of the experience, its practical value to the learner/user, knowledge by direct experience and by acquaintance as against knowledge about and about allowing the learner to create his own concepts about the learning, which are relevant to his context.



It is evident from the cycle and from the concepts laid down that the trainer has a major responsibility to enable the learner to experience all the four stages of learning. Unless this chase is pursued, the learning could just remain a conceptual idea without implementation and learning transfer. If the trainer is able to pass the learner through these channels, there is no further responsibility of learning or training transfer. It happens as part of the learning process.

- **Connectionism**

E Thorndike's theory postulates that learning is a result of associations that form between stimulus and responses. These associations or 'habits' get stronger with stimulus – response trial and error. Some responses start dominating other responses due to rewards. Thorndike's theory consists of three primary laws:

Law of effect - responses to a situation which are followed by a rewarding state of affairs will be strengthened and become habitual responses to that situation,

Law of readiness - a series of responses can be chained together to satisfy some goal which will result in annoyance if blocked, and

Law of exercise - connections become strengthened with practice and weakened when practice is discontinued.

The law of effect obviously indicates that responses that reduce the likelihood of achieving a rewarding state will decrease in strength.

The theory suggests that transfer of learning depends upon the presence of identical elements in the original and new learning situations; i.e., transfer is always specific, never general.

- **Double Loop Learning**

Chris Argyris (1976) proposes double loop learning theory, which pertains to learning to change underlying values and assumptions. The focus of the theory is on solving problems that are complex and ill-structured and which change as problem-solving advances.

The Double loop theory is based upon a "theory of action" perspective outlined by Argyris & Schon (1974). This perspective examines reality from the point of view of human beings as actors. Changes in values, behaviour, leadership, and helping others, are all part of, and informed by the actors' theory of action. An important aspect of the theory is the distinction between an individual's espoused theory and their "theory-in-use" (what they actually do); bringing these two into congruence is a primary concern of double loop learning. Typically, interaction with others is necessary to identify the conflict.

There are four basic steps in the action learning process: (1) discovery of espoused and theory-in-use, (2) invention of new meanings, (3) production of new actions, and (4) generalization of results. Double loop learning involves applying each of these steps to itself. In double loop learning, assumptions underlying current views are questioned and hypotheses about behaviour tested publicly. The result of double loop learning should be increased effectiveness in decision-making and better acceptance of failures and mistakes.

Double loop learning is a theory of personal change that is oriented towards professional education, especially leadership in organizations. It has been applied in the context of management development and is highly relevant to the area of transfer of learning.

- **Experiential Learning (Carl Rogers)**

Carl Rogers distinguished two types of learning: cognitive (meaningless) and experiential (significant). Cognitive learning corresponds to academic knowledge such as learning vocabulary or multiplication tables and experiential learning refers to applied knowledge. Experiential learning addresses the needs and wants of the learner. Rogers lists these qualities of experiential learning: personal involvement, self-initiated, evaluated by learner, and pervasive effects on learner. Rogers emphasised that experiential learning is equivalent to personal change and growth.

He stated that all human beings have a natural propensity to learn and the teacher should facilitate such learning by setting a positive climate for learning, clarifying the purposes of the learner and organizing and making available learning resources, (4) balancing intellectual and emotional components of learning, and (5) sharing feelings and thoughts with learners but not dominating.

The theory states that learning is facilitated when; the student participates completely in the learning process and has control over its nature and direction; it is primarily based upon direct confrontation with practical, social, personal or research problems, and self-evaluation is the principal method of assessing progress or success. Here, people have to *learn to learn* and be open to change.

For transfer of learning this study is relevant because it states that

- ✓ Significant learning takes place when the subject matter is relevant to the personal interests of the student
 - ✓ Learning which is threatening to the self (e.g., new attitudes or perspectives) are more easily assimilated when external threats are at a minimum.
 - ✓ Learning proceeds faster when the threat to the self is low.
 - ✓ Self-initiated learning is the most lasting and pervasive.
- **Cognitive and Brain Approaches (*Left Brain/Right Brain*)**

This theory is a scientific theory about the types of brain activity that happen in the right and left hemispheres of our brain. The theory is based on the study that there is a right-brain and a left-brain. When the right brain dominates thinking of a person, he or she is curious, playful, takes risks, is creative and finds solutions. The right brain is open to change and opportunities.

The left-brain dominates logical thinking, analytical thinking, asks for facts and quantitative sequential thinking.

Traditional Learning Methods are based on left-brain thinking and therefore can get lop-sided. Here is, in learning enhancement interventions, modern scientists recommend the use of whole brained strategies to learning. This is recommended by stimulating all the five senses of touch, sight, hearing, taste and smell. This learning theory is especially recommended in adult learning situations as it helps trainees to delve into long-term memory and short-term memory.

3.0 Adult Learning theory and its use in Soft Skills Training

Ryan(2008), in the research paper, *16 ways to use virtual worlds in your classroom- Pedagogical Application in Second Life* recommends the application of adult learning theories to virtual worlds and their use in Training Models. On virtual worlds, the participant does not know how to perform a task, and figure how to do it through collaboration and then practice them along the way. If the skill is directly related to the task, it then becomes easy for the adult learner to transfer it to the workplace.

In any soft skills training therefore, if the skill to be imparted is learned through experience, it enhances transfer of learning. The positive outcome of the associating andragogy to the learning of soft skills is that the learner will himself apply metacognitive abilities to transfer his learning. He or she will willingly apply the learned skills because he is actually facing an urgent problem at the workplace for which he needs to apply the learned skill with equal urgency. In soft skills development, the challenge back home has to be equally tough to demand the use of the interpersonal skills. This also means that the problems will necessarily have to be addressed by the use of 'soft skills' and not 'hard skills'. While there is not enough research, which provides information on how easy, or difficult it is to quickly transfer the learnt skills, the perfection of the use of the skill is questionable. Even if the training imparted is of the highest quality and uses highly experiential methods and activities for training, quick transfer of soft skills in a tough work situation is difficult and requires practice and an inherent learning ability in the trainee.

Cherniss, Daniel Goleman, Robert Emmerling and Kim Cowan, in the intensive research on Emotional Intelligence have reported in their study *Consortium for Research on Emotional Intelligence in Organisation (1998)*, 22 guidelines for developing emotional intelligence in organisations. The report states that it is possible to help people of any age to develop emotional intelligence. Yet most such programmes fail because they do not focus on the appropriate type of learning- cognitive or emotional. Training & Development efforts need to distinguish between cognitive and emotional learning. Development of emotional capacities can be drawn by drawing on different brain areas.

While cognitive areas are based in the neocortex, they say that the circuitry runs from emotional centres such as from the amygdala to the pre-frontal lobes. For emotional learning these circuits have to be re-tuned. Developing new habits by unlearning new ones is like changing to a new self-identity. This needs extensive practice without which it may be very difficult. The argument that the researcher make is that 'short-term' seminars do not help in this development.

In the first phase of the 22 guidelines that the authors have laid down in the process emotional learning , they talk of pre-training preparation recommending that the focus should be on maximising of learner skills as well as self-directed change. If people are allowed to choose which of their competencies that they want to change, they are more likely to transfer their learning to the workplace. They also recommend continual evaluation of the behavioural change as against a pass-fail test. The research statistics provided says that 5.6 billion is lost every year due to non-adherence to these guidelines. The study is valid because, as per the researchers, it could be applied not only to emotional intelligence but all other soft skills such as teamwork, conflict management, stress management and so on.

4.0 Factors that facilitate Transfer of Training

- **Work environment characteristics that facilitate transfer of training**

Work environment characteristics matter when the organisation considers the particular training important enough to be conducted. The first factor in work environment characteristics is the extent of the felt need by the organization to arrange the training. The second factor is whether the organisation can afford to spare the employee the training time away from busy work schedules. Otherwise, there are definitely other ways of training the employee through a buddy system, one-on-one coaching on the job or simply by trial and error.

Unless the identified performance gap specifies that a formal training intervention is required, line managers or the organisation itself would not voluntarily send people for training away from work. In a expert survey of trainer's opinions and experiences, it was expressed that nominated participants end up skipping the workshops due to work pressures and substitute dummy participants. This also adds to the frustration levels of the trainers. William Rothwell, in his book, *Beyond Training and Development*, refers to different types of performance gaps, which facilitate training need identification. He talks of a present negative performance gap, which can also be defined as a 'performance problem'.

This point is interesting because, just as the process of training and training transfer has the effective performance as an aim, the process of training can be facilitated first by identifying specific performance gaps that demand training.

The organisation needs to find and establish guidelines to the following questions:

- ✓ What kind of supportive climate is required to enable transfer? Do employees ever get the supportive climate that they want to be able to use the training that they have acquired?
 - ✓ How much of pre-course discussion happens before a training programme to be able to customise and develop a mindset for training?
 - ✓ What opportunities do people get to use their knowledge and skills in a post training work setting.
 - ✓ What post -training goal setting and feedback mechanisms are available to people for setting goals in training transfer?
 - ✓ More than anything else, what can organisations do to enable training transfer to it employees?
- **Individual Factors in Transfer of Training/Learning Transfer**
 - ✓ What kind of people can be trained to ensure training transfer?

Research says that for an employee to use the skills learnt in training, his mindset and values need to be in sync with the values of the organisation and management. The objective and content of the training will then make sense to him. The employee should also have a fire in the belly for him to feel the urgent need to pick up the skills imparted and also realize their importance in his task execution and growth. Learning ability and learning curve are two other qualities in a trainee that will enable fast track learning.

Perez(2006), in his PhD research on Measuring The Perceived Transfer Of Learning And Training For A Customer Service Training Program Delivered By Line Managers To Call Center Employees In A Fortune 200 Financial Services Company researched different approaches to the concept of training as against learning transfer. Transfer of learning involves the learner's acquisition of the attitudes, knowledge, and/or skills taught during the program, whereas transfer of training involves change in behaviour demonstrated through transfer of learning. He also makes it clear that transfer of training has to be compulsorily preceded by transfer of learning. Because it is the extent of learning that decides the extent of behavioural change. While the learning happens in the classroom, change in behaviour as a result of that learning manifests in the workplace, which can be interpreted as transfer of training. An interesting factor acknowledged is the effect of surroundings. The organisation, the individual, peers, managers ,

systems and the training process are as important as the individual who undergoes the training. As per the study, organisational factors such as culture, systems, rewards etc, create either barriers or act as effective support systems for a transfer climate. As the research was based on finding out the perceived difference and impact on transfer of learning and transfer of training on performance in the workplace due to a training intervention by a manager, the outcome of the study showed that there was no statistical evidence to show that manager's intervention in training of employees had a better impact on performance. The recommendations stated that there has to be a joint effort by all bodies to bring about training transfer.

Among the various factors stated by a scholarly literature review on training transfer, *Training Transfer: An Integrative Literature Review*, by Lisa A. Burke and Holly M. Hutchins(2005), are factors such as the learners intellectual ability, self-efficacy regarding the training task, motivation level on his job, , as well as job/career variables and personality traits. The other factors laid down are - proper training needs analysis, - the learning goal of the programme and - the relevance of the training content. Interestingly, over learning is recommended as a way of automatically transferring skills to the workplace.

Cathy Heaven, Jenny Clegg & Peter Maguire (2005) in a research paper "Transfer Of Communication Skills Training From Workshop To Workplace : The Impact Of Clinical Supervision", found that a key factor in the trainee's perception of the consequence of using new skills is the belief that that positive benefits will outweigh negative outcomes. The research examined the impact of clinical supervision after training as a positive factor in training transfer of communication skills to the workplace. The research was conducted with a controlled group of 61 clinical nurse specialists who attended a communication skills workshop, especially to interact with cancer patients. Results showed that clinical supervision post training does help in training transfer. Support interventions included boosting confidence and providing support for transfer. The study is significant because it was the first such venture to explore the impact of supervision on transfer of learning from workshop to workplace in the medical arena, especially in connection with the highly regarded soft skill of communication. It also proves that despite the presence of motivation and effective training, improvement is not automatically transferred to the workplace.

The study puts on the potential of supervision as a connecting tool between training interventions and performance.

- Metacognition

Metacognition is an interesting concept and can be researched further in the area of learning transfer and training transfer. It refers to a trainees inbuilt sense of responsibility and his own self-monitoring system with regard to learning and training transfer. A trainees high degree of metacognition will help him to have a self-monitoring system to aid in the transfer of learning from training programmes into performance despite lack of support from the organisation. Added support or extra boost for metacognition or self-monitoring for the trainee should come from organisational factors such as performance agreements and career plans, performance monitoring systems such as review discussions, special and developmental plans, performance appraisals and potential appraisals. The trainee's own personal aspirations about career goals, his own achievement motivation and his own assessment and discovery about his training needs will help him to transfer learning more than any other support that he might get from his organisation.

Michael D. Enos, Marijke Thamm Kehrhahn, Alexandra Bell(2003) in the research paper, *Informal Learning and the Transfer of Learning: How Managers Develop Proficiency* made a proposition that managers metacognitive skills moderate informal learning and the application of learned skills. While proving that transfer climate does not play a significant role in learning transfer. An individual's metacognitive knowledge and his self-regulation work together to create learning effectiveness. The process of self-regulation while in the learning process provides internal feedback to the learner on whether he should continue with the current learning strategies or he should modify. Both metacognition and self-regulation helps them to moderate their behaviour. In the absence of organisational supportive and appropriate climate, the managers depend on their metacognition to gauge the difference between desired behaviour and current competence. The realisation of this difference makes them informally learn the desired skills. Similarly, in absence of unsupportive climate for training transfer, they rely on their self-regulation and metacognition to apply the modified behaviour to solve work situations, resulting in training transfer and training effectiveness.

Crisp(2002), in a case study on selected capacity building training courses in Australia, *Exploration of factors affecting transfer of training to the workplace*, extensively studied 3

factors related to transfer variables Training Design, Individual Trainee characteristics and Environment and Context in which training and transfer takes place.

While speaking of training design, Crisp refers to four areas for exploration – learning principles, new developments in cognitive psychology, guidelines for increasing training effect and Adult Learning Theory.

Developments in cognitive psychology, according to Crisp have thrown up new findings in the relationship between metacognition and learning skills. While defining metacognition as a reasoning ability about the relation of one's own knowledge to our goals, the researcher proposes that there is a strong link between a person's metacognitive abilities and the capacity to transfer training.

The argument has a base, because people with a high metacognitive ability will feel confident to learn from training programmes. The inner realization that the skill transfer will get them what they aspire for in terms of growth and achievement will help them overcome the deterring and unsupporting elements that arise in the organizational environment, obstructing learning transfer. An individual inner aspirations for career growth and more so, about skills cultivation competency building, have nothing to do with the organisation. In employees with a high metacognitive ability, an unsupporting environment may goad them into change jobs to find a suitable environment in which they can use their skills.

- **Role of the Supervisor/Line Manager in learning Transfer/Training Transfer**

Albert Vicere,(2008) refers to a discussion in which he had participated in, during a meeting in New York, which focused on ways to link leadership development programmes of every organisation to performance driving objectives and be connecting them to strategy. Discussions came to a consensus, the author said, only when people started talking about 'Return on Expectations'(ROE) as against 'Return on Investment'(ROI). The idea then zeroed in on getting processes under control, which could only be done by acknowledging the role of CEOs and team heads. Learning from the sessions gave insights on analyzing the CEOs crucial role in leading people to use leadership development programmes and the learnings therein to enhance business strategy execution.

Leadership development, learning, business performance metrics and reward systems had to be collectively harnessed to execution the organisation mission. Thus, a distinct link was established between learning, leadership development and strategy.

At the helm of this, was the CEO and the Head of the organisation who had to be the glue to keep all these together.

In the article ‘Transfer of Learning’, - A guide for Strengthening Supervisory Performance’, the author recommends that after ‘learning’ , in a training programme, supervisors have a responsibility to meet up with the learners to prepare an action plan to ensure learning transfer and to decide on support strategies. Supervisors, or managers, he says, should conduct a detailed debriefing on expectations on performance or behavior change after the training. He should set performance goals for each of the trainees that would require the trainee to draw upon the training process and the learning therein. The supervisor also has to be a coach and role model for the staff, failing which, no learning transfer can happen.

An interesting idea put forth by the author, is the conduct of a regular evaluation of the learning transfer process for every learners with specific measurement metrics and a systematic feedback mechanism should be put in place to remind the trainees of the training transfer monitoring process.

Reviews of performance should be linked with training transfer and should be benchmarked with desired performance. This can further be enhanced by making regular correlations with learning content and the happenings and experiences during the training process.

Trainer Contact has also been specified to be of utmost importance for the supervisor in monitoring the performance and learning transfer. The supervisors, should regularly keep in contact with the trainer and seek his advice on the strategies to transfer learning to the workplace.

M. Abozed, Y. Melaine and K. Saci(2010) in the research paper *Motivation To Transfer Training In The Libyan Oil Industry: Role Of Work Environmental Factors And Organizational Culture* review the role of environmental factors and organisational culture in providing the *motivation to* managers to transfer training to the workplace. The idea was to test whether affirmative action on the part of the organisation in the context of motivation for transfer of training helps. Findings showed that ‘nature of the work environment in each company may have influence on the transfer of training. Positive motivation to transfer leads to direct training transfer. Behavioural change does happened with people who learn and have a ‘desire’ to apply that learning to work activities. This surely affects the degree of transfer of training.

- **Role of a Trainer in Transfer of learning Performance Improvement**

The book on learning performance strategies also specifies that unless the trainer considers himself a performance improvement professional, it is very difficult to bring about a performance and effectiveness oriented training delivery. The trainer should have faith and conviction in the training content and mainly in the objective of the programme. If he regards himself as an agent of performance improvement, then he can use the interventions appropriately and direct it towards performance enhancement.

5.0 Learning Transfer Strategies- Role of training and development on strategizing workforce

Huselid and Becker (2005), in the book, 'The Workforce Scorecard' state that it is a challenge to design and implement effective training and development systems because the cost of any training is borne in the present while the benefits accrue in the future. This statement is true to a great extent. Apart from the immediate takeaways from the training, which involve feel good factors such as rejuvenation, the training experience, networking opportunities, stress busting and immediate skill acquisition. These feel-good factors are direct and immediate benefits to the training participants. As for the organisation, the immediate takeaways from the training are the documentation of the number of man-hours trained and additional to the skills chart of the organisation.

The other benefits such as skills transfer, learning transfer, performance, change in behaviour and organisational enhancement as a result of the training as subject to future speculation, environmental factors, and a lot more on individual qualities absorption of the training, be it cognitive ability or an overall commitment. When organisations do not want to absorb the cost of training, or when they fail to recognise the cost benefits, they let the employees manage their careers on their own.

The authors of 'The Workforce Scorecard' make another observation and reflection, - when they say that if training has to be considered a strategic HR intervention, training should strategically be aimed and focussed on the 'A' and 'B' players of the organisation. Furthermore, the goal, according to them, should be to develop the competencies of 'A' players in 'A' positions. Most organisations would also be wasting resources by training and focussing on 'C' players- 'B' to some extent, the B-players with A' potential may also be earmarked for development.

6.0 Survey Findings on Problems faced by Trainers in facilitating training transfer and determining training effectiveness

Some interesting findings that showed up through a random survey of Trainers perceptions on the issues experienced by them while and after conducting training programmes , especially in the domain of behavioural change are laid down below.

While logistics, infrastructure and last minute technical snags did feature as major issues during the training delivery, the noteworthy issues are

- Mixed ability of participants – The issue here was that training participants come to the training with different levels of abilities for which they are being trained. The trainer finds it challenging to suit his training to these different levels and make it effective for every trainee.
- Mixed training requirements of trainees- Each participant comes with his unique training need (probably the goading factors for him to attend the training) He wants the trainer to solve his particular problem. The issue may not necessarily be relevant or interesting for the other participants and may not be a transferable factor for the others. The trainer then is in a dilemma about how much importance and attention he pays to those unique problems.
- Relevance of the training attended Most trainers felt that it is a challenge to train participants who feel that the training has no relevance to their work situation. Feedback may contain comments that the concepts are good but they ‘cannot be applied to the desk’. This manifests in two ways- lack of interest and enthusiasm and lack of participation in the training process and sometimes, hostility and aggression during the training programme.
- The perceptions on irrelevance of the training programme could also arise out of the fact that trainees are sometimes put in as last minute substitutes because the nominated participant cannot attend the training due to work exigencies. When training nomination becomes a ritualistic, number- filling exercise, it reflects on the motivation levels of both the trainer and the trainees. The loss factor here does not account for the misdirected or wasted cost factor.
- Transactional approach to training: Among the organizational factors is the extremely transactional approach with which training is approached. Training programmes are arranged by most organisations because it a compliance requirements as per certain certification standards. This makes the training

programme arrangements very mechanical. Training will be effective only if it approached as a HR and OD intervention. It loses its sublimity if it considered as a procurement factors. If viewed as a transaction, the training exercise becomes a mechanical number filling game, and is projected on the accounts statement in either the form of budget used/not used or a cost factors with a profit loss statement. As against that, the transformational approach would help in viewing training as a means of enhancing performance.

Interestingly, when asked by trainers about when they would consider their training as effective, the responses were as follows:

- When Level 4 of Kirkpatrick's model is achieved
- When the line manager sees a positive change in behavior
- When they get selected for suitable assignments in organisations
- When they are able to bring about a transformation not only in themselves but in their peers too.

A veteran trainer commented that the contributions made by the trainees during and the end of every session were an indication that the training has worked and learning has happened. It is an indication of the transferability of the programme. The trainer also mentioned that if a programme is repeated, it is an indication of the effectiveness of the earlier programme.

These findings also throw up an interesting lesson that, in the midst of overcoming physical and logistics issues, technical and infrastructural details, focus on energy building and encouraging trainee participation and involvement, very little attention is paid by organisations to link trainers with post-training performance enhancement. The concern was raised by trainers in different ways.

The survey results imply that there is a strong need for trainers to have the full support of the line managers, so that trainers in turn can use the suggestions from line managers in the programme design.

7.0 Discussion

- **Transfer of training in soft skills and its implications for performance management (performance enhancement)**

Survey findings from trainers threw up a very interesting thought by a senior trainer when he said that in a soft skills or behavioural training, it is not possible for the trainer to teach the participants the right thing to do. The trainer is only a facilitator. One of the best things of a training programme is the trainer's role in bringing people of diverse backgrounds and experiences together in a common forum and platform and create a structure within which they can help other learn. Self-awareness and peer transformation happens as a result of this structured interaction that the trainer brings about. Through these interactions, participants learn the answers to their specific problems and help them bridge their deficiencies. If participants use this forum to discuss and evaluate their own specific work related soft skills issues, transfer of the learning therein could result in a training transfer.

The organisation also has to understand that the use of soft skills is a trial and error process. There can never be a final or right way of doing things. Therefore even after the training, effectiveness of the programme would depend on the number of times the training participant has tried and used the skills learnt in a situation and also failed in his attempt to get a result out of it. Use of the skill may not necessarily have resulted in 100% positive impact. But it could have helped the employee in moving a little further up the path from where he was earlier. This accounts for transfer of training to the workplace, but one needs to study whether this results in performance. It can, instead be considered as an attempt towards better performance, or performance enhancement.

The experience in all should help those trained to reach a little higher than where they were.

The line managers' involvement would help in arranging for review forums after the training. Some organisations do expect those trained to make presentations on the skills learned, to facilitate training transfer to the target group and create awareness and enthusiasm among the others.

- **Strategies to facilitate learning transfer**

Some of the learning transfer strategies recommended are

All key stakeholders in the organisation should be trained on specific learning transfer strategies before their team members are sent for training. This step can

help in managerial and organisational readiness to allow trainees to come back and test the skills learnt in the training programme immediately after the training interventions without wasting much time. This would also help stakeholders to appreciate the changed outlook of the employee.

As part of the recruitment strategy, they recommend that the organisation should include specially trained managers or employees on learning transfer methods.

Involvement of experts in the organisation to develop the training curriculum. Key functional heads should be encouraged and heavily involved in developing the training content.

It is recommended that all managers whose team members are to be trained, should first attend the training themselves. Alternately, they can attend the training along with their team members to help build camaraderie. Managers and the organisation should provide specifications of the desired performance as an outcome of the training to the trainers or training agency in order to meet goals and needs of the department or the functional team. Managers should also provide a performance goals analysis to the trainers so that the training interventions can align themselves accordingly.

The importance of using a training evaluation model is stressed upon to assess the effectiveness of training through proper measurement techniques.

Sheila W Furjanic and Laurie. A. Trotman in the book 'Turning Training into Learning' speaks about creating a 'safe' learning environment for the participants as a learning strategy. This can be furthered strengthened by keeping the groups connected through online networks and systematic follow-up.

As for analysis of effectiveness or the lack of it, it is important to know whether effectiveness has been hampered because of workplace barriers or due to training ineffectiveness.

Participants also need to be made accountable for the investment in training and demonstrate transfer of learning within a stipulated time period.

- **Measurement of Learning**

Measurement of learning should involve evaluation of the extent of knowledge, skills and attitude. The questions that should be asked are:

What and how much of knowledge was gained through the training programme?
(The amount and the kind and quality of knowledge obtained through the training becomes the 'learning' out of the training programme.

What skills were developed or improved? (The training programme should enable the participant to measure and quantify the proficiency of the skills imparted during the programme) The training programme could also have helped to enhance or refresh skills that the participants already possessed to a certain extent which now the training programme has help to chisel and hone. Learning of skills also forms part of the learning and therefore should be evaluated by measuring extent of learning transfer).

What attitudes were changed as a result of the training? (Development of a personality change through a change in attitude is actually a learning process. The learning measurement process should enable a tangible and specific measure of the extent of change in attitude. This aspect may be difficult to arrive at in exact and specific numbers since it could involve an awareness stage where the trainee 'learns' about attitude change, develops a readiness to change, but may require time to transform his attitude. Attitudinal change therefore should be measured over a longer period of time.

8.0 Conclusion

The passage of transfer of learning from a training programme from the workplace for effective performance is an important area that needs strategic interventions. The study has pointed out that there are significant issues which need close attention and monitoring to enable training participants to traverse this passage, which otherwise could turn into a gap that may too difficult to bridge. Transfer of learning does not happen automatically even in the presence of high motivation to transfer the learning, both from the organisation and the trained employee. Optimum learning is not a guarantee for implementing the skills at the workplace. There is a strong need of interventions such as organisational support, managerial/supervisor intervention, clinical supervision and post training follow-up activities.

The study has also shown that learning in an organisational setting is different from training in a formal training environment. Since training involves adults as target population, there is a strong need to use adult learning theories appropriately and to complete the learning cycle.

Factors such as metacognition and self- efficacy play a vital role in bringing about learning transfer. Intrinsic motivation coupled with a supportive transfer environment forms an optimum combination for effective transfer of learning.

The study also highlights the potential of clinical supervision as a useful tool in enabling transfer of learning. There is also an urgent need to pay close attention to trainers' issues in making training programmes effective and to include trainers' in post training interventions.

It is necessary to ask relevant questions at the fourth level of the training evaluation model, when the training content involves the development of interpersonal skills. The questions should have accurate answers on what has been the result of all programmes on interpersonal communication and human relations.

Learning in a controlled environment such as a training programme is easy but to practice it in a real life situation is difficult, because it involves using the learning with different types of people from diverse backgrounds and attitudes.

There is a need for evidence of tangible benefits received for all the money spent on programmes on leadership, time management and decision-making, in terms of appropriate use at the workplace.

References

Books

- **Furjanic, W., Sheila & Trotman, Laurie, A** (2000). *Turning Training Into Learning- How to Design and Deliver Programmes that Get results* AMACOM, United States of America
- **Huselid. Mark. A., Becker. Brian. E. & Beatty Richard. W.**, (2005). *The Workforce Scorecard: Managing Human Capital To Execute Strategy* , Harvard Business Press. United States of America
- **Rothwell, J, William, Lindholm John E. & Wallick. William, (2003).** *What CEOs Expect From Corporate Training: Building Workplace Learning and Performance Initiatives That Advance.* Amacom, United States of America
- **Rothwell, J, William. (2005).** *Beyond Training And Development: The Groundbreaking Classic On Human Performance Enhancement.* New York, American Management Association

Articles

- **Abozed. M., Y. Melaine, Y., and Saci. K** (2010). *Motivation To Transfer Training In The Libyan Oil Industry: Role Of Work Environmental Factors And Organizational Culture,* Liverpool, UK

http://www.ljmu.ac.uk/BLT/BUE_Docs/Amended_PROCEEDINGS_BEAN_2010_WEB_VERSION_01.pdf, <http://www.amazon.com/Workforce-Scorecard-Managing-Capital>

- **Burke, Lisa. A., & Hutchins, Holly** (2005). *Training Transfer: An Integrative Literature Review*, online available <http://hrd.sagepub.com/content/6/3/263.abstract>
http://www.bizlibrary.com/Portals/0/ALIGN%202011/Presentation%20Files/Burke%20and%20Hutchins_Training%20Transfer_BCarnes.pdf
- **Cherniss, Cary., Goleman, Daniel., Emmerling. Robert., Cowan, Kim, & Adler, Mitchel** (1998). *Bringing Emotional Intelligence to the Workplace: A Technical Report Issued by the Consortium for Research on Emotional Intelligence in Organizations* online available <http://www.eiconsortium.org/members/cherniss.htm>
- **Crisp, Jenny**(2002). *Exploration of factors affecting transfer of training into the workplace: A case study of selected capacity building training courses in Western Australia* online available (jcrisp@agric.wa.gov.au),
www.agric.wa.gov.au/objtwr/imported.../transferoftraining02.rtf
- **Heaven C, Clegg J, & Maguire. P.,** (2005). Transfer of communication skills training from workshop to workplace: the impact of clinical supervision. online available http://www.stesapes.med.ulg.ac.be/Documents_electroniques/PREV/PREV-GEN/ELE%20PREV-GEN%20A-7853.pdf
- **Heaven, Cathy., Clegg, Jenny., & Maguire, Peter.,**(2005). *Transfer of Learning: A Guide for Strengthening Supervisory Performance*
[ucsfhr.ucsf.edu/.../transferof learning a guide for strengthening supervisory performance](http://ucsfhr.ucsf.edu/.../transferof%20learning%20a%20guide%20for%20strengthening%20supervisory%20performance)
- **How Managers Develop Proficiency** theory girded
<http://www.usask.ca/education/coursework/802papers/Adkins/ADKINS.PDF>
Metacognition: Designing For Transfer Judy Adkins University of Saskatchewan
- http://edutechwiki.unige.ch/en/project-oriented_learning Project Oriented Learning
- **Hunt, John and Baruch, Yehuda** (2003). *Developing Top Managers: the impact of interpersonal skills training* online available www.emeraldinsight.com//0262-1711.htm
- International Education Journal Vol 5, No 4, 2004; <http://iej.cjb.net>
- **Michael D. Enos, Marijke Thamm Kehrhahn, Alexandra Bell** *Informal Learning and the Transfer of Learning: How Managers Develop Proficiency*
http://media.wiley.com/assets/699/00/jrnls_HRDQ_JB_Enos1404.pdf

- **Perez, Gustavo. A.**,(2006). *Measuring The Perceived Transfer Of Learning And Training For A Customer Service Training Program Delivered By Line Managers To Call Center Employees In A Fortune 200 Financial Services Company*, online available <http://www.sageperformance.com/drjeffallen/Dissertation-Example/GusPerezDissertation.pdf>
- **Ryan, Michelle.**,(2008). *16 Ways To Use Second Life In Your Classroom: Pedagogical Approaches And Virtual Assignments* online available http://www.lancs.ac.uk/postgrad/ryanm2/SLEDcc08_ryan_paper.pdf
- **Subedi, Bhawani Shankar** (2004). *Emerging Trends of Research on Transfer of Learning*online available <http://ehlt.flinders.edu.au/education/iej/articles/v5n4/subedi/paper.pdf>
- **Vicere, Albert A. Rothwell, William J. & Xuejun Qiao, June.**, (2008). *Leadership Development Programs: Lessons Learned from Four Case Studies*, online available <http://www.capella-id.com/phardt/wp-content/uploads/2008/06/616-leadership-development-programs-lessons-learned-from-fo.pdf>
- www.ncbi.nlm.nih.gov/pubmed/16242900

Stakeholder Management as a Route to Sustainable Business Model

Ms. Kavita Kasliwal⁶⁰

Mr. Sudarshan Srinivasan⁶¹

Abstract

Corporations and Institutions are deploying techniques in establishing goodwill of their constituent publics – also holistically known as 'STAKEHOLDERS'. Stakeholders include all entities that have a stake, implicit or explicit, in the business. There is a common agreement that shareholders, employees, customers, creditors and suppliers have an interest in the business. There are, however, other groupings within society, environment and government, which have an impact, or get impacted, by the business forays and operations of a company.

This paper links various corporate governance models to stakeholder management. The old model of measuring value created by a company by examining solely its financials is giving way to a holistic model of value creation and measurement. Companies today are concerned and are being judged more by reputation, brand and corporate ethics than merely by financial considerations thus the need to sustain stakeholder management. This paper further studies challenges and opportunities in stakeholder management today. Further, this paper also analyses the perception stakeholder management by media.

Key Words: Stakeholders, Publics, Society, Environment, Corporate Governance

1.0 Introduction

Stakeholder – The Evolution

Stakeholder as a concept is credited to have been propounded by R. Edward Freeman (1984), when he first proposed his stakeholder approach to strategic management, which stated that corporations must consider the needs and demands not only of their shareholders but also those of a wide range of other external constituencies, or "stakeholders."

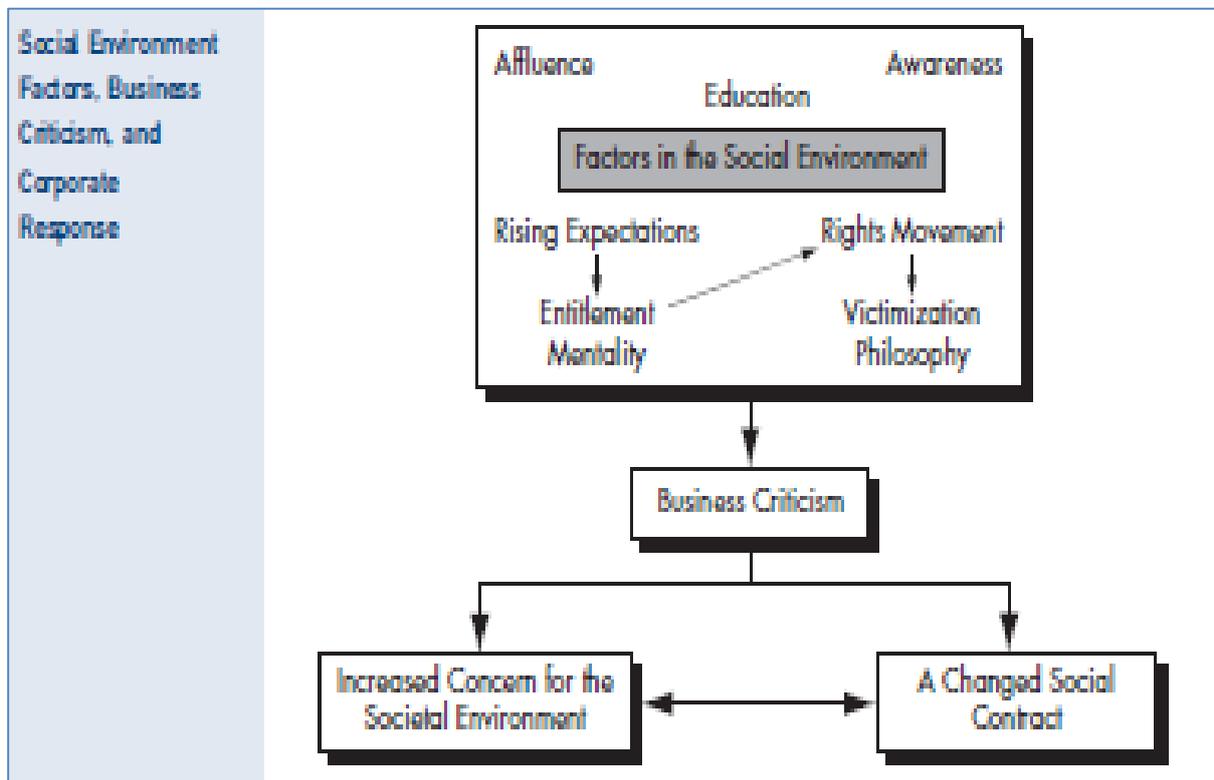
⁶⁰ Kavita Kasliwal, Co – Founder – Gyaan Niketan Academy, kavitakasliwal@gmail.com

⁶¹ Sudarshan Srinivasan, Founder – Gyaan Niketan Academy, sudarshansco@gmail.com

Examples of stakeholders include customers, employees, suppliers, and communities. Freeman's theory has generated an extensive body of research, including not only the efforts of the management researchers who have tested, revised, and refined the theory, but also the views of corporate executives who have used the stakeholder approach in their strategic planning.

In other words, a stakeholder is anyone who has a 'legitimate interest' in the firm. In the existing corporate milieu, it is instructive to look closely at issues concerning the role, significance and interdependencies related to all the stakeholders, who have a stake in the firm, and they collectively shape a company's value, profitability, brand and reputation among other things. Today, companies are increasingly realizing the importance of focusing on 'stakeholder' value and not just limiting themselves to 'shareholder' value creation.

The fact remains that corporate responsibility to all stakeholders is a prerequisite to delivering sustainable value reliably.



2.0 Objectives

The objectives of the study are to understand:

- The importance of Stake holder Management in a Business Environment
- Challenges in Reputation Management for stakeholders in a globalized economy
- Stake holder & sustainability and links to corporate governance
- Corporate governance models around the world
- Media's understanding of stakeholder management
- Relevance of stakeholder management in current times

3.0 Research Methodology

- The paper puts forth a Conceptual framework of Stakeholder Management to assist Chief Executive Officers, Corporate Communication Professionals, Project Managers, Leaders and NGOs across industry in understanding the significance of stakeholder Management and its impact for sustainable business models.
- The basis of the data is evidence obtained from varied secondary sources namely Research journals, periodicals and reports from the industry.
- In addition, there has been an exhaustive Literature study to collate relevant data in the light of the recent development in connection with the topic.

Research Design

Qualitative Research Design with a pragmatic worldview is employed with researchers using all approaches available to understand the issues pertaining to stakeholder management.

Tools employed are Text analysis of various newspapers, periodicals and journals to identify themes and interpret patterns

4.0 Limitation of the Study

Collection of Primary data from Industry Captains, and Managers and employees involved in the process of stakeholder management/engagement or investigating the sustainable business models is beyond the scope of this study.

5.0 Meaning of Sustainability

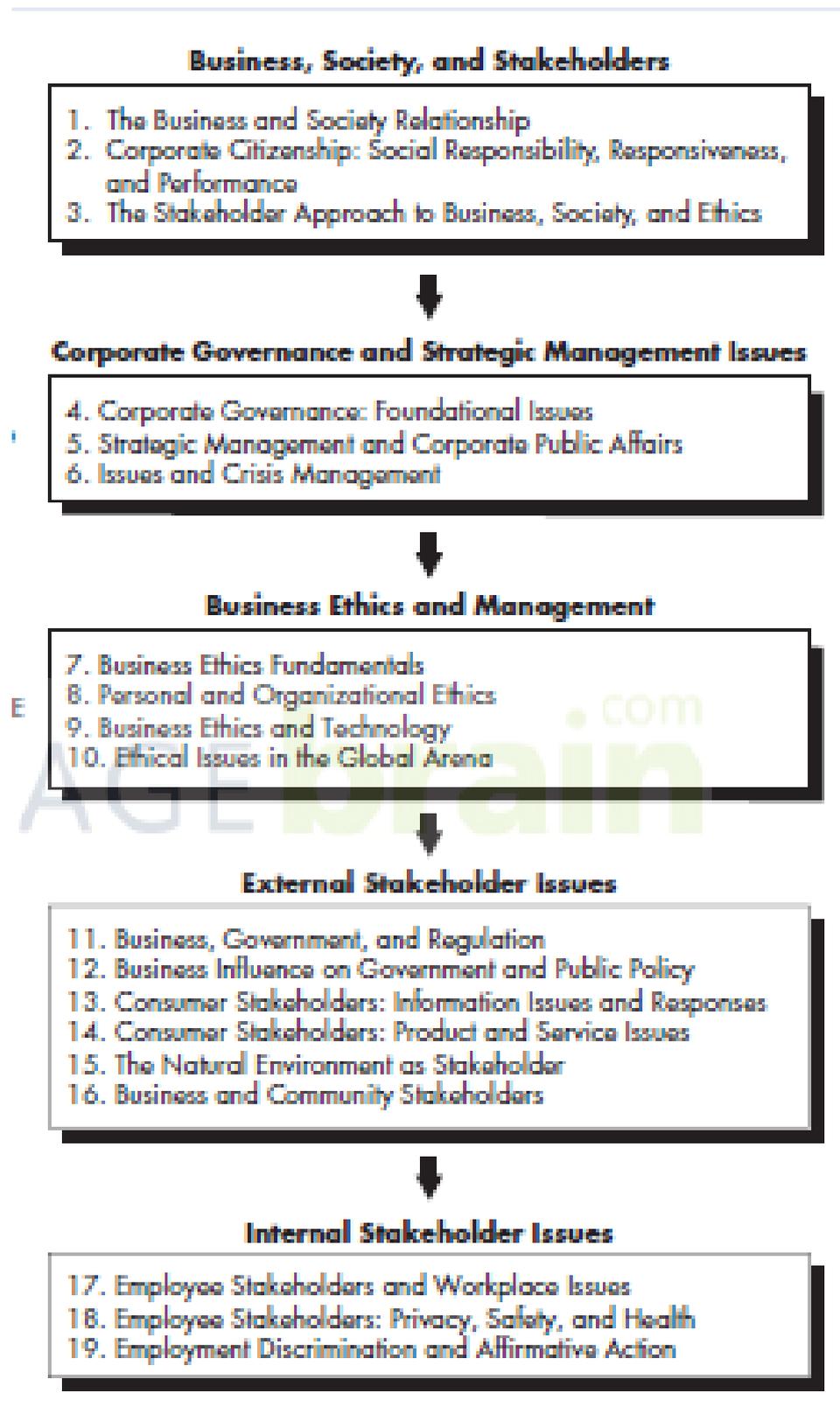
While the principle of sustainability has been around at least since the advent of the agrarian society, with the forward thinking farmers, fishermen and loggers long knowing that their livelihood relies on a renewable resource. It's in their best interest to protect and cultivate that resource responsibly.

Sustainable operations, therefore, should treat the planet well but also treat people well, recognizing the basic human dignity in everyone regardless of race, class or gender.

This idea is packaged in different ways. Some schools of thought refer to the "Three P's" of people, planet and profit. Others refer to the "Three E's" of environment, economics and equity.

Semantics aside, this "triple bottom line" is a more comprehensive way to think about a company's assets and to define success within an industry and a culture. Historically, there often has been an antagonistic relationship between the economy and the social and physical environments.

Sustainability is not merely an emerging trend. With more and more people competing for finite natural resources, sustainable production is likely to become the only viable alternative. The sooner businesses embrace sustainability the more they stand to gain from it, particularly as consumers increasingly indicate a willingness to pay more for products and services that are sustainably produced and healthy to use.



6.0 Stakeholders & Sustainability

Shareholders invest in growth; Talented employees add value through their knowledge, experience and skill, and earning their goodwill results in increased efficiency; Customers buy products and services that the enterprise offers, thus provide capital, with which the company can pay the wages, and create profits; and the community looks up to the organization for support on social and welfare issues.

Stockholders, distributors, dealers, suppliers, educators, and government are all essential in a complete corporate communications plan.



As corporations emerge as the most influential institutions of modern society, creating and distributing a large part of wealth, corporate managers need to act and perform as trusted constituents of society. Here, it is important to note that the managers have to deal with various stakeholders, not all of them viewing value in the same way. The task of manager is to manage and respond to all the stakeholders, thereby further adding value to the organization.

To achieve this, managers must develop relationships with stakeholders, keep these relationships in balance, and create communities where everyone strives to give their best to deliver the value the firm promises. In doing so, it is important to understand the company as a social institution in which diverse groups participate. In such a scenario, the shareholder too is an important constituent and profits are a critical feature, but concern for profits is the result rather than the driver in the process of value creation. In the end, nothing can be more sustaining for a business organization than when all its stakeholders enthusiastically rally around it.

Companies today are concerned and are being judged more by reputation, brand and corporate ethics than merely by financial considerations. Virtually every decision to create value has

positive or negative consequences for other stakeholders like employees, communities, customers and the public at large.

For example, closing a large manufacturing plant in a small community might improve manufacturing efficiency and create shareholder value, but would also create a lot of pain for people who lose their jobs and for the communities in which they live.

A major investment in new manufacturing capacity, however, might add value for shareholders, create new jobs, and bring additional revenue into the community's economy. So, managers today must increasingly address other stakeholders' concerns, through both their actions and the information they provide on the consequences of those actions. In other words, sensitivity to what constitutes value for different categories of stakeholders is of critical significance.

Thus we see that while the notion of what constitutes value varies widely across different stakeholders, it is the ethical management that is able to harmonize this divergence to optimum advantage. All this makes it imperative to link stakeholder value with the diverse energies and goodwill from customers, dealers, creditors, employees and stockholders in order to leave competitors behind.

Business leaders across the globe have set up standards, and are now eyeing the employees, the customer and the community to give their companies a high profile and a healthier bottom line. By doing so, one can appreciate the stakeholder dynamics in the emerging corporate landscape in India.

A Proposed Model for Stakeholder Relations

Stakeholder	Current Response Positive / Negative / Neutral / Unaware (State with Reason)	Key Interest And Issues (Enabler s / Hurdles)	Desired Support (Advocates / Supporters)	Desired Action (Advocates / Supporters)	Message s Needed And Tools	Action and Communicatio n (Time Period / Deadlines / by Who / by When)
	If Positive what is the basis of support					
	If negative what is the state of discovery					
	If neutral, why so?					
	If unaware, are we communicating for the first time?					

7.0 Reputation Management for Stakeholders

Globalization and Emerging Challenges

It is critical to understand the new environment of heightened reputation sensitivity in which all businesses and organizations find themselves. The business world has changed a great deal over the years.

Reputation is treated as one of the company's most important assets, equal to, or even above, strong earnings. This surge of top level endorsement has fuelled the reputation management revolution that we have seen in recent years. One of the most significant changes is the importance of reputation to commercial success. In the past, companies and products only had to meet standards for safety and manufacturing compliance before they reached the market.

Today there is another requirement, which is to pass the reputation tests applied by stakeholders, who need – demand even – to know about and ‘approve’ of company actions and new developments. Today, business needs the permission of governments, the people and watchdogs simply to trade. Any moves into new areas – geographic or product related – need a further stamp of public approval on the corporate passport.

Even beyond simple awareness, the outside world expects companies to open their souls and minds to provide opinions and comments, support and contributions back into society. It is no longer enough for a company to simply be in society, it must be part of society and seen to be playing an active role.

A good reputation is increasingly becoming ‘a licence to operate’. Living up to reputational expectations is no longer an option – there is a burgeoning, insatiable, world-wide demand for organizations to behave themselves and promote their activities in a transparent, engaging way.

Image and reputation become far more integrated into the overall business goals of an organization and move higher up the corporate agenda, often usurping advertising, marketing and investor relations as the drivers of internal and external relations strategies.

Globalization presents all sorts of new issues to be managed, as for most companies this is just the start of how they need to reframe their reputation management processes as a result of ‘going global’.

A company crisis can bring your company to a standstill, but handled well it can build your reputation back up to a higher level than before the incident. What is clear is that every company should be ready for the worst. Employee disputes, lawsuits, consumer complaints that turn sour, factories emitting pollution, and products that have to be recalled are just some of the everyday disasters that need to be managed by the reputation protection team.

Not only does the outside world think that reputation counts for something, but the need to manage perception has also caught the imagination of senior management world-wide. These events are as frequent as ever but, notably, the media coverage of them is rising and is invariably international. The stakes are higher and the result is more work for those looking to build, but also protect, winning reputations.

There is also a tendency for companies to work with good causes, and the expectation from the public and governments for them to do so. More and more companies are turning to good causes as a way of differentiating themselves and building affection for the company and its brands. Corporate philanthropy is escalating in popularity and is another reason behind the boom that we are seeing in reputation management.

8.0 Corporate Governance Linked to Stakeholder Sustainability

Corporate governance refers to the system by which corporations are directed and controlled. The governance structure

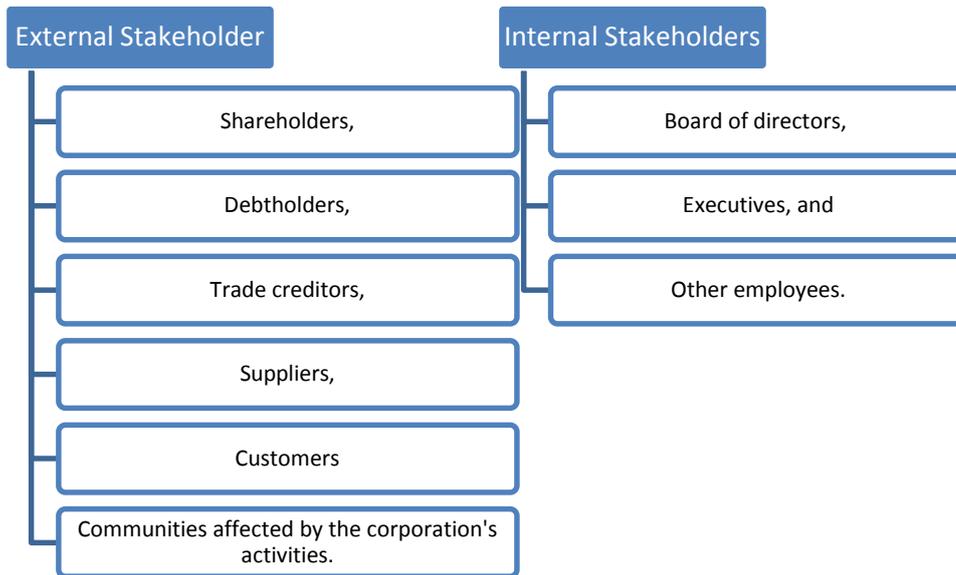
SPECIFIES the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders) and specifies the rules and procedures for making decisions in corporate affairs.

PROVIDES the structure through which corporations set and pursue their objectives, while reflecting the context of the social, regulatory and market environment.

INVOLVES the alignment of interests among the stakeholders

MECHANISM for monitoring the actions, policies and decisions of corporations

Corporate governance has also been defined as “a system of law and sound approaches by which corporations are directed and controlled focusing on the internal and external corporate structures with the intention of monitoring the actions of management and directors and thereby mitigating agency risks which may stem from the misdeeds of corporate officers.” In contemporary business corporations,



Much of the contemporary interest in corporate governance is concerned with mitigation of the conflicts of interests between stakeholders. Ways of mitigating or preventing these conflicts of interests include the processes, customs, policies, laws, and institutions which have an impact on the way a company is controlled.

An important theme of governance is the nature and extent of corporate accountability.

A related but separate thread of discussions focuses on the impact of a corporate governance system on economic efficiency, with a strong emphasis on shareholders' welfare.

In large firms where there is a separation of ownership and management and no controlling shareholder, the principal-agent issue arises between upper-management (the "agent") which may have very different interests, and by definition considerably more information, than shareholders (the "principals").

The danger arises that rather than overseeing management on behalf of shareholders, the board of directors may become insulated from shareholders and beholden to management. This aspect is particularly present in contemporary public debates and developments in regulatory policy.

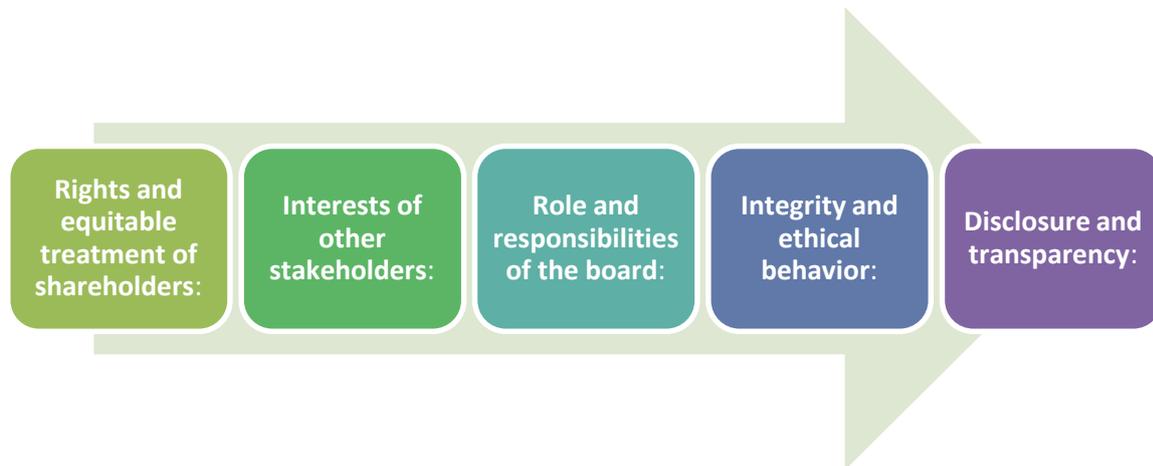
9.0 Principles of Corporate Governance

Contemporary discussions of corporate governance tend to refer to principles raised in three documents released since 1990:

- The Cadbury Report (UK, 1992),
- The Principles of Corporate Governance (OECD, 1998 and 2004),
- The Sarbanes-Oxley Act of 2002 (US, 2002)

The Cadbury and OECD reports present general principles around which businesses are expected to operate to assure proper governance.

The Sarbanes-Oxley Act, informally referred to as Sarbox or Sox, is an attempt by the federal government in the United States to legislate several of the principles recommended in the Cadbury and OECD reports.



- Rights and equitable treatment of shareholders:

Organizations should respect the rights of shareholders and help shareholders to exercise those rights.

They can help shareholders exercise their rights by openly and effectively communicating information and by encouraging shareholders to participate in general meetings.

- Interests of other stakeholders:

Organizations should recognize that they have legal, contractual, social, and market driven obligations to non-shareholder stakeholders, including employees, investors, creditors, suppliers, local communities, customers, and policy makers.

- Role and responsibilities of the board:

The board needs sufficient relevant skills and understanding to review and challenge management performance.

It also needs adequate size and appropriate levels of independence and commitment.

- Integrity and ethical behavior:

Integrity should be a fundamental requirement in choosing corporate officers and board members.

Organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making.

- Disclosure and transparency:

Organizations should clarify and make publicly known the roles and responsibilities of board and management to provide stakeholders with a level of accountability.

They should also implement procedures to independently verify and safeguard the integrity of the company's financial reporting.

Disclosure of material matters concerning the organization should be timely and balanced to ensure that all investors have access to clear, factual information.

10.0 Corporate Governance Models Around the World

Corporate governance models around the world differ according to the variety of capitalism in which they are embedded.



The coordinated or Multi-stakeholder Model associated with Continental Europe and Japan also recognizes the interests of workers, managers, suppliers, customers, and the community.

A related distinction is between market-orientated and network-orientated models of corporate governance.

United States, United Kingdom

The Anglo-American "model" tends to emphasize the interests of shareholders. It relies on a single-tiered Board of Directors that is normally dominated by non-executive directors elected by shareholders. Because of this, it is also known as "the unitary system". Within this system, many boards include some executives from the company (who are ex officio members of the board).

Non-executive directors are expected to outnumber executive directors and hold key posts, including audit and compensation committees.

The United States and the United Kingdom differ in one critical respect with regard to corporate governance: In the United Kingdom, the CEO generally does not also serve as Chairman of the Board, whereas in the US having the dual role is the norm, despite major misgivings regarding the impact on corporate governance.

In the United States, corporations are directly governed by state laws, while the exchange (offering and trading) of securities in corporations (including shares) is governed by federal legislation.

Many US states have adopted the Model Business Corporation Act, but the dominant state law for publicly traded corporations is Delaware, which continues to be the place of incorporation for the majority of publicly traded corporations.

Individual rules for corporations are based upon the corporate charter and, less authoritatively, the corporate bylaws. Shareholders cannot initiate changes in the corporate charter although they can initiate changes to the corporate by laws.

Continental Europe

Some continental European countries, including Germany and the Netherlands, require a two-tiered Board of Directors as a means of improving corporate governance.

In the two-tiered board, the Executive Board, made up of company executives, generally runs day-to-day operations while the supervisory board, made up entirely of non-executive directors who represent shareholders and employees, hires and fires the members of the executive board, determines their compensation, and reviews major business decisions.

India

The Indian approach is drawn from the Gandhian principle of trusteeship and the Directive Principles of the Indian Constitution, but this conceptualization of corporate objectives is also prevalent in Anglo-American and most other jurisdictions.

Infact,the current regulatory framework derives its roots from the Gandhian principle of trusteeship

India's SEBI Committee on Corporate Governance defines corporate governance as the "acceptance by management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal & corporate funds in the management of a company."

11.0 Media's Understanding of Stakeholder Management

Given below is the way media understands Stakeholder Management:

Economic Times

Headline	Date	Remark / Comment / Context
I&B ministry seeks stakeholders' views on curbs on 'paid news'	13 Nov 2013,	Looks at Shareholders
Opposition by consumers, stakeholders & activists prompted closure of RIL's Delight	17 Dec 2013,	True context of Stakeholder
LIC's presence in boards of investee companies must: Rajiv Takru	21 Oct 2013	Looks at the right of the shareholder
CCI to hold discussions with stakeholders on Rs 2,058 crore Jet-Etihad deal	09 Nov 2013	Refers to competition / industry player
Musafir.com: Travel portal with Sachin Tendulkar as a minority stakeholder enters India	23 Oct 2013,	Refers to a shareholder
4 TDP MPs gherao Sushilkumar Shinde, demand inclusion of all stakeholders in Telangana GoM	20 Oct 2013	Political Process and refers to an INCLUSION
First India rubber meet to be held in Kochi	19 Dec 2013	Refers to Associations / Members
'Transforming education in India is very complex: Azim Premji	03 Oct 2013	Referring more to the Investors and Financers

Business Standard

Headline	Date	Remark / Comment / Context
Arunachal Pradesh core stakeholder in India's Look East foreign policy: Mukherjee	29 Nov 2013,	Political and refers to them as a key participant.
Sebi examines minority stakeholder issue in Holcim-Ambuja deal	06 Aug 2013,	Refers to shareholders
CII to launch a multi-stakeholder network to remove growth hurdles	14 Apr 2013	Refers from the point of view of an association and hence inclusion of everyone.
We will continue to run the company: Wheels India MD	17 Dec 2013	Refers as Management, Shareholder
Deepak Lal: Rights, stakes and Newspeak	18 Feb 2012,	Refers to a shareholder
GVK seeks to become majority stakeholder in Bangalore airport	22 Oct 2011	As a shareholder
Work with stakeholders	05 Sept, 2011	Exact description
NSE shareholder seeks buyers for up to 5% stake	04 Mar 2011	Referring more to the Investors and Financers

Financial Times, London

Headline	Date	Remark / Comment / Context
Think-tank searches for good governance	11 Dec 2013,	Society as a stakeholder – True context
Lord Mayor to spend her time restoring City values	11 Dec 2013,	Refers to Mayor as a key stakeholder in improving city – True context
Andor backs Oxford Instruments offer	10 Dec 2013	Refers from the point of view of an association and hence inclusion of everyone.
La Française in global push with joint venture	1 Dec 2013	Refers as Management, Shareholder
Croydon seeks to revive fortunes with £1bn retail centre	24 Nov 2013,	Refers to a shareholder
Shale Gas World conference in Warsaw	24 Nov 2013	Correct Context of getting stakeholders together

Wallstreet Journal

Small Businesses Say ACA's Aggregation Rules Unfair	12 April, 2013	Refers to Management as shareholder
Michigan agencies step up invasive species fight	22 Dec 2013	Refers to the collaborative work to be done with civic authorities – right context.
FAA Holds Off on New Policy for Identifying Pilot Sleep Apnea	19 Dec2013	Association – and hence the reference is in the right context.
Four Retailers Set Up Bangladesh Compensation Fund	24 Dec 2013	Refers to compensation victim as beneficiary and a fund being set up as a donor.
Debt Swap by Singaporean Company Sparks Anger	05 Dec 2013	Refers to Investors Anger – just the stakeholder
African Governments Fight Mining Layoffs	04 Dec 2013	Fighting for employees, opposing steps taken by Investors, and Government swings into action – Correct Context

12.0 Conclusion

We live in a world where corporate reputations are fragile and where crises seem to be occurring more and more. The role of the communicator in this environment is critical. Furthermore, the communication planner who might foresee and prepare for such eventualities is a significant player in our interconnected and changing world.

While the concept of stakeholder as envisaged by various communities and Businesses being asked to be followed was perhaps a system that existed in India since time immemorial through the Gandhian concept of trusteeship.

It emerged that these changes are necessary, feasible and offer tremendous business opportunities for companies that turn sustainability into strategy. The Vision 2050 project addresses three questions: What does a sustainable world look like? How can we realize it? What are the roles business can play in ensuring more rapid progress toward that world?

As the Stakeholders are individuals who represent specific interest groups served by the outcomes and performance of a project or program, it is imperative for an organization to maintain continuity of the discipline to ensure accountability for the end-to-end management of the task on hand, including performance and expectation management of individuals who may be outside their direct control. Managers must give due consideration to the people issues surrounding projects and recognize that the appropriate involvement and management of

stakeholders is almost always a critical success factor. Managers should therefore have a formal stakeholder management process that is appropriate for the circumstances of the project. Thus a sustainable business model is a must for any organisation's growth keeping in view the interest of all the stakeholders- customers, employees, investors, community, government, media keeping the environment in harmony.

References

- Archie, B and Ann, K. , (2011) , *The Business and Society Relationship*, Mason, South-Western Cengage Learning
- Paul, B. and Argenti & Janis F, *The Power of Corporate Communications – Crafting the Voice and Image of Your Business*, New Jersey, Tata McGraw Hill

Assessing Consumer's Preferences For Private Label Apparel Brands in Mumbai

Mr. Sameer V Charania⁶²

Abstract

The Indian apparel retail is the second largest category in organized retail after groceries. In recent times, there has been a substantial increase of private label brands in India. Several organized retailers have increased the proportion of Private label brands or In-House Brands in their product portfolio to achieve higher margins. Consumers also prefer such brands as it offers value for money and therefore cost effective. This study reveals the importance of private label brands and consumer's preferences towards apparel brands focusing on shirts & trousers in Mumbai. This paper also focuses on the various factors that affect purchase decisions of any individual.

Key Words: *Organized Retail, Private Label, Consumer Preferences, Apparel*

1.0 Introduction

Indian retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially, the retail industry in India was mostly unorganized. The Indian retail market is expected to grow to US\$ 675 Bn by 2016, @ CAGR of 7.5%. The organized retail market is projected to grow to US\$ 84 Bn by 2016, @CAGR of 26%. The retail market in India offers significant opportunities for retailers & brands across categories. This is driven by factors such as a large consumer base, rising incomes & job opportunities, increasing consumer awareness amongst others.

Private Label

The Private Label Marketing Association defines store brand products as “all merchandise sold under a retail store's private label”. The Private Label can be the store's own name or a name created exclusively by that outlet. It is popularly also known as Store Brands or In house brands. They are positioned against other competing National brands while offering viable alternatives to

⁶² Research Scholar – Shri Jagdishprasad Jhabarmal Tibrewala University, sameer_charania@yahoo.com

the customers with reference to quality and price. Private label brands are available at prices lower than the competing National brands.

- **Private labels in Apparel**

Private labels constitute around 21% of total sales in the Indian apparel sector. The major elements of the PLBs are rational and emotional appeal. Rational appeal includes the marketing mix and distinct positioning, while emotional appeal involves communication with customers. The consumer's perception behind buying PLBs depends on demographic factors, individual difference variables like extrinsic cues, level of perceived risk and degree of knowledge about a particular category. Besides higher margins, the key growth drivers for PLB retailers are differentiation and positioning in economic downturns, freedom with pricing strategy and strong customer loyalty. Private labels provide the retailer the ability to offer a significant price advantage to consumers, typically around 16-32% lower as compared to manufacturer brands.

2.0 Objective

The research is aimed at evaluating consumers approach towards purchase of Private Label apparel brands with respect to Shirts & trousers as compared to other National brands of Shirts & trousers available.

3.0 Literature Review

Pandya & Joshi (2011) Private label offers were rated much lower in revealed taste test than in blind taste test. Private label brands suffer from low quality image when compared with national brands despite improvements made in the quality. Attitudinal difference was observed on the attributes of price and risk in consumer durable products while attitudinal differences were observed for attributes like quality, price, risk and image for personal care products. Quality is more important than price to shoppers. Private Label's were considered by shoppers to be inferior in quality in comparison to national brands. Grocery shoppers being risk averse did not significantly impact their attitude towards a private-label brand. Today's customers are smart enough to understand that since they are not buying branded products, so they need not pay premium.

Krishna & Dash (2012) studied the consumer preferences towards private label apparel brands. They proposed a model for understanding the consumer preferences towards the private labels

in Indian apparel retail which provides better way to produce private labels based on the consumer choices and preferences. Consumers prefer that private label apparel which is priced cheaper than branded apparel even though the quality of the private label apparel is of medium quality and they prefer the private label apparel which is fashionable in design and deeply assorted.

Sathya & Dr. Rani (2011) focus on how private label apparel brands are inducing customers in their purchase decision, factors that the customers look in for preferring private label apparels. Consumer perceptions and attitudes to private labels are based in large part on perceptions of the quality, price and value of private labels relative to that of national brands. Advertisements play a significant role in enabling consumers to make decision in purchase of apparels. Quality of apparels also plays important role in making purchase decision and when association between gender and quality of apparels were carried out, it was found that there is no significant difference between gender and quality of apparel.

Pandaya & Joshi (2012) focuses on, determining & comparing customers attitude towards National Brand's & Private Label's with respect to different attributes. There is a perceived difference on the attributes of quality, price, risk, brand image & no differentiation for packaging. Perception of quality is an important element relating to private-label brand use; if all brands in a category are seen as sharing a similar quality, then private-label brand use is often observed to increase. Quality is more important than price to shoppers. The findings of the study clearly bring forth the importance of pricing as an attribute in influencing customer's acceptance of private label brands. This is so because today's customers are smart enough to understand that since they are not buying branded products so they need not pay premium. Retailers should promote Private Label's by which it decreases the level of perceived risk while increase level perceived image of Private Label / store / retail outlet.

Kulkarni (2012) studied the customer perceptions of private labels in apparels' retailers in organized retail in India. He studied that the customers in general feel comfortable & get Value for Money in wearing Private Label Apparels'. Quality of Private Label Brand Apparels' is comparable and better than National Brands resulting in customer satisfaction. He also studied that customers visiting Organized Chain Apparels' Retailers perceive that prices of Private Label Apparels' are lower than National Brand Apparels' & have wide range and plenty of designs and introduce newer designs keeping pace with the change in fashions trends.

Pathan & Bhavsar (2012) focused on consumer's perception towards the Private Label and feeling associated with the purchase of Private Label Brand. Their study aimed to uncover

current consumer perceptions of, and attitudes towards, private label brands. The results indicate that the private label brands can be positioned as premium quality products with price levels ranging from marginally below to the prices of category-leading manufacturer brands. On the other hand, retailers can position their private label brands based on pure value for money. This equates to average quality products at very affordable prices. Unfortunately, private label brand packaging was considered, for the most part, to be unattractive and failed to convey a sense of high product quality.

4.0 Research Methodology

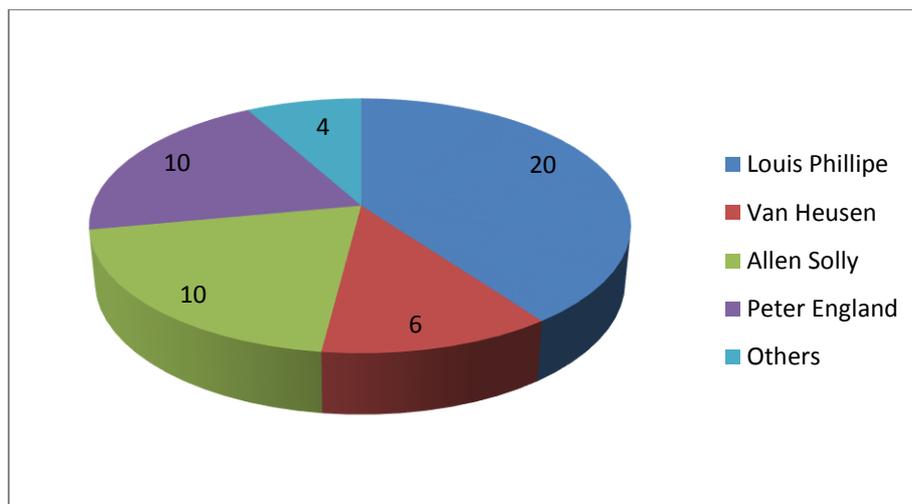
50 Male respondents who have purchased private label apparel brand (shirts & trousers) were surveyed through a structured questionnaire. This helped in evaluating overall consumers approach towards purchase of private label apparel brand with respect to shirts & trousers as compared to other National brands of shirts & trousers.

Type of Sampling : Stratified Random Sampling

Research Tool : Structured Questionnaire

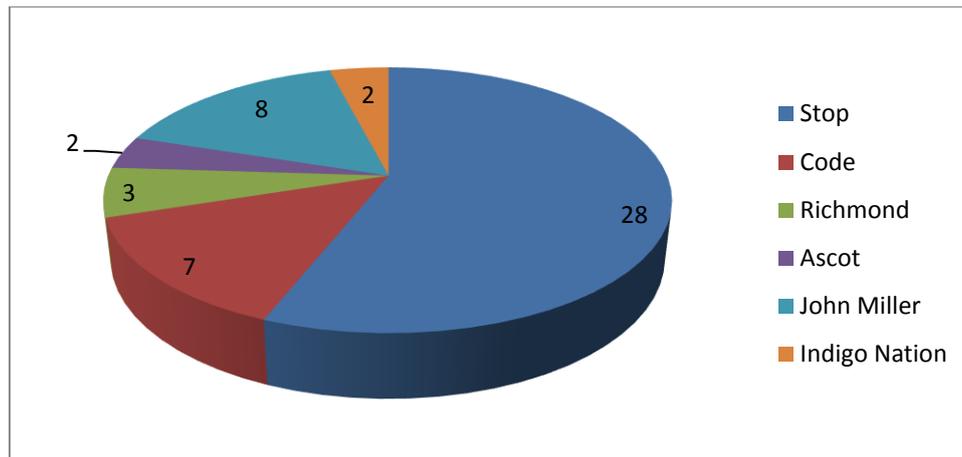
5.0 Data Analysis

5.1 National brand of shirts & trousers purchased by respondents



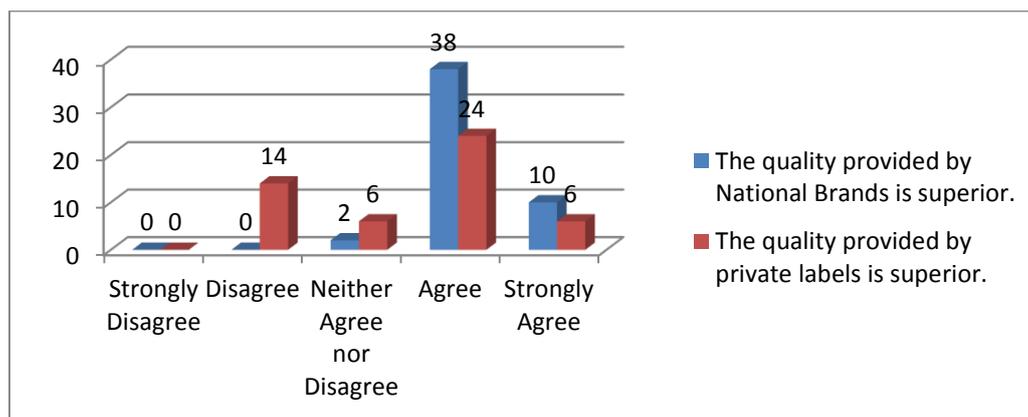
With respect to purchase of National Brands, most respondent purchase Louis Phillippe brand of shirts or trousers followed by Peter England, Allen Solly, Van Heusen & Arrow. The objective of finding out which National Brands they purchase is to review the most preferred National Brand of shirts or trousers.

5.2 Private Label brand of shirts & trousers purchased by respondents



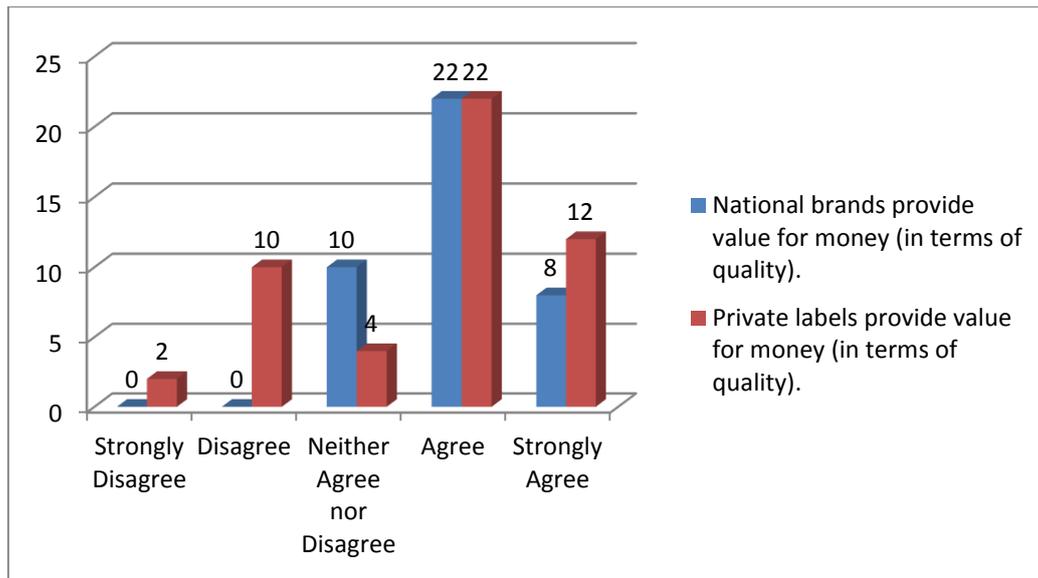
Maximum respondent are the customers of the Private label brand ‘Stop’ of Shoppers Stop. One important point observed during research was that there is a general lack of awareness of Private Label brand. This could be one of the reasons for any private label brand not picking up to the expectations of the retailer. Retailer should focus on promoting their Private label brand.

5.3 Customers perception with respect to quality provided by National Brand Vs Private Label Brand



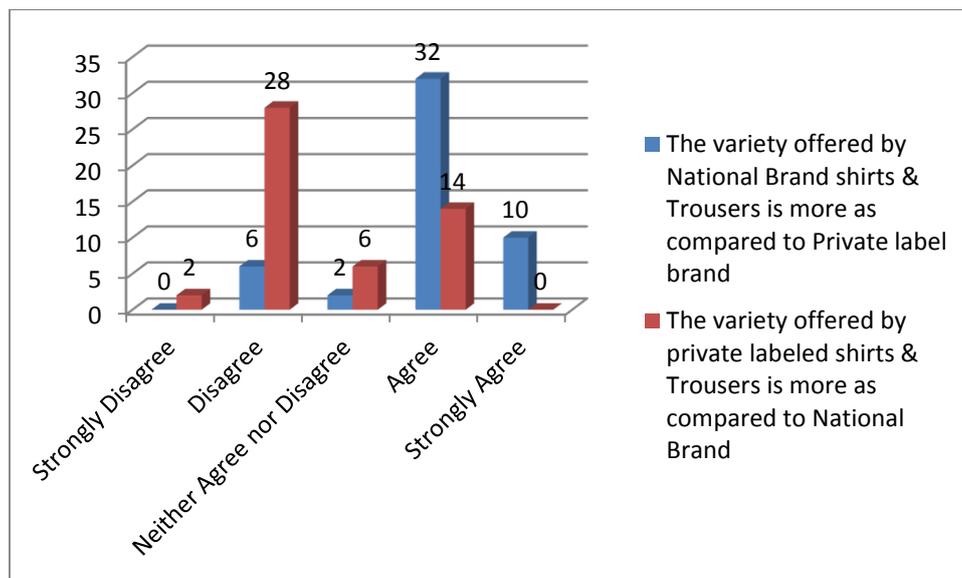
It can be observed from the above analysis that the maximum respondents are of the opinion that National Bands offer more quality as compared to Private label Brand. Very few respondents feel that quality provided by Private label band is superior. 14 respondents disagree with the fact that quality of private label is superior.

5.4 Customers perception with respect to value for money



It can be observed that respondents do consider Private Label & National brands as having value for money in terms of quality. The respondents are of the opinion that they get value for money based on the amount they pay for a national or a private label brand. The fact that private label brand is less priced as compared to any national brand; the respondents in that case do not expect the quality to be as good as any national brand.

5.5 Customers perception in terms of variety offered by National brand & Private label brand



The variety offered by Private Label brand is less as compared to a National brand. National brand offers more variety in terms of sizes, colors. Retailer has greater scope in terms of increase in sales provided they have variety which gives customers to make a choice. Maximum

respondents agree that the variety offered by National brand is more as compared to Private Label brand.

6.0 Major Findings

It can be analyzed that customers have a strong brand preference for national brands as compared to private label brands. There is a still lack of awareness of the private label brands that major departmental store offers. Customers do consider National & Private Label brands as value for money but national brand scores higher on quality as compared to private label brand.

7.0 Recommendation

Retailers should focus on the quality & provide more variety of Private Label Brands. Quality as a parameter will provide help penetrate deeper. One of the major reasons for Private labels not gaining momentum is purely lack of awareness. To create awareness, retailers should focus on in-store advertising as a vehicle & attach various sales promotion schemes to it.

References

Books:

- Pradhan, Swapna, 2010, “*Retail Management – Text & Cases*”, McGraw Hill.

Journals:

- Krishna & Dash (2012). “Consumer Preferences Towards Private Label Brands In Indian Apparel Retail - A Pilot Study”, *International Journal of Research in Management*, Vol. 2 Issue2,87-96.
- Kulkarni (2012). “An Exploratory Study Of Customer Perceptions Of Private Labels In Apparels’ Retailers In Organized Retail In India”, *International Journal of Research in Management, Economics and Commerce*, Volume2, Issue 6, 122-140
- Pandaya & Joshi (2012). “A Study on Consumers’ Attitude towards Private Labels: A Special Focus in Baroda & Rajkot”, *International Journal of Business and Management Tomorrow* Vol. 2 Issue. 5, 1-16
- Pandya & Joshi (2011). “A Comparative Study on Consumers’ Attitude Towards Private Labels: A Special Focus on Ahmedabad and Surat”, *The IUP Journal of Brand Management*, Volume, VIII, Issue 1, 37-47

- Pathan & Bhavsar (2012). “Consumer Perceptions towards Private Label Brands within Retail Stores in Anand and Vadodara City of Gujarat”. *Journal of Advances in Developmental Research (Social Sciences)*, Volume 3, Issue 1, 32-38
- Sathya & Dr. Rani (2011). “An Analysis On Consumer’s Attitude Towards Apparel Private Label Brands – A Study In Chennai Region”, *International Journal Of Physical And Social Sciences*, Volume 1, Issue 2, 28-52

Appendix

Questionnaire

Name : _____

Age : 18-30 31-50

Q.1 Which National brand of shirts & trousers do you purchase?

- Louis Phillipe
- Van Heusen
- Allen Solly
- Peter England
- Others – Specify _____

Q.2 Which Private Label Brand of Shirts & Trousers do you purchase?

- Stop
- Code
- Richmond
- Ascot
- John Miller
- Indigo Nation
- Others – Specify _____

Please use the following divisions for answering the questions & circle your choice of answer.

1- Strongly disagree **2-** Disagree **3-** Neither Agree Nor Disagree **4-** Agree **5-** Strongly agree

Q.3 The quality provided by National Brands is superior.

1 2 3 4 5

The quality provided by private labels is superior.

1 2 3 4 5

Q.4 National brands provide value for money (in terms of quality).

1 2 3 4 5

Private labels provide value for money (in terms of quality).

1 2 3 4 5

Q.5 The variety offered by National Brand shirts & Trousers is more as compared to Private label brand

1 2 3 4 5

The variety offered by Private Labeled shirts & Trousers is more as compared to National Brand

1 2 3 4 5

The Changing Role of Print News Media in India

Ms. Manjula Srinivasan⁶³

Abstract

News Media is rapidly evolving & keeping up with the changing times. The oldest media form, Print, while struggling to survive hasn't been completely decimated in India unlike in some other countries. Indians even now look at the print media as the primary source of information. Readers are not necessarily stuck with the new paper format per se and are open to reading e- paper version or online updates across portals. Newspaper circulation grew 3.5% in Asia year-on-year, and 4.8% in the Middle East and North Africa. It fell 3.4% in Europe, 3.3% in Latin America, and 4.3% in North America. Circulation in Australasia is stable.

This paper attempts to understand the role of print newspaper in India in light of the fact there at other platforms which offer news faster. These platforms include television, smart phones, tablets and social media which offers news as it happens anywhere. Therefore this paper focuses on the changing role of the newspaper

Key Words: *Printed Newspaper, E-Paper, Internet, Online journalism, Indian newspapers*

1.0 Introduction

Print News Media in India

The decline of newspapers in India has been widely debated as the industry has faced down soaring newsprint prices, slumping ad sales, the loss of much classified advertising and precipitous drops in circulation. In recent years the number of newspapers slated for closure, bankruptcy or severe cutbacks has risen. Revenue has plunged while competition from new media platforms like internet, television and social media has squeezed older print publishers.

The debate has become more urgent lately, as a deepening recession has cut profits and as once-explosive growth in newspaper web revenues has leveled off, forestalling what the industry hoped would become an important source of revenue. One issue is whether the newspaper industry is being hit by a cyclical trough and will recover, or whether new technology has rendered newspapers obsolete in their traditional format. To survive, newspapers are considering

⁶³ Head Mass Media, KC College, Mumbai, manjulashrinivas@gmail.com

combining and other options, although the outcome of such partnerships has been criticized. Despite these problems, newspaper companies with significant brand value, which have integrated media platforms have proved to have a significant rise in readership.

2.0 Objective

The objective of this paper is to understand the

- Changing role of news paper taking into account new age technology media platforms such as the television , smart phones , tablets and social media

3.0 Research Methodology

- This paper analyses the changing role of print media with the help of a case study i.e. HT Media
- The study relies on facts and figures from websites and books.

4.0 Cases

Mint Newspaper: Print

The first case discusses the integrated media approach by India's leading Media Company: HT Media. In addition to Hindustan Times, HT Media also publishes a national business newspaper, Mint. This daily newspaper, Mint started in the year 2007, a one-of-its-kind newspaper in the sense that the company has an exclusive agreement with the Wall Street Journal to publish Journal-branded news and information in India. Mint is today the second-largest business newspaper in India with presence in the key markets of Delhi, Mumbai, Chennai, Bengaluru, Chandigarh, Pune, Kolkata and now Ahmedabad too.

The USP of Mint News Paper

- The first Business paper to focus on analysis of news rather than focus on news per se
- A paper with a unique size , ergonomically suited to human reading
- Tie – up with Wall Street Journal to offer crisp international news along with an easy to read format for domestic news

The paper is highly appreciated by the target group of readers as well as the advertisers. However, today Mint offers its readers much more than just a newspaper. Mint has many award to its credit, to name one:

Mint bagged Silver for overall design at the recent WAN-IFRA Asia Media Awards. The award-winning entry was for Mint's Budget issue in 2010. The stark black and white photographs used across the issue, along with our house colours of orange and black, served to highlight a budget that was dependent on several imponderables (the headline for the cover story was the apt—"Up in the Air").

The paper today has an e-paper version i.e. but the print version continues to hold its mantle. Mint's strategy to hold on to print despite other media platforms gaining momentum is explained as under:

Mint Newspaper Converging with Electronic Media

The Mint – Bloomberg Tie-Up

Every week day, Monday to Friday, Mint carries one prominent Bloomberg interview by the iconic financial journalist Vivek Law with a corporate business stalwart.

- The Bloomberg Advantage:
 - ✓ The channel taps into the readership base of Mint , thus widening its reach to Mint Readers
 - ✓ Increasing the shelf life of the news aired
 - ✓ Sharing the Bloomberg brand with Mint gives credibility as the newspaper is widely read by the corporate/business world
- The Mint Advantage:
 - ✓ Mint now has access to prominent corporate stalwart interviews
 - ✓ Therefore attracts more readers
 - ✓ Sharing the Mint brand with Bloomberg gives credibility as the channel is widely watched by the corporate/ business world

Integrating Newspaper with Social Media Platforms

The social media space is growing at a rapid pace. Every media company is tapping this opportunity to its advantage. The Mint strategy is to integrate print with social media such that its readers are tapped across both the platforms.

Eg: A columnist writes a Column in Mint paper on the equity markets. At the end of the print article, the blog link of the Mint blog is provided. This link gives access to additional details that may interest the readers.

Advantage:

- The print gives access to the blog link , therefore creating a platform for convergence
- The reader is given additional details through the blog without using too much print space
- This proves cost effective, as now advertisement revenue can be split between online and offline, thus increasing the scope of advertisement revenue
- The blog will be meaningless if there is no print edition

Integrating the Newspaper with Online Media Platforms

Reasons for Mint to leverage the online platform:

- India has bypassed Japan to become the world's third largest Internet user after China and the United States,
- The Indian users are significantly younger than those of other emerging economies, global digital measurement and analytics firm comScore states in a report.
- India now has nearly 74 million Internet users, a 31 per cent increase over March 2012, the report says.
- The Telecom Regulatory Authority of India (TRAI) pegged the number of Internet subscribers in India at 164.81 million as of March 31, 2013, with seven out of eight accessing the Internet from their mobile phones.

Mint has successfully tapped the internet with its online version called livemint.com. This website integrates the print version of the paper along with the e-paper version. Latest updates across sections are available on www.livemint.com while an analytical version of news updates is available in the print version.

So, clearly, the internet has a larger role to play i.e. a platform to feed news as it happens when it happens. This is where print draws a limitation therefore the need for an analytical version of news.

Integrating the Newspaper with Smart Phone Applications

The Mobile Application potential:

- India ranks fifth among the top countries for smartphone users with an estimated 67 million subscribers in 2013, behind China, the US, Japan and Brazil.
- Year-on-year growth of smartphone subscribers in India stands at 52 per cent, which is expected to be the second fastest after Taiwan at 60 per cent, among the top 30 smartphone markets in the world.
- Telecom companies like Vodafone, Airtel, MTNL today offer data plans at affordable rates thus inducing mobile users to stay connected anywhere and anytime.

Mint has devised applications (on Apple, Android, Blackberry) to meet the needs of the smart phone users so they remain connected with the world when on the move. However, one cannot read too much on the smart phone as it is not convenient to the human eye. The mobile application format therefore provides news like an alert rather than detailed format. The user will have no choice to read the print for a detailed analysis of the news. Here again the integration is such that news in a detailed format is on print while news on the go is on the phone.

Integrating the Newspaper with the Tablet

The Tablet Potential

- The overall tablet market recorded sales of 1.1 million units in the July-September quarter of 2012 with Samsung leading the pack.
- The Indian tablet market is likely to have grown to 3 million units in 2012 while it is expected to double in 2013, said Cybermedia Research.
- The study pointed out that in July- September 2012 tablet sales touched 1.1 million units to grow 99.3% on a quarter-on-quarter basis.

The Mint application for the Tablet space is as attractive as its application for smart phones and the internet. Again, sustaining long reading hours on the tablet is not suitable for the human eye. Here again the Applications for the Tablet are designed for shorter duration reading, therefore eventually for analytical reading the user will go back to print.

Summarizing the Mint Strategy

The Mint Strategy is summarized as follows:

- Print continues to be the base offering
- Print offers a longer shelf life and is perceived to be a tangible medium

- However, print cannot be a standalone medium of news as technology today offers other tools which users are adopting at a rapid pace
- Therefore integrating print with other technologically advanced platforms like internet, tablet and smart phone is inevitable
- With print as the base offering, the other Mint platforms complement the base

5.0 Conclusion

The Mint case study helps to understand the changing role of Print news paper. Clearly the role of print as a medium for news has changed with technology rapidly shaping the lives of users. Yet Mint commands a readership of 36.6 million, (based on Indian Readership Survey (IRS) for the first quarter (Q1) of 2011. Mint also enjoys strong brand recognition among readers as well as advertisers. Print clearly continues to hold the mantle for the news business and cannot be eliminated despite new age media platforms like the smart phone, tablets and others.

References

- R Mohan, 2013, India is now world's third largest Internet user after U.S., China, The Hindu, Aug 24,
- www.thehindu.com/sci-tech/technology/internet/india-is-now-worlds-third-largest-internet-user-after-us-china/article5053115.ece, Accessed on January 01, 2014
- Osama Manzar, 2013, True Internet penetration in India is less than 10%, Oct 24
- <http://www.livemint.com/Specials/9hMhxHmMo1Wxy13zcCJCMK/True-Internet-penetration-in-India-is-less-than-10.html>, Accessed on January 1, 2014
- Anand Rai, 2013, India has 67M smartphone users; desi netizens more open to sharing everything online: Mary Meeker, May 30,
- <http://techcircle.vccircle.com/2013/05/30/india-has-67m-smartphone-users-desi-netizens-more-open-to-sharing-everything-online-mary-meeker/>, Accessed on Jan 01, 2014

***JUGAAD* to Reverse Innovation and the Ascent of Indian Management Professionals as Global Shapers through Globally Collaborative Education Platforms**

By Dr. Pandit Palande

Professor & Director, School of Commerce & Management, YCMOU, Nashik

and

Dr. Vijay Page

Director, MET, Mumbai

“His operation combines capacity, speed, decisiveness and, most important, brains in a manner unique in the insurance business. Yet he never exposes us to risks that are inappropriate in relation to our resources. He has thus added a great many billions of dollars to the value of Berkshire. If you meet Ajit at the annual meeting, bow deeply,” Buffett said.

“That boy will be running an investment bank one of these days... When the telephone rings, I hope it’s Anshu,” Buffett apparently said jokingly.

The idolatry quotes above are not the outpourings of an idle mind, but are the warm accolades showered by the global finance mogul, Warren Buffet upon two outstanding Indian professionals dominating the most complex arena of global finance. If the last two decades of the twentieth century saw the ascent of Indian professionals, in the global IT sector, the universal hall of fame of CEOs seems to be dominated by Indian Management professionals in the new millennium. Like the Jain cousins mentioned above, Ms Indira Nooyi of Pepsi, Harsh Manwani of Unilever, Nikesh Arora of Google, Rakesh Kapoor of Reckitt Benckiser and many more have worked hard, taking their organisations to commanding heights in the global arena. Whether it is Harvard, Stanford, Wharton or Insead, the Indian faculty and students contribute and share the limelight, building innovative platforms in management.

It is therefore high time that in our B-Schools, Philosophy, Pedagogy and Cultural Ethos needs to be broadened, retooled and enriched with global content, so as to empower the students, not merely to seek the Holy Grail abroad, but to serve and contribute to the building of the global Indian professional brand. This may sound like Reverse Innovation of the model, which was applied at the Indian elite B-Schools, in the launch phase of business management education

here. We are all aware of the herculean efforts and contributions by Indian Gurus viz. Prof. Mathai, Dr. Basu, Dr. Murthy, Dr. Rangnekar and a handful of eminent teachers, as they toiled to develop Indian case study material and fine tune the pedagogy, essentially derived from foreign schools, to suit the home turf. That their efforts bore fruits beyond belief is proven by the fact that their products have managed the mammoth business machine at home and abroad powered by the motto – “Bash on regardless”.

However, now the time has come to take note of developments in the Americas and Europe, to familiarise our students with the rapidly changing business landscape abroad and empower the academia and students, to focus on emerging opportunities. Just as major international corporations have set up their hi-tech R & D centres in India, which offer a constant supply of innovative solutions to the giant MNCs, the Indian B-Schools offer a fertile ground to seed, breed, evolve and deliver solutions that confront the developed world. With zeroing of the distance and the extended reach of the web world, we are already delivering solutions to the West, in diverse subjects like law, statutory compliances, biotechnology and avionics, besides operating sophisticated plants abroad. However, this is merely the tip of the iceberg, hence the need to urgently respond to the challenge and opportunity offered by the global business arena.

It is common knowledge that both Indian and Chinese Economies form the core of the industry-academia focus in the US and Europe. Many senior management professionals, who rushed to participate in high level strategy and business leadership workshops or MDPs in the West, were surprised to find that after travelling thousands of kilometres from home, they ended up discussing solutions to Indian Business Puzzles and case studies in the hallowed schools of learning. It's a pity that the 26/11 attack on the Taj, the saga of courage, the undying spirit and dedication of the Taj staff was converted to a US case study, much before our in-house case study experts documented its uniqueness. Similarly, only after the universal acclaim bestowed upon the famous Dabbawallas of Mumbai, through the six sigma award and kudos from Prince Charles, they were recognised at home. This is a clear indication of the negative complex that we still carry in our mind, which eventually leads to underrating of our achievements.

There are a handful amongst us, who broke the shackles to reach the top – late Dr. C K Prahalad, Dr. Govindarajan, Dr. Ram Charan to name a few. Their ascent in the global management arena was a result of their courage in meeting management challenges abroad and tackling them where necessary with homebrewed solutions. It was in 2004, that Dr. C. K. Prahalad presented the *JUGAAD* route to innovation, opening the golden gate for those buried deep at the bottom of the pyramid. The rural and urban entrepreneurs of India forced, by

techno-economic constraints, have perfected the art of frugal innovations and achieved breakthrough successes in the market place, particularly since the 40s. Whether it was replacing the *parachute* with *parajute* or confronting the Pak army with tanks at the Zoji La pass in the 1947 conflict or the retro fitted C-119 transport aircraft with a jet engine, for landing at Daulat Beg Oldi (Ladakh) at 16,900 feet, the Indian brave hearts had already put the *JUGGAD* to its ultimate test for the defence of the country.

Astonished and emboldened by these successful *JUGAAD* applications at home, the art of reverse innovation was converted into a strategic management tool by Dr. Govindarajan and Trimble, to lead to '*clean-slate innovation*', thus opening unique pathways to the markets in developing countries. We believe, the time has come for Indian B-Schools and other institutions of higher learning in India, to empower professionals with competencies to bridge some of the '*gaps*', which have developed in western economies, as they compete with one another to dominate Asian and particularly Indian markets. As the developed world seeks to dominate our economy and the corporate arena through the practice of reverse innovation, we at the B-Schools must take our students on the route from *JUGAAD* to *REVERSE INNOVATION* and back.

We at MET Schools of Management are trying to revisit this path, by taking students through the processes underlying the success at the market place achieved by the earlier path-finders. In collaboration with Global Shapers, an offspring of the thought process initiated by the World Economic Forum at Davos, we have embarked upon the challenging path towards an action leadership, to set and achieve big goals, by conquering fear, uncertainty and self doubt. Through a fellowship, CEO Shadowing, Youth Summits and Corporate Immersions, we hope to inspire the students to imbibe the indomitable spirit of delivering the best at all times. Coupled with the delivery of e-empowered learning processes, extensive internship with the industry, case studies, scenario building, terrain appreciation and strategic response building exercises, experiential learning and other techniques to sharpen the students, we hope to train the students to meet new leadership challenges at home and abroad.

In addition to thorough grinding in corporate mantras and practice, we try to develop sensitivity in the students to the poor and under privileged section of the society through involvement in programmes of MET SEVA – an in-house arm of MET dedicated to the upliftment of the Warli tribals from the Waliv region surrounding Vasai/Dahanu/Jawahar in the Thane District. A centre for developing Warli tribal art and culture helps the poor tribal artists to present their

creations to the urban consumers. Irrespective of the monetary gain or loss, the activity evokes empathy with the rural poor in the minds of the young corporate aspirants.

However, in order to shape truly global professionals, we have to develop Globally Collaborative Education platforms through tie-ups and exchange programmes with Universities from abroad. The delegation from Canadian Universities offers us an unique opportunity to build and sustain such platforms. Therefore we must welcome this opportunity and engage ourselves into long time association and programmes. We hope through this dialogue arranged by AIMS we seize this opportunity and convert our plans into concrete action.

Guidelines for submission of research paper

1. The journal accepts only original research work based any management stream which includes Commerce , General Management , Human Resource , Marketing , Information Technology , Systems or Operations.
2. The author of the research paper should disclose details : Full name , designation, address , emails and contact number
3. The format of the paper is as follows:
 - Manuscript should be clearly typed in a MS Word document in double space with 1 & ½ “margin on the left, ½” on the right, 1” on the top and 1” on the bottom.
 - The font size should be 12 in Times New Roman
 - Please add graphs and diagrams wherever necessary
 - The manuscript should not exceed more than 30 typed pages in the aforesaid format including tables, graphs, diagrams and appendices.
 - Every paper must be accompanied by a statement that the paper is the author’s own work and has not already been published or submitted to any other journal
 - The cover page of research report should encompass the following :
 - ✓ Title of the paper
 - ✓ Author’s name
 - ✓ Mailing address
 - ✓ Email address
 - ✓ Professional affiliation (if different from the mailing address)
 - ✓ Acknowledgements to be attributed (if any)
 - ✓ The manuscript should include an abstract of 100 to 150 words (including 4 to 6 key words)
 - ✓ All notes should be numbered with footnotes
 - ✓ References should be given separately at the end of the paper and arranged alphabetically
 - ✓ The paper should only include research done by the author, in case of references then please follow the following guidelines:
 - *In case of periodicals:*
 - Journal name, author/s name, years of publication, volume & number, title of the article, exact page number of the article.

For eg: Tobin J, 1958, Liquidity preference as behaviors towards risk. *Review of Economic Studies* , 25 (2): 65 – 86

Guidelines for submission of Books Reviews

- Dubrin , A (1984), *Foundations of organizational behavior: An applied approach* , New Jersey , Prentice hall
- Taylor, B and Willis, G (Eds) , (1970) , *Pricing Strategy*. Princeton , NJ : Brandon System
- ✓ **If an article has no author, the periodical or newspapers is referenced as follows:**
 - Business Standard, 2003, TCL beats baron in FIPB war. Dec 16: 12
- ✓ **For chapters in books , follow this form :**
 - Srinivas, E S (1994. Perceived Quality of Working Life (PQWL) and organizational commitment, A study of managers in select organizations. In N K Gupta and A Ahmad (Eds) , *Management research , Contemporary issues*, New Delhi : South Asia Publications
- ✓ **For unpublished research papers presented as working papers, dissertations and papers presented at meetings :**
 - Sachs, JD, Bajpai N and Ramiah, A 2002, Understanding regional growth in India. CID working Paper No 88. Center for International Development, Harvard University, Massachusetts.
 - Gupta, S. 1993, *Optimal retailer pricing and purchasing in a dynamic environment*. Unpublished doctoral dissertation. Cornell University, Ithaca , NY
 - Wall, J P 1983, *Work and non work correlates of the career plateau*. Paper presented at the annual meeting of the Academy of management , Dallas
- ✓ **For electronic documents**
 - Give the author's name, if known and year of publication, or give the periodical / newspaper's name of the organization's name as author. This should be followed by the full title of the document, the http, or other addresses and the date the document was posed or accessed.
 - Basu, 1, 2004, India's thorny FDI rule under scrutiny. *Asia Times* , May 28,

http://www.atimes.com/atimes/South_asia/FE28Df03.html
accessed on April 27, 2004

- Financial Express, ICI yet to respond to Asian paints offer to buy 9.1 % stake.
- <http://www.expressindia.com/fe/daily/19980129/02955144.html> . Accessed on April 27, 2004

✓ **Citation in the text should simply give the name of the author and the year of the publication quoted for example:**

- Theil (1970)
- A few studies have been done in this area (Gupta , 1990 : Srivasatav , 2003: Sen 1999 , 2001 : Dasgupta , 2003a , 2003b)

✓ **Page numbers should be provided whenever another author/text is quoted**

- Eg: According to Saini (2000, 35), “the buzz word in people management in India is HRD and not HRM.”

✓ **References:**

- Two or more referees review all contributions will follow the ‘double blind’ system.
- The review process will approximately take 2 months.
- The editorial team of Management Vision reserves the right of making editorial amendments in the final draft of the manuscript to suit journal’s requirement