Chitra Ramanan. Managing Water for Agriculture
Preeti Rawat & Vinya Krishna. The Inter – Relationship of Psychological Empowerment with Job Satisfaction and Organizational Commitment: A Review
Sandeep Bhanot. Team Spirit: A Vital Ingredient for Organizational Success
L.S. Marathe. Commercial and Co-operative Banks in India
Koel Roy Choudhury. Role of Commodity Exchange in India
Nitin Vazirani. Developing Trust
Meera Vijay. Direct to Consumer Advertising
Shalini Gulecha. Customer Retention

Idea Research Papers
- Are Urban Poor Really Poor?
- Pester Power
- Knowledge Process Outsourcing

Book Review
Vikram Parekh. Strategic Brand Management
Gayatri Vivek. Entrepreneurship in the Social Sector

Business Diary: An interview with Mr. S. Swaminathan, CEO, IRIS

Publication of SIES College of Management Studies

ISSN 0974-2956

Excellence in Higher Education: Way Forward
Management of Tsunami Change: New Frontiers of Management
Managing Water for Agriculture
The Inter – Relationship of Psychological Empowerment with Job Satisfaction and Organizational Commitment: A Review
Team Spirit: A Vital Ingredient for Organizational Success
Commercial and Co-operative Banks in India
Role of Commodity Exchange in India

SIES Journal of Management
Volume 5, Issue 2, September 2008 - March 2009

SIES Journal of Management
Volume 5, Issue 2, September 2008 - March 2009

SIES Journal of Management
Volume 5, Issue 2, September 2008 - March 2009

SIES Journal of Management
Volume 5, Issue 2, September 2008 - March 2009
Dear Contributors

SIES College of Management Studies invites articles for the journal of the institute published since the year 2004. There are so far 5 volumes called SIES Journal of Management. This serial publication has an ISSN to its recognition from the previous publication onwards.

The Journal is bi-annual in nature. For the Volume 6, issue 1, April-August 2009 publication, we call for manuscripts.

Manuscripts relevant to general management, marketing, finance, HR, systems, knowledge management, and management strategies are accepted. Issues pertinent to emerging changes in management are most welcome.

The manuscripts should be the original work and not published elsewhere. It could be either conceptual or application oriented. The papers will be initially reviewed by the editorial team, and if accepted would be blind refereed by an external reviewer. After the author’s acceptance and corrections of blind reviewer’s comments, the editorial will accept the paper for publication. The manuscripts could range from 3000 to 5000 words excluding tables, figures and references. Authors are also requested to suggest a few reviewers in the subject area of the manuscript (both national and international reviewers).

Guidelines for submitting manuscripts:

1. Title page: Title, Author(s)’s name, Designation and Institution of affiliation, contact address, email of first author for correspondence (on page 1).
2. Abstract: An abstract of the manuscript in 160 words, followed by key words (on page 2).
3. Main page: The manuscript begins from page 3 onwards.
4. References: All references should be in American Psychological Association (APA) style. For more information on the APA format, see http://www.apastyle.org
5. All figures, graphs and tables if they are extracted from excel, a copy of the excel sheet with data sheet should also be attached along with the word document.
6. Format: Times New Roman font, font size 12, paragraph spacing 0, double line spacing, Label: 9–point; Times New Roman, font size 12, paragraph spacing 12; double line spacing, Label: 9–point; Times New Roman, font size 12, paragraph spacing 12, double line spacing. Table:
7. If there are any graphs, graphic images, it should be in black and white with highest resolution and ownership of the same should be acknowledged in the source.
8. Please enclose a letter stating the above mentioned information

Signature of each author below certifies compliance with the conflict of interest disclosure: All institutional or corporate affiliations of mine and all funding sources supporting the study are acknowledged. I certify that I have no commercial association that might represent a conflict of interest in connection with the submitted manuscript.

Title of article:

Name of the corresponding author:

Mailing address:

Phone:

Email:

A brief write up about the authors’ expertise/areas/expertise.

Suggested Readers: National / International reviewers

E-mail your manuscripts to: The Editor, SIES Journal of Management, SIESCOMS at: journal@siescoms.edu. Manuscripts submission: A covering letter accompanying the manuscript consisting of the above details should be sent by e-mail attachment or posted at: SIESCOMS, Sri Chandrasekharendra Saraswati Vidyaparam, Plot 1 E, Sector 6, Nerul, Navi Mumbai, India, PIN-400 706

Guidelines for submitting manuscripts:

1. Title page: Title, Author(s)’s name, Designation and Institution of affiliation, contact address, email of first author for correspondence (on page 1).
2. Abstract: An abstract of the manuscript in 160 words, followed by key words (on page 2).
3. Main page: The manuscript begins from page 3 onwards.
4. References: All references should be in American Psychological Association (APA) style. For more information on the APA format, see http://www.apastyle.org
5. All figures, graphs and tables if they are extracted from excel, a copy of the excel sheet with data sheet should also be attached along with the word document.
6. Format: Times New Roman font, font size 12, paragraph spacing 0, double line spacing, Label: 9–point; Times New Roman, font size 12, paragraph spacing 12; double line spacing, Label: 9–point; Times New Roman, font size 12, paragraph spacing 12, double line spacing. Table:
7. If there are any graphs, graphic images, it should be in black and white with highest resolution and ownership of the same should be acknowledged in the source.
8. Please enclose a letter stating the above mentioned information

Signature of each author below certifies compliance with the conflict of interest disclosure: All institutional or corporate affiliations of mine and all funding sources supporting the study are acknowledged. I certify that I have no commercial association that might represent a conflict of interest in connection with the submitted manuscript.

Title of article:

Name of the corresponding author:

Mailing address:

Phone:

Email:

A brief write up about the authors’ expertise/areas/expertise.

Suggested Readers: National / International reviewers

E-mail your manuscripts to: The Editor, SIES Journal of Management, SIESCOMS at: journal@siescoms.edu. Manuscripts submission: A covering letter accompanying the manuscript consisting of the above details should be sent by e-mail attachment or posted at: SIESCOMS, Sri Chandrasekharendra Saraswati Vidyaparam, Plot 1 E, Sector 6, Nerul, Navi Mumbai, India, PIN-400 706
An epochal year ….

The greatest democracy in the world elected its first Black President, Barrack Obama. In an unprecedented move, the President elect in turn invited his rival in the Democratic race for Presidency, Hillary Clinton, to be the Secretary of State in his new government. On the other hand, in the wake of the sub-prime crisis, the mighty tumbled. The economy worldwide slowed down and countries like Iceland declared bankruptcy. With the greats like Goldman Sachs and Morgan Stanley turning to pure banking, we are possibly witnessing the end of an era of pure Investment Banks.

India too had a year of triumphs and challenges. For the first time, an Indian won individual Gold medal at the Olympics fulfilling the collective aspirations of a billion plus people. Though on the flip side, economy showed signs of considerable slowing down compared to last few years, credit market remained tight despite several monetary policies by the Central Bank, rupee continues to be volatile and most importantly job markets remain highly uncertain. However, Indian financial players escaped the financial tsunami that partially devastated markets in the western world, a small comfort in times when world economy at large shows every sign of slowing down.

The fall out is obvious: despite collective efforts of governments and financial institutions, many economists are now predicting the worst global recession since the great depression of 1930s.

The incredible changes taking place have also thrown up unique challenges for both corporate world as well as business schools like ours. As we gear up to face these challenges, we are heartened to see that some of the steps initiated by us this year have been in the right direction. The two week internship with the NGOs, which our students underwent, has been one such successful step. With a view to inculcate social spiritual perspective among future managers, the institute also devised an exclusive course on “social values” delivered by Vedanta Vision promoted by Ms Jaya Row. The focus has now shifted to imparting right skill-sets and courage to face any extraordinary challenging situation.

As we move forward, we face greater challenges than ever before. A conservative approach, coupled with value based education is the need of the hour. Managers we train today need to possess a strong sense of social sensitivity as well as emotional perspective to competently straddle global challenges.

We also look forward to a greater synergy between corporate and business schools in future in order to prepare tomorrow’s managers for meeting more complex challenges ahead.

With warm wishes for a safer and stable tomorrow……

A. K. Sen Gupta
Chief Editor
March 2009
<table>
<thead>
<tr>
<th><strong>Articles</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sharu S. Rangnekar</td>
<td>Management of Tsunami Change: New Frontiers of Management</td>
</tr>
<tr>
<td>Chitra Ramanan</td>
<td>Managing Water for Agriculture</td>
</tr>
<tr>
<td>Preeti Rawat &amp; Vinya Krishna</td>
<td>The Inter – Relationship of Psychological Empowerment with Job Satisfaction and Organizational Commitment: A Review</td>
</tr>
<tr>
<td>Sandeep Bhanot</td>
<td>Team Spirit: A Vital Ingredient for Organizational Success</td>
</tr>
<tr>
<td>L.S. Marathe</td>
<td>Commercial and Co-operative Banks in India</td>
</tr>
<tr>
<td>Koel Roy Choudhury</td>
<td>Role of Commodity Exchange in India</td>
</tr>
<tr>
<td>Nitin Vazirani</td>
<td>Developing Trust</td>
</tr>
<tr>
<td>Meera Vijay</td>
<td>Direct to Consumer Advertising</td>
</tr>
<tr>
<td>Shalini Gulecha</td>
<td>Customer Retention</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Idea Research Papers</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Are Urban Poor Really Poor?</td>
<td>64-72</td>
</tr>
<tr>
<td>Pester Power</td>
<td>73-80</td>
</tr>
<tr>
<td>Knowledge Process Outsourcing</td>
<td>81-87</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Book Review</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Vikram Parekh</td>
<td>Strategic Brand Management</td>
</tr>
<tr>
<td>Gayatri Vivek</td>
<td>Entrepreneurship in the Social Sector</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Business Diary</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>An interview with Mr. S. Swaminathan, CEO, IRIS</td>
<td>90-92</td>
</tr>
</tbody>
</table>

---

**Chief Editor**  
Prof. A.K Sengupta  

**Editor**  
Prof. Sharmila Mohapatra  

**Members of Editorial Committee**  
Prof. C.R Radhakrishnan  
Prof. Meera Vijay  
Prof. Kamal Tandon  
Prof. Nitin Vazirani  
Prof. Vidya Iyer  
Prof. Sandeep Bhanot  
Prof. Chitra Ramanan  
Prof. Suhas Tambe  
Prof. Gayatri Vivek  

**ISSN 0974-2956**

**Published by**  

**Printed At**  
Ennel Vision, Mumbai  

**Disclaimer**  
The publisher and editors has taken utmost care to provide quality editorial articles in the journal. However, we are not responsible for the errors or any consequences arising from the use of information contained in the journal, the representation of facts, adaptation of material, interviews with persons and personal views are of the authors with respect to their articles.
Excellence in Higher Education: Way Forward


Dr. A. K. Sengupta is Director, SIES College of Management Studies. aksengupta51@gmail.com
Prof. Vikram Parekh is a faculty of Management Studies at SIES College of Management Studies. mailtovikram@yahoo.com

Backdrop

The Indian higher education is at cross roads. There are several reasons for the same. Notwithstanding the fact that India was one of the first colonial states and therefore one of the few privileged countries to have access to both spoken and written English, we have possibly lost first mover’s advantage because of inadequacy of concerted focus on education by successive governments both at state as well as the centre. Second, educationists and academicians have always been among the most neglected cadres in the country both in terms of monetary compensation as well as recognition. While their global, particularly, European and US counterparts draw remuneration almost equal, if not more, than the corporate professionals, salary structure of Indian academic community has been one of the lowest in the country even by standards of public sector. As a result, teaching as a profession, though considered noble, has failed to attract good talent. Finally, though India can take pride in terms of the best professional educational providers by way of IITs and IIMs in global parlance, the general standard of higher education (University higher degree or Ph.D.) needs a
substantial facelift as significant mediocrity has crept into the system. It is in this background that the present article tries to revisit some of the pending agenda before the higher education in the Indian context.

**Education in the globalized context**

Higher education in India has not been defined in any document. However, the understanding has been that any education provided after 10+2 level may be construed as such. This is despite the fact that globally there has been some attempt to bring about homogeneity in defining contours of education at various levels. The advent of GATS has expedited the process as there was a need to have uniform understanding of education and to come to an understanding as to what extent they are covered under provisions of globalization. There has also been considerable debate whether education services come within the purview of GATS.

The informal WTO Classification list (W/120) divides education in five components:

- **a. Primary education**
- **b. Secondary education**
- **c. Higher education**
- **d. Adult education**
- **e. Other educational services**

The proposal submitted by the US to Council for Trade in Services (CTS) in 2000 included **two** more educational services to be brought under the gamut of GATS. These are:

- **a. Training services (vocational services), and**
- **b. Testing services (evaluation of students as well as study material for designing and administering tests).**

Though officially there has not been any firm commitment till now by the government of India allowing opening up of the sector (under any of the recognized **four** modes), there is an increasing demand to do so by the world community. This is particularly true for higher education, including professional education. The government has already been following **Automatic Liberalization (AL)** route in respect of some of the sectors. Management education is one example where foreign university entrance rules under Mode-III have already been framed. The UGC document of the Xth Plan has also acknowledged that scenario for higher education is undergoing dramatic transformation and that Indian higher education providers (particularly the Universities) should equip themselves to withstand pressures of winds of globalization. The recent recommendations of National Knowledge Commission (NKC) also speak about it.
Excellence in Higher Education: Way Forward

Education in India: some facts and figures

Before we analyse the issues relating to how to bring in excellence in higher education, let us have a look at some of the facts and figures relating to education at a glance in India:

- Rs 25,000 crores per year are repatriated out of India for Indian students studying abroad. According to the consultation paper, the Asian countries had 3,25,000 students in US colleges and universities in 2004-05, including 80,466 from India, 63,000 from China, 53,000 from South Korea and 42,000 from Japan. Further, 15,000 Indian students were enrolled in the UK, 22,279 in Australia and 2,567 in New Zealand. In 2004, nearly 14 percent of all international students in the US were from India. Education itself generated as much as $13.4 billion in export revenues for US in 2003. The US has therefore benefited enormously as a result of these revenues, which have come in through Mode 2 (consumption abroad).

- 1.5 lac Indian students leave the country per year for higher studies. About 4-5 lac students are outside the country at any point of time. The financial impact to families of these students comes to about Rs 50,000 crores per year or US $ 10 billion per year, enough to build 50 IIMs or 35 IITs per year!

- Rs 3,000 crores are spent by nearly 6 lac students trying to arrange and learn for the entrance examination of IITs / IIMs / top business schools in the country.

- Higher education is subsidized while we still have 350 millions, as per GOI, who are illiterate.

- The drop out rate between classes 1 to class 10+2 is nearly 94 per cent. The present higher education is, therefore, designed only for the balance 6 per cent.

- Estimated expenditure in all forms of education for the EU, USA is about 6% of GDP for primary & secondary education, 3% of GDP for VET, and 3% of GDP for R&D and innovation thus totalling to around 11% to 12% of GDP. Total expenditure in India towards education is about 5% of GDP.

- The present system puts too much emphasis on IQ and not enough on EQ (emotional quotient) and SQ (spiritual quotient).

- We do not seem to be adequately prepared for the open educational system that is likely to emerge in the world in a few years to come.

Source: UGC, Ministry of Higher Education, and i Watch – an NGO promoted by IITians

Student enrollment and public spending in higher education

The other side of the story is that that there has been phenomenal growth, in quantum terms, for higher education in India since independence. For example, students’ enrolment (formal and non-formal put together) rose from 62.17 lacs in 1992-93 to 1 crore (50 per cent rise) in 2003-2004 (UGC Report). The total enrolment in
doctorate and postgraduate level is 65525 and 806636 respectively. It therefore, shows a rather low research base in relation to the total enrolment in higher education. Correspondingly the number of institutions of higher learning has also gone up substantially. The types of higher education during 2005-06 are as under:

Table 1: Types of Institutions in Higher Education

<table>
<thead>
<tr>
<th>Type of institutions</th>
<th>No. of institutions</th>
<th>(As on March 31, 2006)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Universities</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>State Universities</td>
<td>217</td>
<td></td>
</tr>
<tr>
<td>Deemed Universities</td>
<td>104</td>
<td></td>
</tr>
<tr>
<td>Institutions (Est. by State Legislative Act)</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Institutions of National Importance (Est. by Central Legislation)</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Private Universities</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Open Universities</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Colleges</td>
<td>17625</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,998</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Tenth Plan Profile of Higher Education in India: UGC

Notes:

1. The above does not include several institutions that are outside the purview of the university set-up.

2. The number has gone up substantially during last two years.

If one correlates the increase in student enrolment with increase in public spending in higher education (Table 2), it becomes clear that the increase in public spending has not been commensurate.

Table 2: Public Expenditure per Student: Nominal and Real

<table>
<thead>
<tr>
<th>Year</th>
<th>Higher Education</th>
<th>Nominal</th>
<th>Real</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-94</td>
<td>8961</td>
<td>8961</td>
<td></td>
</tr>
<tr>
<td>1994-95</td>
<td>9821</td>
<td>8722</td>
<td></td>
</tr>
<tr>
<td>1995-96</td>
<td>9384</td>
<td>7717</td>
<td></td>
</tr>
<tr>
<td>1996-97</td>
<td>8438</td>
<td>6634</td>
<td></td>
</tr>
<tr>
<td>1997-98</td>
<td>9003</td>
<td>6779</td>
<td></td>
</tr>
<tr>
<td>1998-99</td>
<td>10238</td>
<td>7276</td>
<td></td>
</tr>
<tr>
<td>1999-00</td>
<td>13219</td>
<td>9097</td>
<td></td>
</tr>
<tr>
<td>2000-01</td>
<td>13956</td>
<td>8963</td>
<td></td>
</tr>
<tr>
<td>2001-02</td>
<td>12099</td>
<td>7501</td>
<td></td>
</tr>
<tr>
<td>2002-03</td>
<td>12294</td>
<td>7370</td>
<td></td>
</tr>
<tr>
<td>2003-04</td>
<td>12518</td>
<td>7117</td>
<td></td>
</tr>
</tbody>
</table>


Quality perspective

In context of number of suppliers India is reckoned today a country with one of the largest number of institutions of higher education. However, two most important criteria for higher education to sustain on a long-term basis are accessibility & global standards in terms of structure and processes. While for the first India still has one of the better credentials, for the second much needs to be done. Here lies the concern about achieving excellence in higher education. The issues that need to be looked at greater depth are:

a. Regulation: During the initial phase of
development and even today for many areas / sectors, there is no central and single point regulatory authority for the various institutes of higher learning in India. India has seen multiplicity of regulation depending on type of education (AICTE for management education, MCI for medical education, and so on). To make the matter worse, the focus has always been on inputs & control rather than process or outputs and development. While the entire world has moved from control and regulation to development and self regulation, India still stands by the age old model of control-based regulation. Education being a concurrent subject, there has also been some conflict of interest between the state and central governments and this has often given rise to abundant confusion. The recent recommendations of NKC for formation of Independent Regulatory Authority for Higher Education (IRAHE) as the single regulatory body for higher education in India should be viewed in this context. No doubt this will take care of the important issue of multiplicity of regulation; however, this recommendation is not explicit about the type of regulation required for development of institutions of higher learning and therefore, the problem remains as it was.

b. Governance issues: Institutes of higher learning are expected to be role models of corporate governance including ethical standard, openness and transparency. However, ground reality has been that many of the institutions lack substantially in respect of many of the above areas. These include:
  - Lack of involvement of Governing Council
  - Absence of Academic Committees
  - Inadequate student involvement
  - Insufficient integration with industry & other stakeholders
  - Absence of merit-based incentive scheme (including fixed and variable pay concept)
  - Lack of process orientation and quality
  - Absence of collegiate spirit

c. Faculty issues: One of the most important, if not the most critical, cornerstones of any educational set-up is faculty in terms of its adequacy, composition, and quality. The Indian institutes can not be termed to be in a comfortable position in any of the above dimensions. There are no core faculty in many colleges; some have very few and largely depend on outside visiting faculty. Some of these visiting faculty members are not committed ones but simply free-lancers teaching across a large number of institutes without any dedication or focus. Student to faculty ratio is quite adverse (sometimes as high as 20-25:1) compared to international standard / norm of around 8:1. Barring a few top institutes / university colleges, majority of the institutes have a very adverse faculty structure in terms of Ph.D. to non - Ph.D. ratio. Against the annual demand of about 10,000 Ph.D.s for teaching staff, India produces hardly 150 doctorates each year. This has resulted in poor quality of teaching process. Further, environment in an
institute of higher learning is expected to be informal and experiential where faculty is expected to play role of facilitators rather than conventional teachers. Two reasons account for this. First, students in such an environment are expected to learn more through reflection and assimilation of ideas/concepts and application of theory to solving real-life issues than mere understanding of tools and techniques. Second, teachers in such a setting are expected to facilitate process of learning compared to teaching what they intend to. Our personal hypothesis has been that the imperial psychology of “I Centric Approach” is still deep-rooted in Indian scenario, including in the educational settings. Therefore, teachers are still considered as deliverers of knowledge from ivory towers of knowledge; there is absence of collegial atmosphere expected in an educational institution; emotional bondage between teachers and students is virtually non-existent; and above all teachers are seldom considered as mentors, coaches and counselors.

d. Content, curriculum and process of delivery: What is taught in colleges is as important as how it is taught. The importance of content and curriculum in the context of an institute of higher learning can never be underestimated. Three important components of any content and curriculum are quality, relevance and flexibility. While first two are an absolute necessity to ensure quality education, the last one is assuming importance in the emerging world where change has become ultimate reality. Unfortunately in many of the institutes in India, the course content lacks in all above components. Scarcity of adequate good faculty affects quality. Curriculum has often been found to be static for as long as a decade and therefore, lost relevance. But the most critical dimension has been that bureaucratic set-up of many institutions has resulted in their devoid of agility to respond to changes in terms of revision and upgrading the curriculum. Benchmarking with global and comparable institutes and constant internationalization of curriculum and content is an issue that calls for immediate attention in a number of Indian institutions. Besides, there is an urgent need to move away from the traditional approach of teaching in classroom situation to being mentor and facilitator for facilitating the proceedings.

e. Quality related issues: This has been one of the most serious concerns in higher education. No doubt there has been proliferation but this has possibly accompanied with evil of compromising quality. There have been serious issues of quality in all three parameters namely, inputs, process and output. Majority of them are internal issues. As stated earlier, regulators primarily focus on input aspects and that too quantitative parameters like number of faculty, required quantum of infrastructure, among others. Much less emphasis is laid on ensuring quality issues in processes and resultant quality of final products and their acceptability in market place or in the larger context of community or society at large. The globally prevalent
mechanism of enhancing quality through self-regulation and accreditation is possibly the need of the hour.

f. Faculty development & research issues: The most important criteria for a good institute to become globally competitive on a sustainable basis is creation of “intellectual capital”. Apart from providing basic hygiene factors in terms of physical facilities that include residential, computing, and library facilities among others, this also includes creation of an academic ambience suitable for bringing out implicit talent of the faculty. This is more importantly applicable for newly christened faculty. However, barring a few top institutes, unfortunately, even many of the basic hygiene factors are virtually non-existent or grossly inadequate. The classrooms are barely adequate and conducive for learning; there are no provisions for group learning / work; there is no or scarce budget for buying good books; the books that are available are neither the recent ones, nor they do contain latest information. More than sixty per cent of the institutes do not have hostel / residential facility that are imperative not only for extended classroom teaching but also for beyond-classroom socialization process. The computing facilities, particularly the Internet, play a very important role in facilitating the knowledge dissemination. Barring a few institutes that have the facility of 24-hours uninterrupted Internet / Intranet facility, many of the colleges have a very adverse computer to student ratio, as high as 8:1. Lack of adequate research orientation at such an institute is the other critical issue. This is crucial in two ways. Firstly, output of research becomes input for classroom teaching enhancing effectiveness of learning process. And secondly, it provides a good opportunity to students who along with faculty can understand and dissect real life issues. As a result of the above factors, mediocrity among faculty fraternity has become a commonplace phenomenon. This can only result in creation of mediocre outputs by majority of the institutes. The other crucial lacuna in the system is that there is no adequate interaction between institutions and corporate. An analysis of major innovations in the USA in Social Science (more particularly in the management science) reveals that these have come from work by professionals who were involved both in corporate operations as well as attached to academic world. This is not true in the Indian scenario. Further, this has also resulted in very limited exposure of faculty of such institutes of higher learning to international seminars and conferences and resultantly less creation of any new knowledge. The instances of path-breaking researches by Indian faculty are extremely rare.

Future agenda

In the earlier paragraphs, the historical perspective as well as both macro and micro-issues facing institutions of higher learning in the Indian context was deliberated. One of the important conclusions that can be drawn from the discussion is that the post-independence Indian scene has seen proliferation of institutes without commensurate focus on quality. Lack of
adequate regulation has definitely a role to play in this regard. Having said so, it must be appreciated that India is a large country with political democracy and any external control is always subject to criticism and scrutiny. Therefore, what is needed is to have a free-market determinant that, in course of time, will automatically take care of aberrations and in the end only the better would survive. This free-market phenomenon has already started playing its role in Indian economy in manufacturing and services sector, and soon its impact will be felt in educational field as well. The increasing forces of globalization, WTO agreements related to services (GATS), and impending privatization of Universities in India will only hasten process of growth or atrophy of such institutes depending on their strategy, structure and processes. Accreditation, quality focus, cluster of schools according to market perception of students as well as corporate are the eventualities that loom large and will ultimately differentiate between better managed and other institutions of higher learning.

The **strategic choice** before the Vice Chancellors / Deans / Directors / Principals particularly in the context of a developing nation like India is limited to one or more of the following alternatives:

- To become global on one’s own standing (institutions like IITs, IIMs, or BITS, etc.)
- To partner with global Universities / institutes in search of brand name / equity, or
- To maintain one’s unique identity but in a niche market (industrial engineering, agriculture, telecommunication, etc.), or
- To become a differentiator in the context of pedagogic approach, innovation, leadership in new frontiers or avenues to maintain a first mover advantage.

But one thing is clear. India has tremendous advantage in terms of substantial qualified manpower, a good number of English knowing populations, a large number of middle class / upper middle class residents who believe in philosophy and relevance of higher education, and a number of world-class providers of higher education. This is in addition to the Eastern philosophy from where a good number of lessons can be drawn. This is totally different from a country like China or Southeast Asian countries where higher education is primarily a **western-driven** phenomenon. Nevertheless, the market is getting complex, inter-dependent, and turbulent. New thoughts and paradigms are emerging with lightning speed. To update, create or disseminate knowledge is increasingly becoming difficult for all streams of higher education. To succeed in this complex world full of diversity and unprecedented global challenges, the prescription for success would be a big challenge and new and innovative strategies need to be worked out.

The views expressed are personal views of the authors and do not represent views of the institute they belong to.
Management of Tsunami Change: New Frontiers of Management

Sharu S. Rangnekar
Sharu S. Rangnekar is an academician and a renowned management guru.

Introduction

Change is constantly with us from birth to the grave. However, the changes we experience fall into 3 broad categories: Continuous change, Discontinuous change and Tsunami change.

Continuous change takes place continuously e.g. getting older by one day- day after day. We do not pay much attention to this change and, by and large, it manages itself. There is very little change day to day. Although over a period we look older or the hair becomes grey – or some of them fall out. Over a period, the change is significant but since it is at a slow rate, we get accustomed to it.

Discontinuous change makes a significant impact on our life immediately. The first discontinuous change we undergo is being born. An embryo, comfortable in the mother’s womb, is thrown out one day into a totally different world and our first
reaction to this change is a loud protest. However, we do not remember this change. Perhaps, the first discontinuous change we may remember is the first day at school.

Thereafter there are a series of discontinuous changes: getting a job and getting into relatively rigid office discipline; getting married and getting into two-people democracy; getting children—with the tribulations involved. In each case there is clearly a give and take. Some benefits and some hardships—and we have gone through numerous discontinuous changes managing them fairly well.

**Tsunami change**

The third kind of change is where everything around changes—like the havoc created by the tsunami wave. The benefits are hardly comprehended and the hardships are very clear. How does one get prepared for a tsunami change?

**There is no alternative**

One way is to start with the dictum: “TINA” (There Is No Alternative). We are not happy with the situation but it is inevitable. The case in point is female education. It started in 1850 with a great deal of opposition. The proponents of female education were attacked because the opponents said: “What have women to do in their life? - Cooking and bringing up children. That can be learnt in the house itself with apprenticeship to the mother. The girl can learn cooking under the supervision of her mother and can also learn to bring up children (particularly in those days when mother had 8-10-12 children. The first 2-3 children were brought up by the mother, the rest were brought up by the eldest sister who learnt the skills as an apprentice). What is the point in the women learning Kalidas and Shakespeare?”

Over a period, the process of attrition played its role to make female education accepted. Initially, it was stressed that widows should have education so that they can have the ability to sustain themselves economically. Mostly the widows attended these schools so they were known as “Bodkyanchi Shala” (School for the shaven-headed) – as the heads of the widows were shaved in those days.

The benefits of female education slowly became evident. So much so, that today if a girl has graduated and is sitting idle at home, the neighbors will advise her to take up a computer course.

However, even today there are opposition groups—including in a city like Mumbai. Two girls of a community were threatened because they were pursuing their education which the opponents felt was against the religion and would spoil the girls for their traditional role of good housewives.

This opposition is reducing and female education is getting accepted—although it has its effects and side effects. I worked in the pharmaceutical industry where we believed that if a medicine has effect it has side effects also. If it has no side effects it has no effect also. So every change has its effects and side effects. Female education is a very strong medicine. It is effective to make the women contribute more significantly to the economic development but the side effect is its impact on domestic peace. So here it is a tsunami change which took over 100 years...
to get accepted. In case of many changes that much time is not available – as in the case of a natural tsunami disaster. There the people are forced to accept unpleasant alternatives to carry on in life.

Another example of tsunami change is the role of horse drawn “tongas” in transportation. Fifty years ago every railway station had tongas which provided transportation to the travellers between the station and their residences. Then came the tsunami change replacing tongas with auto rickshaws and buses and tongas have vanished altogether with the horses and the tongawalas. Many of the tongawalas literally starved to death, along with their horses, as they could not master the new technology of driving auto rickshaws and buses. However, this change took place over 25 years and did not create a strong backlash. I remember only one movie where Dilip Kumar as a tonga driver took a bet to beat a bus to stop the bus-route. In the movie, by driving through shortcuts, he could beat the bus. But in real life the tongas lost forever.

A new tsunami

There are two other tsunami changes which are making waves. One is in Singur and Nandigram where the agricultural land is being given for industrial development. There have been bloody battles. However, the logic of this tsunami change is obvious. The technological reforms in agriculture have made it possible for less and less land to provide food grains for more and more people so the land has to be released for industrial production. The land-owner who is traditionally attached to the land is refusing to give it up. Similar situation happened in Russia when the land had to be taken away from the farmers to form communes and it resulted in hundreds of thousands of farmers getting killed by the Russian army. However, in the long term it resulted in loss of production and Russia had to import food-grains to support its people. The present situation is very much different because it follows and not precedes agricultural productivity. If the farmer insists on pursuing agriculture he is bound to get caught in the consequences. It is often said in America “agriculture is a passport to poverty”.

Another tsunami change on the horizon is the abolition of traditional retailers in favor of large scale operators. At Ranchi, in Jharkhand the traditional retailers took their opposition to the large scale operators on to the streets. But here also the requirement of tsunami change is clear. The present way of operation of the traditional vegetable vendors, fruit vendors, grocer etc., is highly inefficient in terms of cost, convenience and time. The turnover of a typical vegetable vendor is so low that his margin has to be very high to make him survive. A long chain of middlemen are involved which makes the operation very costly. While the farmer receives hardly Rs. 3/- for one kilo of onions, the consumers have to pay Rs.15/- per kilo. The large retailers buying directly from the farmers and selling directly to the consumers are going to make the operation much more cost effective. Furthermore, modern technology can be used to make the product available to consumer more conveniently and in the form he can use very easily. A traditional vegetable vendor can hardly protect the product from dirt and dust.
and that is the death-knell for the traditional vendor.

However, these large changes involving millions of people, thrown out of their traditional jobs in a matter of few years and their inability to learn new technology of retailing, is going to create a great deal of havoc.

**Acceptance of change**

In such situations the society and the government can control the process to give the time for acceptance of change. Acceptance of changes comes in three phases:

- Knowledge
- Belief
- Behavior

For the change to be accepted a sustained campaign has to be conducted to make people realize the advantages of the change. This is obviously a long term process and the society may not have the time for this change.

**TINA factor**

*You can swim against the current but you can’t swim against gravity.*

I was sitting with a friend of mine, who was an amateur fisherman, near a stream of water. The stream was moving fairly fast and most of the fish were swimming with the current. However, I found about 10% of the fish were swimming against the current. I asked my friend, “Why are they swimming against the current?” He said, “This is the breeding season for this fish and the females are going against the stream to lay eggs in their chosen territory.”

The stream proceeded for another 10 meters and jumped into a waterfall. Some of the fish who went down with the waterfall were trying to swim up the waterfall. But they were not successful. Looking at that my friend remarked, “You can swim against the current but you can’t swim against gravity”. There are some tsunami changes. People try to resist these changes. But they can not succeed because you can swim against the current – but not against gravity.

In 1951, when I started my career, there were about 3 thousand railway stations in India and outside each station there was a tonga stand. These 3 thousand stands plus others in the towns covered nearly about 1 lakh tongas.

The tsunami change started with auto rickshaws and buses taking away the passengers. The tongas made efforts to resist the change. In the film Naya Daur, the hero Dilip Kumar, races alongside the bus with his tonga and defeats it. That was reel life. In real life the tonga could not stand the competition. The tongas were burnt as kindle wood, the horses died and so did the tongawalas. They could not swim against gravity.

A similar contest is going on in Singur and Nandigram by agriculturists and in Ranchi and other towns, by Small Scale Retailers against Reliance. This again is a competition where they are going against gravity and cannot win.

**The alternative**

The alternative is to create the TINA factor i.e. There is No Alternative. After the
First World War, Turkey was in shambles and Kemal Ataturk took over the nation with the slogan “There is no alternative”. Overnight he abolished the ritualistic religion and banned the veil as well as the Turkish cap which were seen as symbolic of ritualistic religion. The most significant change he made was in the script. The Turkish language, which was written in Arabic script, was switched to the Roman script. These changes were not universally welcomed but he had the power of the army up his sleeves and so, could ensure implementation of the changes almost in a single day with the slogan “TINA” i.e. “There is No Alternative”.

The changes he made in this way kept on smouldering the rebellious feelings and at the end of the last century, the religious parties again made a come back trying to bring Turkey back to the religious mould. The army superseded the parliament and kept the reforms going.

The persuasion route

The process thus goes through the persuasion route i.e. Knowledge, Belief and Behavior to get accepted over a period with the opposition getting converted. Thus, the changes introduced by female education can draw adverse comments but are unlikely to be thrown out by any democratic process. In fact, democracy also is a tsunami change which is based on the tenets of equality. The traditional societies were based on inequalities: a superior caste, a superior religion, a superior sex. These gave some the authority to rule over the others. However, democracy tries to establish equality. In fact all people are not equal but in the concept of democracy they have to be treated as equal and given a chance to become equal.

A case in this point is a rule made in New York that all public buildings must have ramps so that the physically disabled people will try to have the mobility similar to normal people. Somebody calculated the cost of providing ramps and suggested that it will be cheaper to keep disabled people home by giving them pension. The answer was the solution to disability is not charity but to create as much equality as is possible.

Even the controversy over reservations can be seen in this light. Reservations cannot create equality. In fact they tend to emphasize inequality. However, by creating reservations more and more people are pushed towards equality.

Another case in this point has been the position of scheduled castes, scheduled tribes or otherwise backward classes as against Muslims of India. At the time of independence, Muslims had 15% of all important positions in the government thanks to the special protection given by the British Raj. At that time scheduled castes, scheduled tribes and OBCs together were much less than 15%. Today after 60 years of independence the scheduled castes, scheduled tribes and OBCs are nearly 30% while the Muslims have come down to 5%. So the reservation policy of British Raj created permanent inequality and when it was removed the Muslims suffered economically. The situation is somewhat similar to Negroes in America. Negroes are also 15% of American population but in three areas they are much more than 15%
- in Olympic gold medals they have the majority. In performing art, particularly music, they are over 25%. These areas do not require any support from the society to score. Individual abilities can sustain.

So to create equality there has to be sustained efforts to support the weaker to be equal. This is obviously a tsunami change and will be resired at every step - but to retain democracy it will be essential to move towards this end.

**Conclusion**

In this process, the persuasion of knowledge, belief and behavior has to be used to make the tsunami change ultimately accepted in the society. This is essentially what is meant by management of change – and this will be a vital element in the new frontiers of management.
Managing Water for Agriculture

Chitra Ramanan
Dr. Chitra Ramanan specializes in the area of Zoology and is a faculty of Management Studies, SIES College of Management Studies, Navi Mumbai. chitra_ramanan2003@yahoo.com

Introduction

In the 21st century, with increasing urbanization and industrialization it has become extremely necessary to protect the environment - nature’s most precious gift to mankind, comprising of land, water, forest and many other associated elements. In fact, the well being of a country depends on the judicious utilization of the natural resources for its development.

Indian economy is fundamentally dependent upon agriculture, which is the primary source of food production and major source of employment. As a primary sector, agriculture involves the mobilization and utilization of the elements of environment like land, water, air, sunshine, etc., for food production. Hence increasing food production through agricultural growth without adversely affecting the environment is perhaps a precondition for sustainable development. The objective of present study is to deal with issues relating to environment and improve agricultural production by identifying the effects of managing water for cultivation on land, water, soil, etc.

India’s strength is basically dependent upon the augmentation of agricultural
sector. Irrigation plays an important role for agricultural development.

**Irrigation and water crisis**

What is Irrigation? Artificially supplying water to soil for raising crops in areas where total rainfall is insufficient or ill-timed is called irrigation. In short, it is the science of harnessing and controlling various natural sources of water for the benefit of agriculture. This has led to construction of various dams, canals, tanks and wells for harnessing of water.

Water crisis can be viewed as arising from the disruption of the hydrological cycle comprising of a set of related ecological processes by which water is made available to an ecosystem, through precipitation, surface run-off, infiltration, soil moisturizing, groundwater recharge and is finally returned to the atmosphere through evaporation (Bandhopadhyay, 1987). Destabilization of the hydrological cycle occurs when more water is drawn than is replenished, eventually leading to mining of ground water and its exhaustion. The cycle can also be established by adding more water to the ecosystem than the natural drainage potential of that system. This leads to desertification which is also a form of water abuse rather than water use.

**Problems in surface irrigation**

In the conventional sense, the concept of water conservation is held synonymous to impounding river water in large dams and to building large network of concrete – lined canals. However, a careful examination of these projects reveals that irrigation projects have been designed and managed from an engineering point of view and the environmental dimensions do not seem to have been given due prominence.

Evidently, large irrigation projects trigger formidable changes in the ecological and environmental balance as in- natural run off cycles, sedimentation patterns, flora and fauna, erosion, pollution, micro-climate, regional climate, geo-technical settings, ground water regimes, agricultural pattern, human settlement, public health, etc. In the aquatic environment, these pose the problems of soil erosion, sedimentation in reservoirs, water weeds, pollution (both chemical and biological) and nitrogen super saturation. Problems related to terrestrial environment include deforestation, danger to wildlife, and imbalance in groundwater, earthquakes, and changes in climate and soil erosion.

Siltation of dams and reservoirs, for instance, question the sustainability of irrigated forms. The problems of soil erosion in the catchment area result in (a) filling in of the dead storage of the dams more rapidly than envisaged and (b) siltation spreads to line storage area of the reservoir. Preventing deforestation and increasing a forestation in the river catchment areas are the only effective ways to cope with the siltation problems.

Dams pose various environmental hazards and tanks are seen as a viable alternative for harnessing and supplying water for irrigation. Tanks are the earliest human innovation to capture, conserve and distribute rain water for raising food and fiber. India accounts for 3,52,858 tanks. These tanks were built hundreds of years ago. However, all of them are not
productive. Many of them are in a state of disrepair. Most of the supply channels and the tank beds are silted up. Their water use efficiency has come down to almost as low as 30% in many cases. Consequently, the full contemplated command area does not get the benefit. There is always a gap between the registered Ayacut and the area actually irrigated by tanks (Krishnan and Krishnamurthy, 1991). All these are due to inadequate, operational inefficiency, lack of proper control over regulation and excessive use of water at the farm level, in addition to heavy siltation in tank beds and supply channels, encroachment in the foreshore, water spread, supply channel, etc. Deforestation in the catchment, defective tank structure like leaky sluices, weak bund also account for the decline of tank irrigation.

This calls for a major reorientation of approach and strategy towards tank irrigation and calls for several measures besides desilting, restoration and cleaning up inlet channels which are the main goals of tank modernization, rehabilitation and restoration schemes by governmental and non-governmental agencies. The improvement works have to be planned in such a way as to augment the quantum and reliability of water supplies to existing tanks and exploit the possibilities of using tanks in conjunction with large irrigation systems.

In order to increase the food production in the command areas under tank irrigation through rehabilitation of tanks and their channels, it is vital to restore their original capacity and optimize utilization. Further, desilting and restoration of tank capacity calls for the restoration of the feeder/inlet channels of designed capacity, improving drainage system and rehabilitation of the catchment area. On the other hand, disposal of large volumes of silt is problematic. For instance, afforestation in the tank bunds and foreshore area can cause water pollution and prevent farmers from desilting tanks.

Present scenario

The following have an adverse effect on agriculture:

a. Water logging
b. Salinity
c. Water losses
d. Pollution of groundwater and run-off water
e. Public health aspects

Water logging and salinity are the biggest curse of irrigation, especially surface irrigation. Excessive use of water gives rise to water logging, salination, etc. In India, 10 million hectares of canal-irrigated land have been waterlogged and another 25 million hectares are threatened with salinity. This leads to degradation of fertile agricultural land in the common area. If water is applied strictly according to evapo-transpiration and crop needs and water percolation below root, it is impossible to keep water logging to zero. Adequate drainage arrangements have to be planned so that excess surface water as well as percolating water is safely drained away without causing a rise in ground-water levels.

Canal irrigation suffers from unequal distribution of water, in which head reach farmers have greater and easier access to water in abundance, in contrast to the tail-
enders. In addition, water is lost during conveyance in the form of seepage and percolation below the crop root zone. This denies water to the land situated away from rivers, depriving the tail-enders the opportunity to cultivate.

In many command areas excess irrigation has caused ground water pollution. Water flowing out of agricultural fields contains harmful or toxic chemicals. Agricultural run-off from irrigated fields also causes large scale pollution of water bodies in the form of numerous tanks and water holding structures which people and cattle have to use daily.

Moisture content in the air increases due to irrigation causing changes in the climate and an environment conducive to breeding a number of parasites, mosquitoes, bacteria and viruses. Stagnation of water in ditches, drains, burrow-pits and canals adds to this phenomenon.

To avoid and overcome these problems associated with canal irrigation, irrigation planning is done with a view to promoting and encouraging farmers to use ground water.

**Ground water depletion**

The appropriation of ground water for irrigation is through wells. Traditionally, the extraction has come mainly from open dug wells. But a new and more powerful technology was introduced in 1972 in the form of tube wells (B.D.Dhawan, 1997). In addition, mechanization of draft has increased the utility of wells and has resulted in optimum, sometimes over use of water available from each well.

Over exploitation of ground water is also an abuse. Indeed, the ground water situation in certain pockets of India, for example, Maharashtra, is critical since infiltration of water into the ground is less than what is being lifted up for irrigation. This results in gradual reduction of ground water level with serious repercussions on the environment. Such over exploitation is evident from the sinking ground water level. Conjunctive use of surface and ground water is, therefore, one of the primary means of managing ground water level and mitigating environmental damage.

From the above it is clear that there are various environmental problems associated with different systems of managing water for agriculture in the form of canal, tank and ground water irrigation. Given the scarce availability of the irrigation structures, the optimum utilization of these is indispensable for agricultural development. This is only possible through scientific irrigation management. Irrigation management is the process in which institutions or individuals set objectives for irrigation systems, establish appropriate conditions and identify, mobilize and use the resources so as to attain these objectives, without causing adverse effects on the environment. Thus, practicing scientific irrigation management can not only augment greater supply of water for cultivation, but can also make the entire process environment friendly. The efficient execution of such processes necessitates peoples’ participation in irrigation management.

Peoples’ participation in irrigation management is variously conceptualized as irrigation management transfer, self
management; farmers’ participation and irrigation system turn over, representing the different levels of increased participation of people and reduced role of the government in managing irrigation systems. In India, efforts are being taken to formulate an appropriate role of the State in the management of the irrigation system or to involve farmers in management. Farmer participation is encouraged and facilitated in various states. As a result, there have been numerous experiments in which some management functions have been transformed to users. In addition, there are abundant examples of small systems managed by farmers which demonstrate the capability of users to take on management functions (Workshop on irrigation management transfer in India, 1995).

Water resources in India were traditionally managed by local institutions. But in British times, these were usurped by the government under various acts and rules.

The simple premise of those who believe that community development projects, peoples’ participation, water users association and the like, are mainly a matter of teaching people about their real common interest or promoting values that are less individualistic. On the contrary, the rules make people do what they may not immediately want to do; are necessary ingredients of managing common resources.

Government organizations must take appropriate measures for reducing the adverse impacts of irrigation, as they have the power and duty to construct and manage irrigation structures and controlling water supply. The job involved is tremendous and can not be performed by official organizations alone.

Hence government initiative and support are essential for organizing and sustaining peoples’ participation. Government can initiate peoples’ participation by creating awareness about the need and nature of peoples’ involvement, organizing Water Management Associations, etc. Policy incentives with guidelines to achieve goals can sustain such collective action.

Experience in India reveals that involvement of people in the form of Water Management Associations provides both tangible and intangible benefits, the major tangible benefits being increased availability of water, improved reliability in water supply, flexibility in cropping pattern, changes in cropping intensity and changes in cropping pattern. The major intangible benefits include timely availability of water, saving in time and hassles to pay water charges, improved ability to deal with the agency, reduction in conflicts due to improved equity and in some cases benefits from other services provided by the water Management Association as well (A.K.Kalra & Gopal Naik, 1995). Thus involvement of Water Management Associations in the process of scientific irrigation management is a fundamental need.

Local institutions like panchayats, village sabhas, irrigation sabhas, mandals, talukas, districts, etc., have been empowered by law for active participation in water management and they should also be held equally responsible to manage the local environmental consequence of irrigation. As per the eleventh schedule of the amended Panchayat Act, the village panchayat is endowed with the following development activities related to land and
water management:
  a. Soil Conservation
  b. Minor irrigation and water management
  c. Water shed development
  d. Social forestry and farm forestry
  e. Maintenance of community assets.

In spite of the envisioned role of the local bodies and the panchayat, the agricultural engineering department and non-governmental agencies are engaged in the process of organizing people for forming Water Management Associations. Hence, the relationship between the panchayat and the Water Management Association raises the issue of sharing the seemingly overlapping responsibilities. A written agreement between the two bodies—Panchayat and Water Management Association—can be useful in clarifying the respective rights and responsibilities. Such defined responsibilities can greatly contribute towards minimizing wastage and under-utilization of natural resources.

Farmers’ participation in an irrigation system can thus be viewed as an integral part of the environmental management. In order to develop confidence and to motivate the farmers towards participatory management in an irrigation system, a perfect integration/understanding is needed between farmers, engineers, the agricultural department and the local bodies. Since irrigated agriculture is a joint venture, coordination and performance of roles by these groups are desirable for improving productivity from land. This entire process will depend on the change of attitude of the various government department and officials engaged in agriculture, from commanding to facilitating one.

**Conclusion**

Ineffectiveness of the existing irrigation system and structures due to inadequate maintenance, siltation of canals, dams and tanks, leaky sluices, water loss, ground water depletion and the like, reduce the quantum of water available for cultivation, thereby adversely affecting the conditions favorable for enhancing food production. Moreover, the quality of water and soil fertility further deteriorate due to salinity, water-logging, ground water pollution, soil erosion and land degradation arising out of the existing water management practices retarding the agricultural development. Thus improvement of the existing irrigation system, proper maintenance of the irrigation structures, practicing the principles and methods of scientific irrigation management, is not only vital for environmental protection, but is imperative for agricultural development. Peoples’ participation in irrigation with the support of government and non-government organizations can result in the judicious utilization of natural resources for assured and enhanced food productivity, ensuring environmental protection leading to sustainable development.

**References:**


issues in managing water for agriculture – Realities and Remedies”, Living resources for the Millenium2000.


Report of the task force on Panchayati Raj Institutions, December-2001

The Inter – Relationship of Psychological Empowerment with Job Satisfaction and Organizational Commitment: A Review

Vinya Krishna P and Preeti S. Rawat

The paper attempts to review the relationship between psychological empowerment, job satisfaction and organizational commitment. An attempt has been made to trace the development and growth of psychological empowerment, job satisfaction and organizational commitment as variables and to establish conceptual and empirical linkages amongst the variables involved. Finally, the paper proposes a research model which establishes a proposed linkage between the components of psychological empowerment (Meaning, Competence, Self – determination and Impact) with job satisfaction and organizational commitment sub variables (Affective, Continuance, Normative). The model would subsequently be tested in the Indian context.

Key words: Empowerment, job satisfaction, commitment

Introduction

Organizations of today face unprecedented change and competition. They have to continuously upgrade their technology, processes, and systems to sustain the competition in the market and cater to the customer needs. To handle this challenge many organizations are adopting flexible systems and processes to handle the needs of the changing environment. In this context the core competence, which distinguishes an organization from its competitors is human capital. Human capital refers to the workforce in the organization. The question that arises over here is what makes human capital be seen as the core competence? A possible answer is empowerment. The use of empowerment in managing human capital and processes in organizations can certainly be termed as innovations in Human Resources (HR).

In recent years, the term empowerment has become part of everyday management language (Collins, 1994; Cunningham et al., 1996; Hennestad, 1998; Wilkinson, 1998). Studies on job satisfaction have shown that Job satisfaction is influenced by organizational commitment (Bateman
Empowerment and job satisfaction in turn affect the organizational commitment (Zeffane, & Al Zarooni, 2008). Thus there appears to be a need to study the relationship between empowerment, organizational commitment and job satisfaction.

**Empowerment**

Empowerment is defined in the dictionary as the granting of political, social or “economic power to an individual or group, to invest an individual with power, especially legal power or official authority, to equip a person or group, or supply with an ability, to enable (Bnet – online Business dictionary).

Although it is a contemporary buzzword, the word empowerment is not new, having arisen in the mid-17th century with the legalistic meaning “to invest with authority, authorize”. Shortly thereafter it began to be used with an infinitive in a more general way meaning “to enable or permit”. Both of these uses survive today but have been overpowered by the word’s use in politics and pop psychology. Its modern use has origins in the civil rights movement in the United States (US), which sought political empowerment for its followers. The word was then taken up by the women’s movement. Empowerment is expressed variously in fields like organizational empowerment (Spreitzer 1995), psychological empowerment (Spreitzer 1995; Thomas & Velthouse 1990), social empowerment (Adams, 1990), political empowerment (Hardy & Leiba-O’sullivan, 1998), women empowerment (Agarwal 2001), individual empowerment (Liden, Wayne, 1996) and group empowerment (Ecotec, 2004)

Briefly empowerment is focusing on taking responsibility for work-related activities (Heerenkohlet al, 1999). Empowered employees are assumed to feel increased intrinsic work motivation and have a proactive rather than a passive orientation to their work roles (Sprietzer 1995, 1996; Thomas and Velthouse 1990).

**Job satisfaction**

Job satisfaction is defined as a pleasurable emotional state resulting from the appraisal of one’s job; an affective reaction to one’s job; and an attitude towards one’s job (Locke, 1976). Weiss (2002) has argued that job satisfaction is an attitude but points out that researchers should clearly distinguish the objects of cognitive evaluation which are affect (emotion), beliefs and behavior. This definition suggests that we form attitudes towards our jobs by taking into account our feelings, our beliefs, and our behaviors.

There are three generally accepted dimensions to job satisfaction. First, job satisfaction is an emotional response to a job situation. Second, job satisfaction is often determined by how well outcomes meet or exceed expectations. Third, job satisfaction represents several related attitudes. Through the years five job dimensions have been identified to represent the most important characteristics of a job about which employees have affective responses. These include the work itself, pay, promotion opportunities, supervision and co-workers.

Job satisfaction describes how content an individual is with his or her job. The
happier people are within their job, the more satisfied they are said to be. Job satisfaction is not the same as motivation, although it is clearly linked. Job design aims to enhance job satisfaction and performance; methods include job rotation, job enlargement and job enrichment. Other influences on satisfaction include the management style and culture, employee involvement, empowerment and autonomous work groups.

Job satisfaction has two facets relating to the extrinsic and intrinsic features of a job (Cooper-Hakim and Viswesvaran, 2005), a formulation that can be traced back to Herzberg (1968). Extrinsic job satisfaction relates to satisfaction with for example; pay, physical conditions of the organizational environment, human resource management policies and procedures, interpersonal relationships, and so on. Intrinsic job satisfaction represents an employee’s satisfaction with the non-monetary, qualitative aspects of work, such as creativity, opportunity to develop, ability utilization, feelings of personal achievement and accomplishment, and so on. These features are internal to a particular job and are viewed and felt individually and differently by each employee (Arvey et al., 1989).

**Organizational commitment**

Organizational commitment is defined as an individual’s identification with and involvement in the organization, characterized by a strong belief in and acceptance of the organization’s goals and values, and a willingness to exert considerable effort on behalf of the organization (Porter, Steers & Mowday, 1979).

Meyer and Allen (1991), proposed three components of commitment: affective, continuance and normative. Affective commitment refers to the employee’s emotional attachment to, identification with, and involvement in the organization. Continuance commitment implies awareness to the costs incurred when leaving an organization, and those with this primary link stay because they have to. Third type of commitment is normative commitment and implies a feeling of obligation to stay with the organization, resulting in one’s feeling he or she ought to stay. (Meyer and Allen, 1997).

**Empirical studies linking psychological empowerment and organizational commitment**

Empowerment reflects an active work orientation ‘in which an individual wishes and feels able to shape his or her work role and context’ (Spreitzer, 1995). These feelings of empowerment have been proposed and found to facilitate a worker’s commitment to the organization (Kirkman and Rosen, 1999; Locke and Schweiger, 1979; Spreitzer, 1996).

Studies (Locke and Schweiger, 1979; Spreitzer, 1996) have shown that empowerment evokes organizational commitment because:

a. A meaningful job provides a suitable fit between the requirements and purposes of one’s organizational work roles and one’s personal value system.

b. A sense of competence gives workers the belief that they are able to perform...
their work roles with skill and success, stimulating them to exert considerable effort on behalf of the organization.

c. Self-determination gives workers control over their work and a voice in work-related decision processes, leading to enhanced involvement in the organization.

d. Having impact facilitates workers’ possibilities to participate in shaping the organizational system in which they are embedded.

Meaningfulness (a dimension of psychological empowerment) was positively associated with organizational commitment and although not predicted, results showed a significant impact of choice (a dimension of psychological empowerment) on commitment. Competence (a dimension of psychological empowerment) had a significant, but negative impact on commitment (Osborne, 2002).

In a team-level study, more highly empowered team members were indeed found to develop higher levels of commitment to the organization (Kirkman and Rosen, 1999).

Janssen and Onne, (2004) showed that organizational commitment is significantly affected by the degree of empowerment, trust and job satisfaction. Similar results shown by Janssen,(2004), Suliman, (2002).Studies (Bartlett & Kang 2004; Williams, 2007) have suggested that training and development of the employees leads empowerment which in turn causes job satisfaction. Job satisfaction increases the employees’ commitment to the organization.

Empowerment has been found to predict organizational commitment (McDermott, Laschinger & Shamian, 1996). Nichoff, Enz and Grover (1990) showed positive relationships between employees’ organizational commitment and top management which are consistent with all of the components of empowerment (impact, competence, meaningfulness and choice) offered by Thomas and Velthouse (1990). Similar results found by Kraimer, (1999); Brief and Nord (1990).

**Empirical studies linking psychological empowerment and job satisfaction**

Changes in empowerment had direct effect on changes in job satisfaction (Laschinger, Finegan, Shamian, Wilk, 2004). Job satisfaction is influenced by empowerment and autonomous work groups (Okpara, 2006). Empirical studies have found positive relationship between empowerment and job satisfaction (Laschinger, Finegan, Shamian & Wilk, 2001). Blegen (1993) and Irvine and Evans (1995), in separate meta-analyses, found that job satisfaction was consistently predicted by autonomy, good communication with supervisors and peers, and job stress. Autonomy and good communication are consistent with Kanter’s (1997) conception of structural empowerment. Aiken et al (2001, 2002) also found other evidence consistent with Kanter’s theory. They studied organizations that are able to attract and retain employees despite challenging economic conditions. The employees that worked in these organizations were involved in decisions that affected them, had more autonomy and control over their jobs and enjoyed...
better relationships with superiors. These organizational characteristics are remarkably consistent with the empowering environment described by Kanter (1997). These employees were more satisfied with their jobs and experienced less burnout than employees working in other contexts (Aiken 2002; Upenieks, 2003).

A longitudinal analysis of the empowerment and job satisfaction leads to the result that variation in job satisfaction depends more on change in the level of empowerment than on the level of job satisfaction that was observed before. That is creating environment that provides access to information, support, resources and opportunities to learn and grow overtime has an important effect on the job satisfaction of employees (Lashinger, Finegan, Wilk, Shamian, 2004). Relationship between psychological empowerment and job satisfaction have also been studied by Fried and Ferris, (1987); Hackman and Oldham, (1980); Kraiger, Billings, and Isen, (1989); Wanberg and Banas, (2000); Spector (1986); Bandura (1986); Osborne (2002); Ugboro and Obeng (2000); Brossoit (2000); Liden (2000).

Based on the above research the model to be tested is given in figure 1.

Conclusion

Thus one can conclude from the past researches done that the components of psychological empowerment (meaning, self-determination, competence, impact) have inter-relationship with job satisfaction and organizational commitment sub variables (affective, continuance, normative). The model identified in figure 1 would be tested in the Indian context to find out ways to use empowerment as an innovative tool to improve the functioning of people and processes in the organization.

The following research model (Fig 1) is proposed to test the variables under study.

Figure 1: Research Model:

References:


Team Spirit: A Vital Ingredient for Organizational Success

Sandeep Bhanot

Prof. Sandeep Bhanot is a faculty of Management Studies, SIES College of Management Studies, Navi Mumbai. He specializes in the field of statistics and quantitative methods. sandeep@siescoms.edu

What is a team? If T represents Together, E represents Enterprise, A represents Achieve and M represents Motivation, then we can say that a group of people who come together in an enterprise to achieve something with a lot of Motivation in them form a team. We see teams at work in sports like cricket, soccer and even in the animal kingdom. The way ants collect their food and take it together to a safe place is a brilliant example of team work. Similarly, a company that is very successful invariably has management and staff who truly believe in team work. The company has what the French call esprit de corps, a sense of unity and common purpose among members of a group.

Team leader

A great team needs a good leader. He rallies the team together, gives them the big picture and gets them focused towards the goal. He is the cheerleader who motivates the group to work towards success. Teams must share information willingly. The same information may be put to good use by another team member who is good at seeing relationships. We get a better perspective of a problem by sharing it with others who have experience and insight. Teams provide opportunities for interaction. Although each department in a company is a team, it must also cooperate with other departments. Some departments guard their interests so jealously that they are autonomous regions within a big nation. This works to the detriment of the company. One way to get around this is to form committees with members from different departments. Such committees will provide opportunities for staff from different parts of the company to get to know each other better, not only at meetings but also socially.
Team effort

Teams share glories of success and bear the blame for failures. This ideal helps it to cement the idea of working together as one happy family. It creates a sense of belonging and unity. At the Asian Games or the Olympics, the winner of an individual event gets a gold medal; yet the winning hockey team of more than 11 also gets a gold medal for the nation. Perhaps the rating system should change so that more marks are awarded for team events. There is definitely more effort put into the training of a team than an individual. In the case of the company, all stakeholders benefit from the team effort.

Many companies form teams to create competition. The various sales teams work hard to see which team can sell more and so win the overseas incentive trip at the end of the year. The rules are such that only one team will be sponsored for the trip so, besides sales commissions, the glory of beating the others helps to spur team members to greater heights.

Forming a team

We must get the right people to form a good team. Selecting a group of people who can work well together is an art. We know from a principle of magnetism that opposite poles attract. One should try to form a team with different skills, talents and experience. Creative people contribute enormously to the success of a team. We need a catalyst for every team. In chemistry, a catalyst is a substance that causes or speeds a reaction without itself being affected. In teamwork, a catalyst is a person who precipitates an event or a change. Such people contribute ideas to keep the team moving forward. They are passionate about what they do and this will motivate the others to contribute. Catalysts are often talented; they offer to do many things. They not only make promises but deliver. You find them in study groups.

They will type out the notes neatly and make copies for everyone present. They offer to do Power Point presentations without being asked. They do not seek special rewards for themselves.

We must watch out for the perfectionist. With good intentions, this person may be over-ambitious. While high standards are good, if overdone, the team will never be able to meet the deadline. Team members must have mutually shared goals and benefits. Many team members will ask: What’s in it for me? They want to receive tangible benefits in cash or kind. It is a natural human yearning for rewards and we have to learn to live with such people. We can find many examples of such people in grassroots and social work. These volunteers contribute time and effort enthusiastically for the first year but later they fade away when they find that there is little personal gain.

Conducive environment for team work

The question arises: How many members form an ideal team? A good thumb rule is: the bigger the challenge, the larger the team. But a team of more than 10 people can be cumbersome to handle. Teamwork doesn’t just mean having formal teams make improvements. The company should create an environment where people are
encouraged to work together every day. They discuss and resolve problems openly rather than behind shut doors. They don’t use issues as ammunition for attacking each other. Meetings should be energized and productive. Constructive ideas should be discussed during meetings and not at the water coolers or the toilets after the meeting. Information is shared freely and openly, including bad news. If bad news remains hidden in the closet then there can be no real improvements to be made.

Teamwork means that everyone working on a process or problem has **more say in decisions**. This means added responsibility for everyone to actively participate in decision making. A good team leader should know that **identification** helps to keep up the team spirit. That’s why the military spends a big part of the budget on uniforms. A hockey team, for example, wears the same coloured jerseys. If a company has no budget for staff uniforms, a spectacular team name helps. It’s some form of branding.

**Basics of team building**

Much time and effort must be spent on team building. Good teamwork does not come naturally, it has to be weaned and nurtured. One of the basics of team building is good relationship among teammates.

Some important elements include:

a. Trust
b. Mutual respect
c. Open and honest communications
d. No hidden agenda
e. No black mouthing
f. Willingness to experiment with new things
g. Don’t run down others’ ideas, however dumb.
h. Act to promote long term relationship
i. Reliability
j. Equality among all members

Given the time and the right people, building a successful team is not an impossible task. The challenge is in keeping the same team together to solve bigger problems of the company and to make it more effective in the changing global scenario.

**The making of a winning team**

We always talk about working as a team, putting team goals ahead of personal goals for the purpose of achieving our goals. This requires a lot of effort on the part of everyone: from the team leader to each individual member. Everyone needs to play down their individual egos and just keep the common goal in sight. A good example of this was seen in the recent film ‘Chak De India’ where the coach first makes the players learns how to function as a team and then strive for excellence. So what are the things on which emphasis must be put in order to get a winning team? Let’s see.

a. Start each day with an optimistic mindset: Leave yesterday behind and make a fresh start for the day. A positive outlook helps in building confidence and that is essential in making a bright start. Brooding over bygone miseries just puts one off the track. Do not let anything stop you from achieving gains that would otherwise have been possible for you to achieve. A positive thinker always sends out positive vibes. A “can do” attitude injects the entire team with
positive energy and self-confidence even in the face of challenges and tough goals. Only a motivated manager can motivate his/her team to do well. The team needs to understand and realise what they are capable of and then work wholeheartedly towards that.

b. Team spirit: This means a “we” versus “me” approach. While it is good to be ambitious and important to achieve personal goals, sometimes it is important to consider the greater good of the team and do what is required to achieve the common goal. It is important to work as a team rather than individuals, in order to win against any competition.

c. Focused vision: It is important to put the best into your work without caring about the end result or credit. This brings in respect and appreciation from the team and boss. Your work is recognised even when you think no one is watching.

d. Learning ability: A good team worker must be able to learn by observing. A healthy curiosity about work issues and a knowledge sharing attitude could earn you respect from other team members. While most people are known to hoard knowledge, you will be valued for helping others succeed along with you. There you also develop the qualities of a good mentor which is very much required in any organization.

e. Trouble-shooting capacity: To resolve conflicts politely and directly is an important essential for a team worker. Gossip can damage intra-team ties. A problem with a colleague should be resolved by speaking to him or her directly and privately. Maintain your emotional maturity and do not escalate issues before trying to resolve them yourself. Internal conflicts will only weaken a team and make it more vulnerable. Hence it is important to sort out differences and take everyone together.

f. Increase interpersonal relationships with employees: Make your colleagues feel comfortable while interacting with you. For prompt results, start socialising with people whenever you get some free time, for instance, during lunch hours. This will break all barriers and help in team work, which is the key to excellence. This will also dispel any pre-conceived options that the employees have about their leader and enable them to have greater belief in him/her.

g. Celebrate success: Share success stories with your employees to motivate them to do better. On achieving success, celebrate with the team so that every single person feels rewarded. Appreciating individual efforts will help enhance performance. Rewarding can be in the form of simple gestures like a pat on the back, which makes each team member feel that he/she is very important to the team.

h. Be disciplined: This is the basis of all successful organizations. It is important to take steps towards its implementation. Company rules are meant to establish order. Follow the rules laid down by the company, but try to be self-disciplined too. Only a disciplined team can produce consistent results. A team which gets carried away by distractions or becomes complacent by success cannot sustain
itself in the future.

i. Formulate plans: Before starting your daily routine, schedule all the work that is to be done on that particular day. Prioritise each task and then start implementing them. Planning in advance helps in performing better and achieving the desired results. Allocate roles to each team member based on his/her capabilities i.e. based on their core competence. This will go a long way in achieving the team goals and organizational goals with the desired level of effectiveness.

Example of a winning team

I would cite the example of the present Indian cricket team, led by M.S.Dhoni, as a good example of a Winning Team. Earlier, the team would find it difficult to win critical matches played at home and would choke at the point when they were supposed to perform. Key batsmen like Sehwag were struggling with very low confidence level due to which he was not able to perform. The same was happening to bowlers like Zaheer Khan. Now, with Dhoni at the helm of affairs, things have fortunately changed for the better. The batting average of Sehwag has increased from the 30s in 2007 to 50s right now. The team has a focussed goal which has helped them win in crucial games. The way we have defeated Australia at home, defeated England 5-0 and last year won the Twenty –Twenty Cup speaks volumes about the captain and how the team performs under him. Today India is No. 2 in test rankings (though they have slipped to No.3 position since then), which is a significant achievement. In the year 2008, India has been able to win 90% of their matches at home and around 50% of the matches abroad. Today, players are able to realize their potential. Even players like Yuvraj Singh and Harbhajan, who had a rift during the IPL matches, are playing well as a team under Dhoni. Yuvraj is beginning to come out of his complacency and his performance has pleasantly surprised everyone. Many new players have got the chance to cement their place in the team and the team has managed to set aside their differences and play together as one entity. This augurs well for the team in future and builds the hope that we should do well even in the subsequent tours.

Conclusion

Thus, we see that today an organization can achieve its goals effectively if the various cross-functional teams work together in a coordinated manner. Every team can give valuable inputs for the functioning of the other teams. No team can work in isolation. Working in teams provides synergy to the entire organization. In other words, one plus one becomes more than two. Unless every employee works in cohesion with his/her team members, the departmental goal and the organizational goal cannot be achieved. This has been seen not only in organizations but also in sports involving teams. If there are only individual good performances in a team like a batsman scoring a double century or a bowler taking wickets, it does not make the team win. The team wins only if all the departments like batting, bowling and fielding are good and these are all coordinated together by a motivated captain. That shows why India has not been winning so many matches in
spite of having the best individual players in the world. So, it all boils down to sticking together as one unit and working towards a common goal. This is the reason why team work is given such a lot of emphasis in schools, colleges, business schools and eventually in organizations where we work. You can defeat an individual but you cannot defeat a team that is united.
Commercial and Co-operative Banks in India

L.S. Marathe

Mr. Marathe retired as Manager (Urban Banks) Maharashtra State Co-operative Bank, Mumbai. He has over forty years of experience in the co-operative banking sector.

Genesis

The banking industry in the country was organized on the model of the British banks. Some of the emerging business houses, notably the managing agents, started forming banks to cater to the requirements of finance for industries in their groups—naturally in the port towns and cities which were the main business centers. The business policies and practices of these banks were mostly attuned to the requirements of big business and a few industries, on the pattern of their British counterparts. These banks came to be known as commercial banks and were registered under Indian Companies Act, till the enactment of the Banking Companies Act in 1949, which was renamed, in 1966, as the Banking Regulation Act, 1949, when co-operative societies with capital and reserves exceeding Rs. One lakh were brought under its perview.

As the activities of the commercial banks were almost entirely confined to the large industries, the common man had no alternative except to resort to the usurious private credit extended by the rural ‘sowkars’. Recurrent famines and the resultant indebtedness among the
rural peasantry in the last quarter of the 19th century increased to such an extent as to cause extreme unrest culminating in riots and revolts in many places. In these circumstances, people started thinking in terms of mutual help to overcome their difficulties. The alien government also realized the need to take some measures to pacify the people. These led to passing of the first Co-operative Societies Act of 1904 with a view to enabling the formation of cooperative societies for disbursing agricultural credit. This was the beginning of co-operative banking in India.

The Act provided a boost to the formation of cooperative societies by persons other than agriculturists too, belonging to different castes and communities, believing that they would be useful for securing financial assistance for them as and when needed. The Act of 1904 was, therefore, replaced by the Cooperative Societies Act of 1912 to recognize the organization of societies in the non-agricultural sectors. As a result, cooperative societies of small traders, middle class people, especially salary earners and laboring classes, came to be organized in large numbers which, in later years, paved the way for the formation of urban banks.

The Act of 1912 also legalized the formation of supervising unions as federation of the village level primary societies. The Report of the Maclagan Committee on Cooperation (1915) culminated in recognition for the organization of Provincial (State) and District (Central) level federations of the central and primary (village level) societies, respectively.

**Post-Independence policy**

The attainment of independence, emergence of the federal democratic form of governance and massive efforts under the successive five-year plans for achieving rapid industrialization and economic development, particularly in the agricultural sector, gave a new perspective and direction to the objectives, organization and activities of the banking institutions in the country, both in the commercial banking and co-operative banking sectors.

With a view to ensure major thrust of the commercial banks in financing agriculture and other activities in the priority sectors and for the benefit of weaker sections, more particularly small and marginal farmers, rural artisans, small businessmen etc, various initiatives and strategies like creation of the State Bank of India as a public sector bank, adoption of the multi-agency approach in financing agriculture and allied activities, imposition of social control on commercial banks and their nationalization, within a year thereafter, fixing specific responsibility on different banks for formulation and implementation of development plans for the districts entrusted to them under the lead bank scheme, formation of Regional Rural banks as subsidiaries of the nationalized banks, were adopted on the basis of recommendations of various Committees and Commissions.

On the co-operative banking side, major thrust of the policy was to implement the recommendations of the All-India Rural Credit Survey Committee (1954), the All-India Rural Credit Review Committee (1969), the National Commission
on Agriculture (1976), the Banking Commission (1972), the Study Group on Credit Cooperatives in the Non-agricultural Sector (1963) popularly known as the Varde Committee, the Working Group on Industrial Financing through Cooperative Banks (1967) known as Damry Committee and the Committee on Urban Banks (1978) appointed by the Reserve Bank of India under the Chairmanship of its Executive Director Shri. Madhav Das. After an in-depth study of the past performance and future potentialities of these banks the Madhav Das Committee concluded that the Urban Banks were eminently suitable to fill the existing credit gaps in banking and credit needs in the urban and semi-urban areas, at comparatively less cost of operation, and, with their simplicity, close contact and local feel and involvement, could enjoy the confidence of local people.

The Madhav Das committee, therefore, advocated a preference for the urban banks in opening branches in smaller towns or semi-urban centers and visualized an important role for these banks in financing small scale and cottage industries, particularly the tiny sector, the educated unemployed persons and professionals, small road transport operators, besides assuming increasing responsibilities in financing small traders and shopkeepers.

Based on the recommendations of these committees in the sphere of agricultural and non-agricultural credit, the thrust of official policy over the second half of 20th century resulted in –

a. Reorganization and revamping of the co-operative credit structure at the state, central and the primary levels with the formation of one State Co-operative Bank for short and medium term credit in each State/Union Territory, one District Central Co-operative Bank in each district, by amalgamation, if there were more than one in any district, and creation of viable primary agricultural credit societies for each village or group of villages by revitalizing dormant societies and/or amalgamation of more than one societies and enthusing them to undertake additional business, apart from credit, in regard to provision of agricultural and consumption requisites to the members and helping them in the marketing of their produce.

b. Government participation in the share capital of co-operatives at all levels out of loans from the Agricultural Credit (Long Term Operation) fund of the Reserve Bank of India.

c. Government guarantees to co-operative institutions which are not creditworthy from the business point of view but have good potential of attaining viable status in the near future and also in respect of propositions involving an element of innovation and exploration capable of lending new direction to the co-operative endeavor.

d. Indirect help through legislation for conferring certain rights, privileges and concessions on the co-operatives and enactments for the proper regulation and prevention of exploitation of the co-operatives by classes like moneylenders, traders, contractors etc, for their own selfish ends.

e. Extension of the Banking Regulation Act
(1949), in 1966, to the co-operative banks with capital and reserves exceeding one lakh rupees so as to bring them within the scope of the regulatory framework of the Reserve Bank of India.

Structure of Indian banking

The structure of Indian banking that has emerged through trials and tribulations over the last century and half is indicated in the following chart:

**STRUCTURE OF INDIAN BANKING**

A. COMMERCIAL BANKS

- Scheduled Commercial Banks
  - Non-Scheduled Commercial Banks
    - Local Area Banks
  - Public Sector Banks
    - State Bank of India & its Associates
    - Other Public Sector Banks Banks
    - Regional Rural Banks
  - Private Sector Banks
    - Indian Private Banks
    - Foreign Banks

B. CO-OPERATIVE CREDIT INSTITUTIONS

- Urban Co-operative Banks
  - Scheduled UCBs
    - Multi-State
      - Operating in Single State
  - Non-Scheduled UCBs
    - Operating in Single State

- Rural Co-operative Credit Institutions
  - Short-Term
  - Long-Term
    - District Central Co-operative Banks
    - Primary Agricultural Credit Societies
      - SCARDBs
      - PCARDBs

- Multi-State
  - Single District
    - Unit UCB
  - Multi District
    - Non Unit
The organized banking industry in the country has evolved along two distinct lines, viz. a) Commercial Banking sector and b) Cooperative Banks and Credit societies. The commercial sector consist of Public Sector Banks (State Bank of India with its associate banks, nationalized banks and IDBI Bank) and Private sector Banks(Indian and foreign banks). All these are scheduled commercial banks. Besides these there are small non-scheduled Local Area Banks and Regional Rural Banks organised as subsidiaries of the nationalised banks.

The co-operative credit structure has two streams. The one for short and medium term loans is composed of the following institutions-

a. State Co-operative Banks, one in each state and Union Territory,

b. District Central Co-operative Banks, one in each district,

c. Urban Co-operative Banks and non-Agricultural Credit Societies in urban centers and towns, and

d. Agricultural Credit Societies in the villages.

This is a federal structure. The State Co-operative Bank (or Apex Bank) is the federation of the District Central Co-operative Banks in the State, while the District Central Co-operative Bank is the federation of urban banks, Agricultural Credit Societies and non-Agricultural Credit Societies in the District. The base level (primary) societies provide loans to its member agriculturists for their production requirements i.e for seasonal agricultural operations and marketing of crops and for purchase/repairs of agricultural implements and machinery. These loans are provided on the basis of a production program, every year, under the crop loan system. The primary societies get these loans reimbursed from the district central bank, which in turn get reimbursement against these loans from the apex bank. The apex bank enjoys a line of credit from the Reserve Bank of India, at concessional rate of interest, against loans for seasonal agricultural operations and marketing of crops and medium term loans for approved agricultural purposes given by it to the district central co-operative banks.

While the co-operative short and medium term structure is a three tiered one, as indicated above, the long term credit structure has only two tiers – the Primary Co-operative Agriculture and Rural Development Bank, generally at the district level, and the State Co-operative Agriculture and Rural Development Bank at the state (Apex) level. These banks provide long-term loans for agricultural development purposes.

The urban banks provide loans to small borrowers such as small-scale industries, professionals, retailers etc. The banks also provide loans for construction and repairs of houses of the members. They get refinance from the central and/or apex banks in respect of production loans advanced by them.

**Business dimensions**

Information about capital and reserves, deposits, loans and advances (outstanding) and working capital (Total Assets/Liabilities) of the different categories of banks is presented in the following table. It is summarized below for different bank
groups-

Table: Business Dimensions of Different Categories of Banks In India

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Public Sector Banks</td>
<td>1,41,626</td>
<td>19,94,200</td>
<td>14,40,123</td>
<td>24,39,986</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Indian Private Banks</td>
<td>44,471</td>
<td>5,51,987</td>
<td>4,14,754</td>
<td>7,45,404</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Foreign Banks</td>
<td>33,075</td>
<td>1,50,793</td>
<td>1,26,339</td>
<td>2,78,016</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Total scheduled commercial Banks (1+2+3)</td>
<td>2,19,172</td>
<td>26,96,980 (88.2%)</td>
<td>19,81,216 (85.8%)</td>
<td>34,36,406</td>
<td>11.0%</td>
</tr>
<tr>
<td>5</td>
<td>Scheduled Urban Co-operative Banks</td>
<td>6,936</td>
<td>51,173</td>
<td>32,884</td>
<td>71,562</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Non-Scheduled Urban Co-operative Banks</td>
<td>7,815</td>
<td>69,810</td>
<td>45,776</td>
<td>88,290</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Total Urban Co-operative Banks (5+6)</td>
<td>14,751</td>
<td>1,20,983 (4.0%)</td>
<td>78,660 (3.4%)</td>
<td>1,59,852</td>
<td>18.7%</td>
</tr>
<tr>
<td>8</td>
<td>Regional Rural Banks</td>
<td>5,098</td>
<td>85,335 (2.8%)</td>
<td>48,494 (2.1%)</td>
<td>1,05,766</td>
<td>10.5%</td>
</tr>
<tr>
<td>9</td>
<td>State Co-operative Banks</td>
<td>10,453</td>
<td>45,405</td>
<td>39,684</td>
<td>76,481</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>District Central Co-operative Banks</td>
<td>23,450</td>
<td>87,532</td>
<td>79,202</td>
<td>1,43,090</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Primary Agricultural Credit Societies</td>
<td>9,292</td>
<td>19,561</td>
<td>51,779</td>
<td>73,387</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>State Co-operative Agriculture &amp; Rural Development Banks</td>
<td>3,352</td>
<td>636</td>
<td>17,713</td>
<td>24,604</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Primary Co-operative Agriculture &amp; Rural Development Banks</td>
<td>3,382</td>
<td>382</td>
<td>12,740</td>
<td>21,365</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Total- Rural Co-operative Banks (9 to 13)</td>
<td>50,019</td>
<td>1,53,516 (50%)</td>
<td>2,01,118 (8.7%)</td>
<td>3,38,927</td>
<td>24.9%</td>
</tr>
<tr>
<td>15</td>
<td>Grand Total</td>
<td>2,89,940</td>
<td>30,56,814 (100%)</td>
<td>23,09,488 (100%)</td>
<td>12.6%</td>
<td></td>
</tr>
</tbody>
</table>
Figures for Scheduled Commercial Banks, Urban Co-operative Banks and Regional Rural Banks are as on 31.3.2007, while for other banks they are as on 31.3.2006.

The banking institutions together had collected Rs. 30, 56,814 crores of deposits and had advanced loans of Rs. 23, 09,488 crores. The scheduled commercial banks accounted for 88.2% of deposits and 85.8% of loans and advances. The respective shares of co-operative banks, including urban co-operative banks were much lower at 9.0% and 12.1% and still lower for Regional Rural Banks at 2.8% and 2.1%.

The percentage of capital and reserves to advances (outstanding) was much higher for urban banks and other co-operative banks at 18.7% and 24.9%, respectively, as against 11% for scheduled banks and 10.5% for Regional Rural Banks. This is because in co-operative banks the shareholding of a member is linked to his borrowings from the bank.

This macro-level aggregate position however, should not lead one to belittle the role of the co-operative banks in providing credit and banking facilities to the small man through about 13,000 branches of the district central co-operative banks and about 9,000 branches of the urban co-operative banks, predominantly in rural/semi-urban areas.

**Similarities and differences**

There is no difference in the co-operative and commercial banks so far as the banking functions are concerned; the distinction between the two arises from the organizational peculiarities of the co-operative banks. Each commercial bank is an independent organization with freedom to establish a countrywide branch network. The co-operatives are handicapped in this regard by restriction of the area of operation, which makes it a small compact organization, with the members knowing each other intimately. However, being a part of the federal organization, it can avail the benefit of scale economies under the Mutual Arrangement Schemes for Co-operative Banks operated by the All-India Federation of State Co-operative Banks- branches of all co-operative banks in the country work like branches of a single organization for transfer of funds by DT, TT, MT or now, even, electronic transfers.

Unlike in the commercial banks, the Board of Management of a co-operative bank is elected by the members through voting on the basis of ‘one man, one vote’, irrespective of the number of shares held. There are restrictions on distribution of profit – 25% of the profit is required to be appropriated to reserve fund; and there is a ceiling rate of dividend too. This helps to improve the financial strength, internally.

**Technological and managerial upgradation**

Concerted efforts are under way in the co-operative banks, in recent years, for professionalization of management and adoption of advanced technology in day-to-day working. This is necessitated for survival in the situation of increasing competition, on the one hand, and also under the compulsions of satisfying the suggestions made by the supervisory machinery of the Reserve Bank. Some of the larger, well-managed co-operative banks, urban banks
in particular, are adopting sophistication levels on par with the commercial banks and are transcending the area of operation restriction by seeking registration under the Multi-State Co-operative Societies Act (2002) of the Central Government. The Saraswat Co-operative Bank, for example, has opened branches in five states viz. Maharashtra, Goa, Gujarat, Madhya Pradesh and Karnataka in an effort to ‘get the best of both the worlds’, as it were, by imbibing the efficiency of operation of the commercial banks, without, at the same time, sacrificing democratic management and local feel by organizing branch committees for upcountry branches.

**Indian Banks – safe and sound**

Before concluding two noteworthy features need to be mentioned, in view of the fear-complex resulting from recent failures of giant American banks. First, it should be noted that deposits in Indian banks up to Rs. One lakh per depositor in each bank are fully insured in case of failure of a bank. Second, and this is more important, after the failure of a few banks in the closing years of first half of the last century, the Reserve Bank of India, the principal regulator of banks, has evolved an elaborate and efficient system of regulation and control of the banking system through periodic returns, inspection and surprise checks; for continuous monitoring of the working of banks on a week-to-week basis. This facilitates sensing the danger two steps ahead and taking immediate steps to avert a possible catastrophe.

It is the confidence in this system of ‘eternal vigilance’ that prompted the Indian finance minister to give an assurance, in unequivocal terms, that there was no need to panic – the Indian banks were quite safe and sound to weather a possible storm emanating from the global meltdown.

Source: Trend and Progress of Banking in India – 2006-2007, Reserve Bank of India.
Role of Commodity Exchange in India

Koel Roy Choudhury
Prof.Koel Roy Choudhury specializes in the field of Economics and is a faculty at S.I.E.S (Nerul) College of Arts, Science and Commerce. koel.roychoudhury@gmail.com

Firms use derivatives to manage risks arising out of business. Derivatives have emerged as hedging instruments in the financial market the world over. The commodity derivatives are one of the oldest in the world. In India the commodity futures’ trading began in the 18th century but was banned by the government in 1969 due to speculation and illegal trading. Post economic liberalization, the government permitted futures trading in certain agricultural commodities. Three national level multi-commodity exchanges were set up. Since then the commodity exchanges have played a very important role in developing commodity futures trading in India. The study of the role of commodity exchanges is important in order to understand the interlink age between the futures market and the actual agricultural market.

Introduction

According to United Nations Conference on Trade and Development, a commodity exchange is a market in which multiple buyers and sellers trade commodity linked contracts on the basis of rules and procedures laid down by the exchange. The definition of commodity exchange can include exchanges offering spot trade for immediate delivery of the commodity or forward contracts that results in future delivery. It can also include exchanges offering trade in commodity based futures and options contracts.

A commodity can include various types of goods like precious and non-ferrous metals, energy, cereals & pulses, cotton, oilseeds, oil & oilcakes, sugar, coffee and tea, rubber, spices, plastics etc. A commodity futures contract is a tradable standardized contract; the term of this is set by the commodity exchange organizing trading in. Commodity linked contracts are of the following types:

a. Spot or cash: Contracts for the purchase or sale of a commodity with the immediate delivery (i.e. within a few days)
b. Forward: Contracts for the purchase or sale of a commodity with deferred delivery.

c. Futures: Standardized forward contracts which represent an obligation to make or take delivery of a fixed quantity and quality of a commodity at a specific location.

d. Options: A contract giving the right but not the obligation to buy or sell futures at a specified price at or before some later date. To obtain such a contract, the buyer needs to pay a premium. The maximum loss is limited to this premium.

e. Swap: An exchange of futures payment streams between two counter parties

**Uses of commodity exchanges**

Commodities exchanges play an important role in facilitating trade in commodity futures contract under exchange regulated rules and regulations.

a. Market creation: Commodity exchanges provide an exchange based trading platform to various market participants.

b. Price risk management: Commodity exchanges facilitate the process of price risk management. The need for hedging arises from price risk in most commodities. The more the volatility in the price, the more is the price risk in it. Commodity producers, merchants, importers face the risk of large value losses due to fluctuations in the prices. Here hedging enables a participants to minimize their price risks by using futures contract. Hedging is a process of buying or selling of a standardized futures contract against the corresponding sale or purchase of the equivalent physical commodity. By taking equal and opposite position in the futures market, the price risk in the cash market can be minimized efficiently.

c. Price discovery: In the futures market, there is free flow of information. This enables the market players to determine the most accurate price based on the demand and supply of the underlying asset. Price discovery is essential for effective functioning of the futures market.

d. Price transparency: In commodity exchanges, price discovery process provides a readily available price reference to various participants. In particular, these prices can be used by farmers’ community for their transactions. It can guide the farmers to decide whether to sell now or wait for better prices. It also helps in exports and imports.

e. Reduction of counter party risk: Country party risk is reduced substantially by the use of various margins.

f. Accepted dispute resolution procedures: Most of the commodity exchanges have laws regarding disputes settlement and arbitration procedures. Any dispute arising during trading is settled as per the exchange rules and regulations.

g. Contract Standardization Exchange standardizes elements of the contracts in which it trades including quantity and quality specification for the traded product, the delivery and payment modalities, other contractual terms and conditions.

h. Improved quality: The exchange
standardized contracts can help in upgrading the quality of the traded product while reducing the transaction cost.

i. Market access: An exchange which proactively extends its service to commodity sector can expand market access. Exchanges play an important role in creating awareness among farmers.

j. Infrastructure enhancement: Today’s commodity exchanges have electronic trading systems. These systems enable traders to complete their transactions immediately. They improve efficiency and lower transaction costs.

Functioning of commodity exchange

The functioning of commodity exchange involves three important steps:

a. Trading
b. Clearing
c. Settlement

Trading:

Trading begins with the trader placing an order with the exchange. The order contains specifications about buy or sell, the number of contracts, the month of contract, type of commodity, price specification and the period of validity. Orders are placed by brokers representing users and producers.

The trading in the exchange is carried out by either open outcry or electronic trading. In open outcry system, the trading is carried out in trading pits. There is individual pit for each commodity and traders for that particular commodity trade in that pit. With the improvement in technology, most of the new exchanges have adopted electronic trading. Electronic trading is an automated trade execution system with three key components.

1. Computer terminals where customer’s orders are keyed in and trade confirmations are received.
2. A host computer that processes trade.
3. A network that links the terminals to the host computer.

As trader places an order at a particular price, the host computer automatically executes the order, so that trades are automatically matched. While trading, the traders will have to maintain some deposits with the exchange known as margin.

Margin requirement:

Margin is the deposit money that needs to be paid to buy or sell each contract. The margin levels are set by the exchanges based on market volatility can be changed at any time.

Pricing of futures:

The price determination process is known as price discovery. This is the most important function of a commodity exchange. The participation of large number of players in the market, collection and dissemination of information among market players, the adjustment made by the players to new information coming into the market lead to the best estimate of prices. It reflects the supply and demand for the underlying commodity.

Convergence of futures to spot prices:

As the delivery month of the futures contracts approaches, the futures price converges to
the spot prices of the underlying assets.

**Closing of the positions:**

The futures contracts are closed out before the delivery date by taking an opposite position of trade from the original position.

**Clearing and Settlement:**

The settlement in the exchanges takes place by closing out, physical delivery or cash settlement. All the settlements functions are taken care by clearing house. Clearing house keeps track of all the transaction that takes place during a day so that net positions of each of its members can be calculated. In case of shortfall in margins, the clearing house will call upon the members to replenish the shortfall in the necessary margin requirement.

Settlement: A contract can be settled in three ways-

a. Physical delivery of the underlying asset
b. Closing out by offsetting position
c. Cash settlements

Most of the contracts are settled by closing out. In closing out, opposite transaction is effected to close out the original futures position. A buy contract is closed by sale and a sale contract is closed by a buy contract. In cash settlement, the settlement price on the last trading day is set equal to the closing spot price of the underlying asset ensuring convergence of futures prices and spot prices.

**History of the futures market**

The first organized commodity exchange came into existence in the early 17th century in Japan. The first formal exchange was Chicago Board of Trade (CBOT) established in 1848 in U.S.A. Trading in futures market began in CBOT in the 1860’s. In 1865 CBOT listed the first ‘exchange- traded ‘derivative contract known as futures contracts. The first financial futures were introduced in 1972 in U.S.A. The market for futures and options grew at a rapid pace in 1980’s and 1990’s. The main feature responsible for the growth of the futures market has been: a. Breakdown of the Bretton Woods system of the exchange rates in 1971. b. Oil price shocks in 1973. c. Exponential increase in magnitude of world trade, capital flows and reduction in tariff barriers. d. Technological innovations like advancement in communication and information technologies. e. Implementation of financial innovations including 24 hours global trading and online risk management system.

Today the futures market is one of the fastest growing in the world. The leading exchanges in the world are in U.S.A. The three largest exchanges in terms of contracts are New York Mercantile Exchange, Tokyo Commodity Exchange and Dalian Commodity Exchange. According to Futures Industry Association, these exchanges have a substantial share in individual commodity products especially energy (51.7%) and agricultural products (46.1%).

**History of commodity exchanges in India**

India has a long history of futures market for commodity. The first organized futures market in India was set up in Bombay in 1875 called
Bombay Cotton Trade Association Ltd. just five years after the Chicago Board of Trade was established.

During the American civil war (1861-64), when cotton exports from the U.S to the U.K were blocked, India supplied cotton to Manchester and Lancashire. Futures trading in oilseeds started in 1900 with the establishment of the Gujarat Vyapari Mandali. A future trading in wheat was existent in a number of cities in Punjab and Uttar Pradesh. Calcutta Hessian Exchange was established in 1891 for futures trading in raw jute and jute goods. Just before the war broke out, India had as many as 300 commodity exchanges. There were no uniform guidelines or regulations. They were regulated by social control of close-knit groups and whenever such control failed, there would be crisis. But during the World War II, the government brought futures market to a halt as prices spiralled. The Forward Contracts (Regulation) Act was passed by the Parliament in 1952 to regulate the futures market. Under this act, the Forward Market Commission (FMC) was established in 1953 under the Ministry of Consumer Affairs and Public Distribution. Trading in limited number of commodities continued after the enactment of FCRA. However in 1969, the government banned futures trading in commodities due to inflation and speculation.

A new beginning

Subsequent to liberalization of Indian economy in 1991, a series of steps were taken to liberalise the commodity futures market. The Kabra Committee set up in 1994 recommended opening up of futures trading in 17 selected commodities. UNCTAD and World Bank joint mission Report “India: Managing price Risk in India’s liberalized Agriculture. Can futures market help?” (1996) highlighted the role of futures market. Another major policy statement, the National Agricultural policy 2000 also expressed support on strengthening and developing futures market. The expert Committee on Strengthening and Developing Agricultural Marketing (Guru Committee2001) emphasized the need for and role of futures trading in price risk management and in marketing of agriculture produce. The pressure brought by the signing of Agreement on Agriculture under WTO also forced the government to adopt market oriented approach to agriculture.

The year 2003 is a watershed in the history of commodity futures market. The government issued a notification in April 2003 announcing the commencement of futures trading in any commodity subject to the approval of the government. However trading in options was prohibited. Futures trading were permitted in commodities such as wheat, rice, sugar, pulses. Starting with trade in seven commodities in 1999, futures trading is now available in 95 commodities. Another important development was the creation of new exchanges built on new technology and financial innovation. In December 2003, three national commodity exchanges became operational:

a. National Commodity and Derivative Exchanger Ltd set up by ICICI Bank, LIC, NABARD, and NSE. Today NCDEX has a major share in futures trading in agricultural commodities.

b. Multi-Commodity Exchange of India promoted by FTIL, Union Bank,MCX
has a major share in futures trading in bullion like gold and silver.

c. National Multi-Commodity Exchange of India promoted by CWC, Punjab National Bank and National Agricultural Cooperative Marketing Federation of India Ltd.

These exchanges have been set up on the basis of internationally accepted standards and principles such as:

- Demutualization: The owners and the traders are separated in a demutualised exchange. The owners do not get automatic trading rights by virtue of their ownership.

- Online trading: The open outcry system has been replaced by electronic trading. The automatic order matching system helps in maintaining the anonymity of the traders during the trading session.

- Clearing house: Clearing house performs the post trading functions like confirming trades, working out gains and losses made by the participants during the course of the clearing period.

- Market cell: The role of the market cell is to daily gather information about the spot prices.

- Warehouses: Warehouses take care of the delivery in the futures market.

- Surveys: Surveys are an important part of the commodity exchanges.

- Research and training: Most of these commodity exchanges have setup their own research and training cell. They hold seminars for imparting knowledge to farmers.

Regulatory Framework:

_The Forward Contracts (Regulation) Act 1952_: The act envisages a three-tier regulation

_Exchange_: The Exchange which facilitates futures trading has its own Articles of Association, Byelaws, Rules and Regulations for regulating trade.

_FMC (Forward Market Commissions)_: FMC regulates commodity futures trading in India. It is a statutory body set up under the Ministry of Consumer Affairs and Public Distribution in 1953.

_Central Government_: Ministry of Consumer Affairs and Public Distribution under the Govt of India is the ultimate regulatory authority. It gives recognition to exchanges.

**Growth of commodity exchanges**

a. **Volume of trade** - The total volume of trade in the commodity exchanges rose from Rs 34.84 lakh crores in 2006 to Rs 36.54 lakh crores in 2007. The daily average value of trade in commodity exchanges was Rs 15,000 crores in 2007. The market share of the three commodity exchanges are

1. MCX 74.7%
2. NMCE 0.7%
3. NCDEX 21.2%
4. OTHERS 3.4%

b. **Investment** - government has allowed foreign investment up to 26% and foreign institutional investment up to 23% in the commodity exchanges. Euronext, one of the largest Pan European stock exchanges has invested in MCX.
c. **New products** - Commodity exchanges have introduced diversified products to cater to the requirements of different types of participants in the market. Air turbine futures have been introduced by MCX. Currency futures have been introduced by RBI in 2008 and NSE and MCX has been given permission to trade in this commodity. NCDEX has introduced futures in carbon credit and coal.

d. **Emergence of commodity exchange in India** - According to UNCTAD, a significant number of world’s leading exchanges are located in the developing country (9 out of 22). NCDEX is ranked 8th while MCX is ranked 10th among leading exchanges in the world.

e. **Policy development** - FMC has taken various initiatives in organising awareness programs exclusively targeted at farmers. Theses programs are designed to make the farmers aware of the benefits of futures trading and to utilize price signals in taking various decisions.

**Conclusion**

Futures trading in India has commenced in India after several decades of ban. The commodity exchanges are playing a very important role in popularising the concept of futures trading in commodities. However, due to lack of depth in the market, the market is dominated by speculators thereby pushing the hedgers out of the market. As the market matures and more and more people use these exchanges for the purpose of hedging, commodity exchanges will realise their true role. Today government needs to play a more proactive role to assist in the growth and development of the commodity futures market.

**References:**

**Reports:**


*The Development Role of Commodity Exchanges, UNDP, 25 June, 2007.*

*Nath, Golak C and Tulsi L: Impact of Futures Commodity Prices, Economic and Political Weekly, 2008.*

*P.Vaidyanathan Iyer: Grain Drain Business World, 21 January 2008*

*Gateway to the Future- A guide to Commodity Derivatives, NCDEX*

**Books:**


**Websites:**

www.fmc.gov.in
www.indiabudget.nic.in
www.mcxindia.com
www.ncdex.com
Developing Trust in the Organization

Nitin Vazirani

Prof. Nitin Vazirani is the Dean of HR at SIES College of Management Studies, Navi Mumbai.
vazirani.nitin@gmail.com

Trust and control have both remained subjects of interest for the management theorists and managers for a long time. While control has been there for longer – right from Taylorism and Fayolism – interest in trust has renewed significantly over the last decade. A number of special issues by leading journals such as the Academy of Management Review and Organizational Science have not only published papers on Trust as a concept by itself but, most importantly as a component of quality of relationships. This article attempts to understand the construct of organizational trust, types of trust and elaborates the methods of developing and building organizational trust.

Trust

While there has been a wide variety in the approach to defining ‘trust’ as a concept, some convergence in thinking is noticeable in the last few years. The Blackwell Encyclopedic Dictionary of Business Ethics has defined Trust as “the expectation by one person, group or firm, of ethically justifiable behavior – that is, morally correct decisions and actions based upon ethical principles of analysis – on the part of another person, group, or firm in a joint endeavor of economic exchange”.

Questions have also been raised as to whether trust is a social construct or a psychological one. Costa and Connell have looked at trust as a multi-dimensional construct by adding two additional dimensions of trust-behaviors and propensity to trust over and above trust as the one dimensional psychological state. They have also made distinction between inter-personal trust and institutional or organizational trust. In psychology and interpersonal communication, trust has been one of several dimensions identified in relationships. The emphasis has been on interpersonal relationships among spouses, friends, relatives, and the like. In
business management and organizational communication trust is most often considered as a component of relationships among managers and between managers and other employees, rather than as a single dimensional concept.

Organizational trust

Shockley-Zalabak and Ellis have defined organizational trust as: “the organization’s willingness, based on its culture and communication behaviors in relationships and transactions, to be appropriately vulnerable if it believes that another individual, group or organization is competent, open and honest, concerned, reliable, and identified with common goals, norms and values.” Trust indicates a depth and a sense of assurance that is based on strong but not logically-conclusive evidence, or based on the character, ability, or truth that someone or something has shown over time or across situations.

Broadly speaking, the organization trust literature of late have converged on the following points:

A: Organizational trust is a multi-dimensional and a multi level concept - Trust consists of multiple factors at the cognitive, emotional and behavioral levels, all of which affect an individual’s perception of trust. It has been one of several dimensions frequently included in measurement of relationships. Trust being a multi level concept results from interactions that span co-worker, team, organizational and inter organizational alliances. It is closely tied to the norms, values and beliefs of the organizational culture.

B: Organizational trust is an outcome of communication and is dynamic in nature - trust is the outcome of communications behaviors, such as providing accurate information, giving explanations for decisions and demonstrating sincere and appropriate openness. Trust is dynamic; constantly changing as it cycles through phases of building, destabilization and dissolving.

Galford and Drapeau in their study mention three aspects of organizational trust:

Strategic trust - the trust employees have in people running the show to make the right strategic decisions.

Personal trust - the trust employees have in their own managers.

Organizational trust - the trust employees have in the company itself.

Having looked at organizational trust, the next question is does trust have only one form?

Sztompka in his paper has defined three types of organizational trust:-

Deterrence based trust: This form of trust is based on fear of reprisal if the trust is violated. The most fragile relationships are contained in deterrence-based trust where one violation or inconsistency can destroy the relationship. Deterrence based trust will work only to the degree that punishment is possible, consequences are clear, and the punishment is actually imposed if the trust is violated.

Knowledge based trust: This form of trust is based on the behavioral predictability that
comes from a history of interactions. It exists when a person has adequate information about someone and understands them well enough to predict their actions. Most organizational relationships are rooted in knowledge-based trust.

**Identification based trust:** This is the highest level of trust and is achieved when there is an emotional connection between the parties. It allows one party to act as an agent for the other person in interpersonal transactions. Trust exists because the parties understand each other’s intentions and appreciate the other’s wants and desires.

**Building trust within the organization**

In some organizations trust may be built by default and not by design. In these organizations trust between management and an employee is achieved not as a result of a specific strategy designed to improve trust, but because trust is ingrained in the culture of the organization. These organizations have cultures based on similar values and principles, despite the diversity of number of employees, physical size and product, or service delivered. Employee pride in their organizations is a hallmark of such organizations.

While some researchers have expressed doubts about whether trust can be intentionally created (e.g. Sydow 1998), there is a general agreement that conditions that support fostering of trust can be created and managed. Blomqvist and Stahle (2001) have concluded in their study that organizational trust is composed of individual and organizational actions. They had looked at three core components of trust – competence, goodwill and behavior – and linked individual and organizational actions around that. They have developed an excellent summary of the different thinkers on the subject and have grouped them against their three-dimensional model. In their model the bases for organizational trust are: organizational character self reference, structure, goals and visions, managerial philosophy, culture, values, and competence. The bases for individual trust are: personal character self reference, role clarity and stretch, personal goals and vision, propensity to trust, personal integrity and reliability, values, and competence.

**Promoting trust in employees**

Varied literature studies have suggested the following that organizations must practice in order to promote trust among employees:

**Invest in employees.** Provide training and development experiences for employees. Provide benefits packages that symbolize a concern for employees and their families, such as maternity/paternity leave and elder care.

**Promote open communication.** Practice an “open door” policy that permits all employees to share their concerns with management. Regularly survey employees to obtain their input and respond to the survey’s findings.

**Behave in an ethical and socially responsible manner.** By taking the initiative to be a good corporate citizen, organizations demonstrate integrity and caring.

**Provide job security.** Layoffs breed distrust as employees invest a certain amount of their careers, psychological identity, and
personal lives in the organizations that they work for and such investment leaves them vulnerable. It may be impossible or unwise for employers to offer employees lifetime employment (tenured faculty notwithstanding). Nevertheless, reasonable efforts to ensure a degree of job security will promote trust. For the sake of trust, organizations that need to reduce their workforce should consider alternatives to layoffs even if they are more expensive.

Organizational trust while at a macro level needs organizational policies and processes to be in place as mentioned above, there is also a need to build trust at a micro level in the organization around each employee. Here the managers have an important role to play in building and fostering organizational trust.

Engendering trust

Several characteristics of good managers engender trust from the individuals and teams that they lead:

**Integrity:** Exhibiting basic honesty and moral character are keys to demonstrating that managers are trustworthy. A person of character can be trusted to do what is right even when there is “no controlling legal authority” because they are guided by internal standards.

**Reliability:** Trustworthy managers are consistent, dependable and stable. Their actions are congruent with the values and principles they espouse. They keep their promises.

**Fairness:** Being fair means making unbiased decisions and not taking advantage of people just because they are in a weaker bargaining position. But, being perceived as fair also requires managing others’ perceptions. In order to be perceived as fair, a manager should make standards clear and take the time to explain decision-making processes to the people affected by them.

**Caring:** We have all been taught to make rational business decisions and to not let our emotions bias our decision-making processes. Rationality is important, but emotions shouldn’t be completely ignored. The most trustworthy managers are the ones we can talk to about our worries and frustrations because they care. In contrast, impervious managers show they have no interest in hearing about what concerns us and we do not trust or feel close to them. They treat us like nonhuman resources, and we will not go above and beyond the call of duty for them.

**Openness:** Trustworthy managers keep confidences, but they do not keep harmful secrets or have hidden agendas. Open information sharing is a reciprocal process. We tend to withhold information from people who seem to resist opening up to us.

**Competence:** Trustworthy managers perform their roles competently. Subordinates do not put their faith in incompetent managers, even if those managers are fair and caring.

**Loyalty:** Trustworthy managers also show through their actions that they are willing to protect and defend their subordinates when they make mistakes or during times of crisis. This kind of trust is particularly important during times of innovation and change because of their inherent risks.
Conclusion

To conclude organizational trust is a multi-dimensional construct of cognitive, emotional and behavioral levels. Organizational trust is dynamic; constantly changing and so needs constant building and fostering. Building organizational trust needs organizations and managers to work in tandem at developing trust. The congruence in the actions and words of managers and organizations is crucial to foster trust.

References:


Bijlsma K and van de Bunt G – Antecedents of Trust in Managers – Personnel Review -Vol 32 No 5 2003


Bijlsma K and van de Bunt G – Antecedents of Trust in Managers – Personnel Review- Vol 32 No 5 2003

Chatterjee and Pearson – Trust and Managerial Trasition – Cross Cultural Management – Vol 9 No 4 2002


Edward C-The Role of Causal Attribution Dimension in Trust Repair-Academy of Management Review Vol 34


Lane C and Bachmann R (ed) – Trust Within and Between Organizations – Oxford University Press - 1998


Tzafrir S et al. – The consequences of emerging HRM practices for employee Trust in their managers – Personnel Review – Vol 33 No 6 2004

Ullmann-Margalit E – Trust, Distrust and In-Between – Draft Sept 2001
Emerging Trend in Pharmaceutical Advertising - Direct To Consumer Pharmaceutical Advertising

Meera Vijay
Dr. Meera Vijay is the Dean of Marketing at SIES College of Management Studies, Navi Mumbai.
meerav@siescoms.edu

Introduction

Globally the health care system is in transition from a physician-directed system to a consumer-directed system. Pharmaceutical companies are trying to reach consumers through Direct-to-consumer Pharmaceutical Advertising with the information the consumers want and need. The trend of Direct-to-consumer pharmaceutical advertising is also making a foray into the Indian pharmaceutical industry. The USA and Europe experience point that Direct-to-consumer pharmaceutical advertising has two sides to it- a positive empowerment of the consumer and a negative of increased medicalisation of life and irrational drug usage. The regulatory bodies in India need to therefore look into the merits and demerits of Direct to consumer advertising before permitting Direct to consumer advertising.

Half a century ago, physicians were the possessors of all medical information. They had the medical knowledge and skill to evaluate, diagnose and treat the patient. The physician’s role in health related decisions was unchallenged. Drug companies marketed and promoted their products to the physicians. Hospitals needed the physician’s referral to admit the patients and chemists needed the physician’s prescription to dispense the drugs. Thus the physician was the central figure in this health care system.

The 1980s and 1990s witnessed amazing advances in medical science, but these came at a cost. This coupled with the Information Economy saw health care consumers...
creating a strong impetus for change. Today increasingly, consumers are entering the healthcare system armed with information—and sometimes misinformation. Consumers may not be medical practitioners, but many know something about their medical condition and the options available to them. We are therefore transitioning towards a consumer-directed health care system. In this new system, physicians, researchers, pharmaceutical companies and insurers will view both the consumer and the physician as the primary consumer.

The raison d’être of the consumer directed healthcare system is that better informed consumers will on balance, make better health related decisions. But how do companies and providers reach individuals with the information the consumers want and need? One way is through Direct-to-consumer Pharmaceutical Advertising.

**Direct-to-consumer**

Direct-to-consumer pharmaceutical advertising of prescription drugs allows pharmaceutical companies to target advertisements to consumers that contain both the brand name of a drug product and the indications for the product. Direct-to-consumer pharmaceutical advertising has been a feature of the United States pharmaceutical scene since the early 1980’s except for the period 1983-85 when the Food and Drug Administration (FDA) declared a moratorium on the practice. Since 1992, Direct-to-consumer pharmaceutical advertising in the United States has become a critical part of pharmaceutical advertising growing from just over $150 million to an over $7 billion in 2007. At present, only New Zealand has followed the American lead in permitting Direct-to-consumer pharmaceutical advertising, but other countries are following the American experience closely and the issue is under discussion in both Canada and the European Union.

The USA and Europe experience point that Direct-to-consumer pharmaceutical advertising has two sides to it- a positive empowerment of the consumer and a negative of aggrieved physicians. Better-informed consumers would be better able to understand and discuss their individual needs with their physicians and pharmacists. Thus, advertising can help consumers make decisions about their health care and health care costs. On the other hand putting information in the hands of consumers who didn’t have that information before could lead to increased medicalisation of life and irrational drug usage. Critics raise concerns that Direct-to-consumer pharmaceutical advertising will increase health care spending, strain physician-consumer relationships and confuse consumers. They also believe that going directly to the consumer is only a drug company technique to increase prices and thereby profits.

**Scenario in India**

The trend of Direct-to-consumer pharmaceutical advertising is making a foray into the Indian pharmaceutical industry. In recent times there have been subliminal attempts at Direct-to-consumer pharmaceutical advertising by a few: help-seeking advertisements for AIDS/Asthma by Cipla / Glaxo, conducting vaccination / heart care / eye care camps, distributing consumer information booklets, displaying posters in the physicians clinic, releasing...
reminder advertisements in lay media but stating that they are for the attention of medical profession only.

Currently in India, the FDA has classified pharmaceutical products into various schedules, as per the diseases. These products are referred to as scheduled products. Some pharmaceutical products do not come under any schedule. They are referred to as non-scheduled products. Scheduled products must be necessarily sold only through the doctor prescription, while for non-scheduled products a doctor prescription is not required for the sale.

For scheduled products, pharmaceutical companies therefore direct all advertising and promotion to the doctor, so as to influence their prescriptions. Currently Indian pharmaceutical companies use a variety of promotional tools to reach out to the doctors. These include samples, gifts, doctor meets, clinical conferences, continuous medical education programs, sponsorship to national/international doctor meets, etc. The companies advertise their products through detailing folders, leave-behinds, newsletters, medical indexes, medical books, journals, magazines etc. Companies also advertise through posters, charts and patient information booklets. Posters and charts are usually displayed at the doctor’s clinic and at the chemist outlet. A patient information booklet creates awareness about the ailments, the symptoms, the treatment modalities etc. These patient information booklets are either distributed personally by the doctor or are kept in dispensers at the doctor’s clinic for the patients.

Some pharmaceutical companies are advertising their products directly to the consumer through Magazines, Television and Internet advertisements. These advertisements are mostly reminder advertisements, which seek to help brand recall. These products include Vaccines and Contraceptives, which are not schedule H products and are therefore being advertised in lay media. However the sale of these products continues to require a doctor prescription.

The winds of change are blowing over the Indian pharmaceutical industry in terms of: product to process patents, lesser drug price controls, GATT/WTO agreement effective from 2005 etc. This would translate to a change in our healthcare system, one of which could be permitting Direct to Consumer pharmaceutical advertising.

**Effects of DTC advertising**

DTC advertising could prove beneficial to all the participants of the healthcare system- the consumers, the physicians and the manufacturers.

The positive effects of DTC advertising for consumers may be the following:

- DTC advertising may help consumers to be more involved with their health care.
- DTC advertising may raise consumer awareness about treatment options.
- DTC advertising may increase compliance with drug regimens.
- DTC advertising may encourage people to seek medical attention for conditions or symptoms that might otherwise go untreated.
The positive effects of DTC advertising for physicians may be the following:

- DTC advertising may have a positive effect on the patient-physician relationship.
- DTC advertising may keep the doctor abreast of the recent developments.
- DTC advertising may reduce the time that the doctor needs to spend per patient call.

The positive effects of DTC advertising for pharmaceutical marketers may be the following:

- DTC advertising may improve detection rates of ailments and thereby expand the pharmaceutical markets.
- DTC advertising may build brand equity for manufacturer’s brand.

Global studies on the impact of DTC pharmaceutical advertising have shown that while DTC advertising may have positive effects as seen above it may also have negative effects on all participants of the healthcare system.

The negative effects of DTC advertising may include:

- DTC advertising may drive up prescription drugs cost.
- DTC advertising may compromise public safety.
- DTC advertising may promote the medicalisation of normal life.
- DTC advertising may erode the physician - consumer relationship.

- DTC advertising may pressurize the physician to over-prescribe.

**Conclusion**

India too will have to eventually allow DTC advertising as the reach of mass advertising is far greater than the reach of pharmaceutical companies. In such a scenario the regulatory bodies in India will have to take into account both the positives and the negatives of DTC advertising before permitting any DTC pharmaceutical advertising model for India. It will be walking on a tightrope while trying to balance the issues and concerns of all the participants of the healthcare systems.

**References:**


Direct-to-consumer prescription drug advertising overview & recommendations. Paper of the National...


Attitudes and behaviors associated with direct-to-consumer promotion of prescription drugs: main survey results, 2001, Food and Drug Administration, Center for Drug Evaluation and Research, Division of Drug Marketing, Advertising, and Communications.


Direct-to-consumer drug advertising: if it’s not good for GM, can it be good for Canada? by Alan Cassels.


Does direct –to-consumer advertising of prescription drugs benefit the public’s health? by Dr.Philip.R.Alper, Volume 11, Number 4, 1999.
Customer Retention in the present Economic Scenario

Shalini Gulecha
Prof. Shalini Gulecha is a faculty of Management Studies, SIES College of Management Studies, Navi Mumbai. shalugulecha10@yahoo.co.in

The slow down in the world economy is also being reflected in the Indian economy. A reduced disposable income has translated into reduced purchasing power among consumers. Companies are struggling to manage this crisis through various measures – absence of bonus, pay cuts, retrenchment, etc. A fall out of this scenario is a shrinking customer base. That is a situation that no organization can afford. This paper is targeted towards the vital aspect of customer retention.

Understanding customer retention

A customer saved is a customer earned -- actually a saved customer can be worth up to five new customers!

Customer is the “chariot of marketing”. Customer acquisition as well as retention has become the mantra for any marketer. This has always been a debatable issue as to what is more important “acquisition/retention”. If we take a look around us today, what we see is more and more companies are working harder & harder to retain customers.

First let us understand the term customer retention- the maintenance of the patronage of people who have purchased a company’s goods or services once and the gaining of repeat purchases. Retaining customers is more vital than attracting new customers. This is a known fact as the cost of servicing a new customer is comparatively higher than that of servicing the existing ones.

Customer retention enables a symbiotic relationship between the organization & the customer concerned.

Loyalty – a great virtue

Customer loyalty is the biggest asset for any
organization. In our Indian culture or any culture for that matter, “loyalty” is a virtue that is always being looked forward to. Be it in an employee, a supplier or a customer.

With the proper endeavors, it is easy to gain customer loyalty. Which is all about customer retention- which in itself is nothing but the process of converting a casual customer into a committed, loyal customer.

A customer becomes loyal towards an organization /brand for various reasons which could be service facilities, quality, availability, convenience, customer friendly environment etc. The longevity of patronage of customers is an indication of customer loyalty. In the process of loyalty an ordinary transactional relationship gradually gets converted into an emotionally built & committed relationship. Loyalty based retention should be welcomed by every organization. Retention is a factor of recency and frequency. It happens with loyalty -when a customer expresses long term commitment & refuses to switch to another brand.

Customer retention is not only a cost effective and profitable strategy, but in today’s business world it’s necessary. This is especially true when you remember that 80% of your sales come from 20% of your customers and clients. One of the simplest ways of increasing customer profitability is to simply increase customer retention. Increasing customer retention by just one or two percent can have a dramatic impact on the overall profitability of your customers base.

Retention is definitely the “Buzz” word for businesses today. Customer retention has business leader’s attention and leaves most of them wondering how other businesses are approaching this seemingly complex business function. It is such a deep mystery of various trials and errors, of successes and failures; of effective and great strategy sessions being put in place; of huge expenditures in technologies, and laborious and pained efforts to measure the ROI (return on investments) of those expenditures.

Just imagine the constellation of resources being spent in trying to untie this Gordian knot. In the present situation of recession in the world economy, it is all the more challenging for companies to manage their share (be it big or small) and that is possible to a great extent by en-cashing on what is called as customer retention.

**Good job**

It appears to be a matter of perfecting the basic swing - that is adhering to the fundamentals. That is possible by doing a GOOD JOB which can be a good sales activity, a better customer service and a good financial management system in place. Sometimes organizations need to understand that the closest touch point to the customer can help improve customer retention. An organization named “TAKE A BREAK”, which is into providing lunch service at your doorstep, received a complaint from one of their customer about a dish being stale. They promptly called their other customers, telling them not to consume that dish. Though it appears to be a small action but it definitely reflects the greater concern for the customers and down the line, what is called as customer
relationship management.

Yes, customer relationship management; one of the strong pillars on which most of the companies are banking upon. One of the most valuable assets for any organization. A CUSTOMER becomes a patron when he/she is provided more value (monetary, or non-monetary).

**Cycle of customer retention**

Customer Retention depends on:
- **Action**
- **Reaction**
- **Feedback**
- **Iterate**

This is a cycle that the marketer should perpetuate. If the marketer fails to continue this cycle, more or less, they will start losing the customer. This process makes for a constant improvement in customer relationship and in marketing power. It also optimizes the marketers’ strategy toward the customer.

- **Action** - (Listen) it's funny, but it's not the marketer who does all the talking. Both way communications should happen. If the marketer expects the customers to listen to them, you i.e. the marketer must also learn to listen to the customer so as to have the right approach towards addressing their desires which are being presented in form of products & services.

- **Reaction** - Be vigilant. Look for customer's reaction to different situations and note them down. If the customer shows favorable reaction to an effort try that approach again next time. If it is negative, the marketer should take note of this also.

- **Feedback** - Knowing what goes on in the mind of your customer is vital. The marketer may receive this feedback through suggestion forms, interviews, and other methods.

- **Iterate** - Whatever GOOD JOB you are doing iterate, so as to be there always in the minds of the customers.

**Strategies for customer retention**

A few values-add strategies that can be used include:

**Complaint management system**

Complaints become a good source of learning for the organization to improve. It can be in the form of grievance boxes, suggestion books, complaints register, notice boards, a separate space termed as “share your views”. Utmost care should be taken in dealing with unexpressed/unregistered complaints as it might lead to the customer moving away from the organization/products for reasons unknown. Following basic features should be there in any complaint management system:

a. **Visibility**: Customer should know where to complain.

b. **Accessibility**: Customer should also know the process involved in registering complaint. Questions like whom to, where to, how to, when to need to be intimated through various modes. The less sophisticated the system the better it is for both the customer to act & for the company to take corrective action.

c. **Responsiveness**: Be prompt in reacting to the complaints; the quicker it is, the
higher the customer satisfaction.

d. **Customer-focused approach**: Be fair in all your processes and also stand for “no difference in speech & action”.

e. **Accountability**: Specific people should be assigned the responsibility to handle customer complaints in order to ensure that a customer doesn’t become the victim of the blame game.

f. **Continuous Improvement**: This system should be a continuous process wherein on a regular basis monitoring is being done from various aspects. Certain benchmarks can be set & regular monitoring can be done. Empowerment of employees is a must in such a system wherein they can contribute to a great extent to make the system successful.

**Service recovery strategies**

In case of service failure, service companies should have service recovery strategies which can satisfy the customer; at the same time differentiate your service from that of your competitors.

**Managing customer waiting**

There are situations when it becomes difficult to manage demand & supply so the only option left with the customer is to wait for it. So reducing the waiting period of the customer becomes a big challenge. Lesser the waiting period, more would be the satisfaction level of the customer. Various ways of managing customer waiting are as follows:

a. Reservation system can be used-hotels prefer customers who do advance booking & in return give them certain benefits (monetary/non monetary). Even airline industry follows such a concept. Medical practitioners follow such a system to a greater extent. Customers even go in for advance booking especially of automobiles be it a two wheeler or a four wheeler.

b. There can be another system wherein an assistant of a doctor would take down the patient’s history first & then the patient gets the consultation from the actual consultant. In due course he/she saves the idle time.

c. Unoccupied time feels longer than occupied time, so keep your customers occupied by providing other services to them. For example, a dietician offering her consultation services in a beauty salon.

d. Provide ‘waiting duration information’ i.e. information about the expected waiting time i.e. a customer’s position in queue with continuous update.

e. Give proper explanation to the customer for unexpected delays if at all they happen. This helps in reducing customer irritation. The customer should get an impression that he has not been forgotten. Simple acts like providing a glass of water or a cup of tea can do wonders.

f. A courteous, hospitable person who knows his job well can be very helpful in overcoming many negative effects of waiting. For this proper grooming, training should be provided. Of course effective reward systems can boost their morale & performance.
Benefits

Customers are entitled to various special offers, discounts or preferential treatment. As they are availing some facilities like membership cards and programs etc.

Moments of truth

Welcome, acknowledgement, sales recognition, thank you statements makes a big difference.

Continuous delivery system

Don’t make your services being offered a one off thing. Let it be a continuous affair. For e.g.it should not happen that free home delivery service of a newly opened supermarket is only a promotional tool for a short period. It should be a regular affair. This was very much visible in the recent terror attacks in Mumbai on two major service giants The Taj and The Oberoi where the hotel staff in spite of all adversities ensured that their customers were being served properly & they took back such a positive impression of the quality of service being provided.

Feedback system

Suggestion boxes, notice boards, experience, sharing books, open forum etc. are few of the ways of expressing good/bad feelings about any aspect of the marketer.

Communication

Event oriented communications in which the customer is genuinely interested. It can be some donor cards to the privileged customers for an event sponsored by the marketer.

Sense of belongingness

Enhance and empower customers-sending greetings on different occasions. Certain message that makes the customer feels he is very much a part of this family & not an outsider. Not only that your internal customers i.e. employees be it your sales staff or the technical support empower them take care of them. Develop in them the sense of belongingness & in due course you will feel they will not leave even a single stone unturned in making your rather their organization a successful one in whatever endeavors.

A good testimony of how companies have banked upon & are enjoying the fruits of high customer satisfaction is “Maruti Suzuki awarded the no. 1 nameplate for the ninth year in a row in the J.D. Power Asia Pacific 2008 India Customer Satisfaction Index (CSI) Study.”CSI ranking (based on a 1000 point scale) where Maruti scored 820 followed by others. J.D. Power Asia Pacific (2000)2008 India Customer Satisfaction Index study (2008) based on more than 5,594 of nearly 41 different vehicle models. The study was fielded from May to August 2008 and includes those who purchased their vehicles between November 2006 and August 2007.

Remember that not all customers are alike, so adapting your strategy to fit the unique types of customers is vital in improving customer retention.

References:

Mumbai Mirror Newspaper - 10 November, 2008
www.markitek.com
www.streetdirectory.com
Poverty in The Face of Human Development: Are Urban Poor Really Poor?

Kommu Shivani, Sanam Shah, Jimit Sheth, Shraddha Ramane and Somesh C

The authors are students of Post Graduate Diploma in Management from the 2007-2009 Batch.
*Selected paper from Idea Research, June 2008.
Faculty Guide: Prof. Bhuvaneswari Sunil, faculty SIES College of Management Studies

Introducion

In the coming years it is expected that reforms led growth in developing countries would lead to expansion in more urbanite manner than it is at present. The thirty-seventy divide of urban-rural ratio could be more different than what is observed at present. As this transition takes place it will inevitably bring closer attention towards the problem of urban poverty in the region and its effects on public health. Until recently, urban poverty has not been a central focus in the development strategies adopted by the region’s poorest countries, nor has it assumed a prominent position in the agendas of the agencies that assist these countries. The relative neglect of urban poverty has meant that the health needs of the urban poor are often over looked.

Over the years there are several definitions, parameters and intricate models that been identified to measure poverty; however these are still not ample to precisely identify through various statistics that so many percent age of people have been lifted above the poverty line. However the authors would like to take a simple view that while all these complex models and resultant numbers have their
own requirements and validity, the stark fact before the country is that for decades we have not been able to solve the crucial problems facing many millions of our people: to possess a productive work environment, earnings for members of the family to cover their food, clothing, habitat, health, education of their children etc. It is all these combined factors, which help individuals to prepare themselves for a better future.

The urban slum dwellers in Mumbai lack basic standards of livelihood such as sanitary facilities, hygienic surrounding and medical care. In addition to these problems, things get even worse during monsoons when people have to face calamities due to stagnation of rain water, overflowing or clogged-up drainages and sewerages etc. On the other hand there are several other problems with respect to development such as accessibility to government facilities for healthcare, education etc. To articulate it differently, it means many of the slum residents often lack basic civil rights. Their lives are mostly dominated by vulnerability in all facets of life.

It is in this context that the earlier definitions of poverty are very misleading to think that poverty [urban] is only due to “lack of income” from which it follows that poverty reduction is only achieved by increasing the income of the poor. There are many aspects which need to be considered.

This study is part of a larger study carried over in the urban slums of Mumbai. The objectives of the study are:

a. To present the socio-economic profile of the urban slum dwellers.
b. Explain the relationship between productivity and factors determining poverty such as employment, education, health status, sanitation and hygiene etc.
c. Implications of poverty for the national policies in the process of aiming to achieve higher human development.

Poverty is understood in many senses. This paper has analyzed poverty as descriptions of material need, typically including the necessities of daily living (food, clothing, shelter, and health care). It has tried to identify conditions in which a person is deprived of, and or lacks the essentials for a minimum standard of well-being and life. These essentials may be material resources such as food, safe drinking water and shelter, or they may be social resources such as access to information, education, health care, social status, political power, or the opportunity to develop meaningful connections with other people in society.

**Methodology**

The results of this paper are part of a larger study being carried on in the urban slums of Mumbai. The sample respondents have been chosen from 40 households in Kherwadi, a slum pocket belonging to H ward - East of the municipal corporation. The survey has utilized semi-structured questionnaire to conduct the preliminary interviews. The respondents were mostly either the head man or the head woman of the family. In cases where both were not available, as in few cases, the elder children of the family above the age of 18 were interviewed. The study was carried out between the months of July – August 2007.
Findings and discussion

Socio-economic profile of the respondents

Gender and age: Among the 40 respondents interviewed 55% of them were male and the remaining 45% were female respondents. Majority of them were of the productive age group of 24-35 (refer Table 1).

Table 1
Distribution of the respondents by age

<table>
<thead>
<tr>
<th>Age group (in years)</th>
<th>Number of respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-23</td>
<td>3</td>
<td>7.5</td>
</tr>
<tr>
<td>24-29</td>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>30-35</td>
<td>11</td>
<td>28</td>
</tr>
<tr>
<td>36-41</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>42-47</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>48-53</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>54 and Above</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Religion: 65% of them were Hindus, 5% were Muslims, and the remaining 30% were Buddhists. On an average most of the respondents had been there in the same slum for a period of 16 years.

Family size and dwelling: 50% of the households had 4-5 members in the family. 10% of the respondents reported a family size of just 2 people. The remaining 27.5% reported a family size of 6-8 members. Irrespective of the family size, most of the dwellings visited were of very poor housing structure. Many people were staying in houses which were prisons during the British period. None of the dwellings were bigger than 120-130 square feet.

Number of dependants: 15% of the families did not have any dependants; this was observed especially among cases where both the husband and wife were employed. 12.5% of them reported that there exists one dependent and 27.5% reported two dependents, while 30% reported 3-4 dependents and 15% reported more than four dependents on the family income. 40% of the households had no children less than 12 years of age. While 35% had one child less than 12 years and 17.5 percent had 2 children at home less than 12 years of age and 7.5% had three children.

Occupation: Nearly 27.5% of the total sample respondents were employed as housemaids/servants, especially the women. 5% were employed in the government offices, 7.5% were engaged in petty business, 12.5% were factory laborers, 27.5% were performing wide category of services. They included dabbawalas, auto drivers, nurses, construction workers, fish hawkers, ward boy, hotel boys etc. The remaining 8% were unemployed. There were no child laborers or child employment reported in the survey.

Income: The survey found that in the entire 40 households, there were 48 male working members and 36 female working members and the number of dependents was 103 including 37 children less than 12 years.

Table 2
Family income of households from all sources
Income from all sources (in Rs.)  N  %

<table>
<thead>
<tr>
<th>Income range</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-6000</td>
<td>11</td>
<td>27.5</td>
</tr>
<tr>
<td>6001-10000</td>
<td>19</td>
<td>47.5</td>
</tr>
<tr>
<td>10001-14000</td>
<td>8</td>
<td>20.0</td>
</tr>
<tr>
<td>14001-18000</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>18000 and above</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Based on the Table 2 it is very clear that most of them earn more than $2 dollars per day. Therefore it is many a time difficult to call them poor considering their income and the assets owned at home. However considering the environment in which they live and the rights they possess it becomes meaningful to re-define poverty in the process of human development.

Table 3
Expenditure incurred on various categories per month

<table>
<thead>
<tr>
<th>Expenditure (in Rs.)</th>
<th>Food</th>
<th>Education</th>
<th>Illness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
</tr>
<tr>
<td>Less than 500</td>
<td>Not Applicable</td>
<td>6</td>
<td>33.5</td>
</tr>
<tr>
<td>501-1000</td>
<td>7</td>
<td>38.9</td>
<td>6</td>
</tr>
<tr>
<td>1001-2000</td>
<td>14</td>
<td>35</td>
<td>2</td>
</tr>
<tr>
<td>2001-3000</td>
<td>11</td>
<td>27.5</td>
<td>1</td>
</tr>
<tr>
<td>3001-4000</td>
<td>9</td>
<td>22.5</td>
<td>1</td>
</tr>
<tr>
<td>4001-5000</td>
<td>2</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>5001-6500</td>
<td>4</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
<td><strong>18</strong></td>
</tr>
</tbody>
</table>

Expenditure of households: The above Table 3 shows that family expenditure on food and due to illness occupies a major portion of the expenditure. Around 18 respondents also incurred educational expenditure since they send their wards to private schools. Most of these respondents possessed their own houses, except a very few who live in rented houses.

Access to education, health care, water and sanitation

One of the important indicators of poverty, it was found that 58 % of the respondents sent their children to the government school which is more than one kilometer away. The respondents also informed that the government school nearby provides education only till the elementary level. Beyond elementary classes the government schools are located far away to pursue further education.

Access to healthcare was also enquired into. Nearly 37 % of the respondents stated that the nearest government hospital is more than 2 kilometers away. The respondents have reported that there is no regular health checkups conducted in their area.

As far as the water supply is concerned, it was observed that about 40 % of the dwellers had a municipal tap connection in their own house; the remaining 60 % were dependent on the common stand pump and area common tap. This water was used for various purposes such as cleaning utensils, clothes, bathing, mopping floors and for cleaning the surrounding areas of the house.

As for the drinking water, 93 % of the respondents stated that they had access to drinking water while 3 respondents said
they did not have easy access to drinking water. The drinking water is the same water which is got through the municipal taps/stand pumps. Nearly 55% of the respondents reported that they spend less than 30 minutes in a day to fetch water. Around 31% of the respondents said that they spend about an hour in a day to fetch water.

As far as the toilet facilities are concerned the entire locality has a common toilet place, where there are few toilets. All the houses have a bathing place within their house. The sewerages are connected but mostly it was observed that these were open sewerages passing through each household.

**Education**

It was observed that out of 49 children who were reported to be attending school or college, 53% constituted the boys and the remaining 47% were girls. However with regard to education at the higher level post 10th standard (age range 15 years to 19 years), the girls constituted 46% while the boys formed 54% of the sample.

The respondents spend reasonable amount of their income on the education of children. It is interesting to note that 53% of the children attend private school and 47% attend government school. Five drop out cases was reported in our survey. The main reason for drop outs was to make a living by working. The expenditure on education can be seen in Table 3.

**Table 4**

**Incidence of Illnesses in the last six months**

<table>
<thead>
<tr>
<th>Disease</th>
<th>Male %</th>
<th>Female %</th>
<th>Children %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fever</td>
<td>34</td>
<td>34</td>
<td>32</td>
</tr>
<tr>
<td>Cold and cough</td>
<td>29</td>
<td>30</td>
<td>31</td>
</tr>
<tr>
<td>Malaria</td>
<td>12</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Asthma</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TB</td>
<td>0</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Pneumonia</td>
<td>0</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>79</td>
<td>85</td>
<td>73</td>
</tr>
</tbody>
</table>

**Health**

Many of the respondents, nearly more than 40% spend above rupees 500 per month due to illness for different people at home. The below table explains the incidence of various illnesses people have faced in the previous six months from the time of interview.

It was expressed by many of the respondents that fever, cold and cough is one of the most common and frequent illness faced by men, women and children in the locality. Malaria was attributed by many people due to mainly mosquitoes, especially in the common toilets they use.

**Table 5**

**Expenses incurred towards hospitalization**

<table>
<thead>
<tr>
<th>Expense towards hospitalization (in Rs.)</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-4000</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td>4001-6000</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>6001-8000</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>8001-10000</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10</td>
<td>100</td>
</tr>
</tbody>
</table>
Given that people suffer from different illness, there were 10% of the respondents who reported that at least one family member in the house was hospitalized in the previous one year period. The expenses mentioned above include payment made towards doctor fees, medication, travel of attendants to hospital and food expenses for the attendant and patient and many more. Table 6 provides the various details of the expenses incurred towards hospitalization.

As far as the other health parameters are concerned only 29% of the respondents were aware about family planning. Of this 29%, 15% had undergone family planning.

Sanitation

Although it was not extracted from the respondents if bad sanitation is one of the reasons for many of the health problems, it could definitely be one of the causes. The sanitation facilities which include sewerages, toilet facilities are one of the main reasons for the breeding of mosquitoes in the slum pocket. The respondents were asked about how often the sewerages are cleaned (Table 6). The cleaning of sewerage is done by both the municipality as well as the individuals. The individuals ensure that the sewerage in front of their homes at least gets cleaned. So there are 4-5 families in a particular area of 600-700 square feet, who get it cleaned through some private people. Thus in this context 76% have reported that the municipality cleans it and the remaining have said that they clean it themselves. The table below gives details about how often are sewerages cleaned.

<table>
<thead>
<tr>
<th>Frequency of cleaning the sewage</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Every week</td>
<td>24</td>
<td>60.00</td>
</tr>
<tr>
<td>Every Fortnight</td>
<td>2</td>
<td>5.00</td>
</tr>
<tr>
<td>Every month</td>
<td>1</td>
<td>2.50</td>
</tr>
<tr>
<td>Everyday</td>
<td>11</td>
<td>27.50</td>
</tr>
<tr>
<td>No sewage nearby</td>
<td>2</td>
<td>5.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>40</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Therefore, it was found that these toilets are cleaned by municipalities as well as individuals. Respondents have given a range of responses although the toilets they use are the same.

Those who have said that it is being privately carried out through the efforts of the residents of the slum, they have also reported the money they have spent towards maintenance of the toilets. The table below provides the various amounts spent by different respondents per month.

Table 7

Amount Spent on cleaning the toilets

<table>
<thead>
<tr>
<th>Amount spent on Cleaning the toilets (in Rs.)</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>3</td>
<td>7.50</td>
</tr>
<tr>
<td>10</td>
<td>3</td>
<td>7.50</td>
</tr>
<tr>
<td>15</td>
<td>8</td>
<td>20.00</td>
</tr>
<tr>
<td>20</td>
<td>17</td>
<td>42.50</td>
</tr>
<tr>
<td>25</td>
<td>6</td>
<td>15.00</td>
</tr>
<tr>
<td>30</td>
<td>3</td>
<td>7.50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>40</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Yet observed information is that many people fall sick during the monsoons. Nearly 57.3
% of the respondents have reported that the area floods during the rainy season. Once there is flooding it becomes a place for the mosquitoes to breed especially the malarial, dengue parasites, and among children there are other parasites that cause several cases of diahorrea and cholera.

One of the major reasons often for clogging is due to waste accumulation in the sewerages or outlets. When asked about their waste disposal mechanisms, 82% reported that they dispose it in their common area. Only 17% of the households reported that it was collected at their households. The families who live close to the common area where the waste is disposed are the worst affected due to infections.

**Linkages between health, education, environment and productivity**

Although the sample size is very small to make claims for the several reasons stated below, it’s worthy to compile the several reasons that were attributed by some of the respondents. It was observed that some of the main reasons affecting the work of individuals are sickness, lack of employment, lack of mobility to work places during rainy seasons etc. There are also several small factors that affect their productivity such as time taken for fetching water. Time spent for waiting in queues to access toilets in the day and nights, which could have been spent productively otherwise.

Due to lack of access to water in their own houses they had to go to fetch water once or twice a day depending upon the requirement of water in their respective houses. It also sometimes depends on the availability of water supply in these taps. This affects their work timings and therefore they have to sacrifice the jobs available at that point of time.

Similarly due to the environmental hazards faced by people, many become sick quite often in a month due to which they are not able to attend to work. Overall 90 per cent of the respondents have reported that they take leave due to sickness for an average of 3 days per month. Since many of the respondents are housemaids and mostly employed in the service sector, they do not incur a wage loss probably because their employers do not deduct their wages. When the distribution of respondents is across sectors, it implies that it could probably lead to loss of wages.

The next important indicator of development, education, is considered to be an engine for development. Considering the access to services in the locality especially education, we find that most of the drop outs happen after the children cross their elementary education. One of the reasons could be lack of easy access to the educational institutions and secondly due to increase in expenditure when people put their wards in private schools. At the initial stages the wards are put in private schools with the concern of the future of the children. Given that the fee structure is comparatively higher the affordability on a sustainable basis becomes an issue for continuing the education. Although private participation is appreciable, the role of government to provide the basic educational facilities plays an important role in deciding the future potential of the individuals of the country.
In the same way the productivity of individuals that is affected due to lack of proper health care facilities in the surroundings is an area of concern. Although people initially visit the private practitioners to avoid the long way one has to travel to reach the hospitals, they prefer to go to nearby private hospitals, but ultimately when they are financially exhausted they end up visiting the government hospital.

**Awareness on government programs to alleviate poverty**

It was observed that a majority of the sample respondents were aware about savings-post office savings and also about the loans available. However it was noted that very few of them actually took advantage of them.

Nobody showed any signs of awareness of poverty alleviation programs, except for the micro savings and credit program initiated by an NGO called *Swadhar* in the locality. Another NGO, they were able to relate to was *Kherwadi Social Welfare Organization*, regarding vocation training that the NGO provided and various classes being conducted by the NGO for the dropout children in the area.

Nearly 62.5 per cent of the respondents used the PDS system mainly to buy rice, kerosene and sugar. However 70 per cent of the respondents opined that the system is not very useful due to cheating with regards to weight of the goods, poor quality of goods, damp rice and wheat which make it unfit for consumption, stones mixed in the goods etc. Some of the respondents were given commodities in much lesser quantities than what they are eligible to receive from PDS based on their income slab.

**Conclusion**

Although it is well known that urban poverty is multi dimensional in character, it is evident from this study that it is true. It has come out prominently that there is lack of access to government health care facilities and schooling facilities beyond a certain level of education. Also it was observed that housing facilities were very poor and that in itself is a reason for many of the health problems apart from the environmental hazards of the surroundings they live in.

However, it is interesting to note that, there is a wide difference in the range of responses from within the same locality. This shows that there is inequality in the distribution and accessibility to services. There is also inequality in the incomes of the individual houses living in the same locality given that their preference to change to other better areas has not happened. Given all these the paper suggests that:

1. The government should provide access to services in an equitable manner at least to the residents within the same locality.
2. Ensure that better access to sanitation, water supply, education and healthcare services are provided.
3. Take initiatives to generate more awareness among the people in such areas about the schemes and programs implemented for their benefit and utilize the various initiatives of government to reach the needy.
4. Involve the people at the meso level in urban planning process that enhances the planning system and understand the people’s problems much better.

References:


Annette Flanagin, RN, MA; Margaret A. Winker, MD. JAMA. 2006;296:2970-2971. Theme Issue on Poverty and Human Development

Manoj Panda and Srijit Mishra. Poverty Reduction Strategy as Implementation of the Right to Development in Maharashtra


Srijit Mishra and Manoj Panda- Growth and Poverty in Maharashtra

Srijit Mishra and Manoj Panda- Poverty Reduction Strategy as Implementation of the Right to Development in Maharashtra


PRSPs: Their Significance for Health: second synthesis report WHO/HDP/PRSP/04.1

Davidson R. Gwatkin, Shea Rutstein, Kiersten Johnson, Eldaw Suliman, Adam Wagstaff, and Agbessi Amouzou- Socio-
Pester Power: Is a Buyer’s Decision Persuaded?

Gaurav Seth, Girish Rao, Jaidev Radhakrishnan, Reema S Vijan, Rohit B. Musale, Saumya Nath.

The authors are students of Post Graduate Diploma in Management from the 2007-2009 Batch.
*Selected paper from Idea Research, June 2008.
Faculty Guide: Dr. Meera Vijay, Dean-Marketing, SIES College of Management Studies.

Introduction

The term “pester power” means the nagging ability of children to purchase the product they desire due to some reason. The reasons could be due to several influential factors such as demonstration effect generated by the peer group, advertisements in television or any other. In this paper, pester power is a term used to explain the impact created by children to influence the parents towards the purchases of specific products.

The children from seven years to fourteen years comprise a new set of respondents. These groups are no longer being treated as passive viewers, but are targeted as “influencers” towards buying. It is in this context, this paper focuses to understand the influence of pester power by children towards the buying decisions.

Literature review

A general observation shows that a growing number of companies are taking far-reaching marketing initiatives focussing on children for products that have no direct association with the children from cars to washing machines to detergents. Since last year, for instance, Hyundai Motors ran a
promotion for its small car, Santro, whose theme was focussed around children.

The advertisement campaign was: “Don’t just drive, wear Santro this summer”. As part of the campaign the showrooms were backed with advertisement that displayed Bollywood actor Shah Rukh Khan driving children around in a Santro. The children who visited Hyundai showrooms with their parents were invited to take part in a sketching competition while the parents scanned the showroom, and finally take home gifts like T-shirts and caps were presented. This signifies that automobile industry especially the car segment these days is increasingly looking up to children as the new decision makers.

In an article by Jonathan Freedland on pester power he says, that “if we have trouble recognizing the product names, or even understanding the words, not to worry”. He says “they’re not meant for us (elders)”. In the British context he says, “They are, instead, examples of an industry worth at least £70 million every year: advertising aimed directly at children”. The result of this effort is an outcome where an average British child is familiar with as many as 400 brand names by the age of ten. This shows the kind of impact that brand logos have created on the children irrespective of whether it is in the British island or any other part of the world.

There has been evidence in the recent years that the marketing strategy to penetrate into the market has been evolving with new elements or techniques. There is no doubt that pester power is one among many strategies.

**Objectives**

The primary objective of the study is

a. To study the influence of pester power in the purchase of cars in the households of urban Mumbai. Apart from the main objective the secondary objectives of the study were:

b. To find the most popular brand of cars among children
c. To explore the perceptions of children regarding physical features in a car that in turn influences car purchases
d. To understand the way children recognize brands.

**Methodology**

The automobile industry was chosen to study about pester power. Within the automobile industry those who have purchased cars were chosen to be the sample respondents. This was randomly chosen, given that most of the urban children are aware about many of the cars existing in the market. The survey was conducted within the geographical limits of central and western suburbs of Mumbai and Navi Mumbai region in Maharashtra. The study was carried out during the months between August and October 2007.

The findings of the research are based on the primary data collection. The primary data was collected based on personal one-to-one interviews with parents. The sample size of the respondents covered included 250 parents. Children under the age of fourteen have also been included as a part of primary data collection.

The samples were selected based on the following criteria:
a. A family which has a kid between the age group of 7-14 years
b. A family which has purchased a car in the recent one year period prior to the interview.

Findings

Parents opinion on pester power

The parents have represented the amount of influence children have on them as explained in Figure 1 below. About 63 percent of the total number of parents interviewed agreed that their children influence their purchases. It indicates that car marketers these days are benefitting from the pester power influence that children have on their parents. The remaining 37 percent felt that their children have no influence at all.

Gender differences and pester power

One could say that a majority of parents feel that they are influenced by their children when it comes to a car purchase. In families consisting of boys, the amount of influence on parents is relatively more compared to the girls. In Figure 2 below, we can see that in families with two boy children, the influence is considerably more.

On the other hand, we have cases where the girl children do not show much of an interest in cars. There have been a few cases where even girl children have shown an immense amount of interest with respect to all aspects related to a car purchase except that these cases have been relatively less in number.

Peer influence and pester power

We found that about 49 percent of the total number of families face the scenarios where children do keep a watch on their friends’ cars and thereby, insist the same from their parents (refer Figure 3).

This could be attributed to other correlated factors where, children show a tremendous interest in car racing related sports like Formula 1 Racing etc. These kinds of
racing games do tend to instil in their minds a certain amount of inclination towards watching new cars which have sporty and stylish appearance. This factor causes the children to demand the same kind of cars from their parents.

As in Figure 4 below, nearly 54 percent of the total number of parents interviewed agreed that their children watch a lot of car racing related sports. They have also expressed that their children also like to have car posters, car magazines and car related merchandise items, for example car toys in their rooms.

Further parents were asked, if their children ask them to teach how to drive the car (refer Figure 5).

The response is that 52 percent of the total number of children wanted their parents to teach them how to drive a car. This indicates the amount of interest that children have towards cars these days.

Analyzing the behaviour of these children towards pester power, the appearance of car advertisement on channels indicates that the car manufacturers are targeting children, who are not the actual purchasers of the car. The research finding clearly shows that although it is the parent who makes a car purchase it is the kid at whom the advertisements are targeted at.

**Potential influence driven by pester power**

We asked parents for their opinion as to whether they would consult their children if they were given the money to buy a car of their own choice. The results as in Figure 6 show that 58 percent of the parents interviewed feel that they need to consult children before they go in for a particular car purchase.

Some parents feel that their children are too young to decide which car is better and which is not. Some parents feel that they should consult their children, but the ultimate purchase decision would be taken by them. We tried to further analyze the reaction of children to various advertisements.
Reaction to advertisements

Understanding from the parent’s perspective on the reaction of their children to the advertisements, we found out that about 70 percent of the children are influenced by the advertisements (refer Figure 7). The remaining 45 percent of the children are partially influenced by advertisements. This indicates the degree to which advertisers have been targeting children these days.

So we can say that a majority of children these days are influenced through media, especially through television advertisements.

With the exposure to television and advertisements, brand recall capacity was also studied. Some children do have a better brand recall because of the constant advertisements they are exposed to. We also tried to establish the brand differentiation capability of the children. As we can see in Figure 8, around 75 percent of the total interviewed children do have the brand differentiation capability.

This indicates the amount of awareness that children have, when it comes to different car brands. There are cases where some children are not able to identify the brand, but they are well aware of the car model they are talking about. For example:

There were children who knew that there exists an Esteem Car, but they didn’t know that it’s a Maruti Brand. In Maruti, the most preferred brand amongst children is the Esteem. The models namely Alto and the recently launched SX4 mid-sized cars are the least preferred. Hyundai’s Santro is hot favorite amongst children because of the appealing advertisement according to the respondents. Verna is the least preferred Hyundai’s car. In Ford, the children prefer the model Fiesta more than other models. Tata Indica remains the most popular brand amongst the children largely because of its brand visibility. In Mahindra, Scorpio is liked mostly because of its sporty look and the visual “SUV” appeal. The Figure 9 below diagrammatically explains the preferences and likings to various car models and brands.

Toyota Innova has got considerable amount of preference over Corolla. There are some foreign car brand preferences as well but they are not too popular amongst children as the domestic ones are. Some of the foreign brands that are liked the most are Ferrari, Mercedes, Audi etc. Now observing further into most interesting part of the research where we tried to find out as to which is the most preferred brand and the most preferred car amongst children these days. The answer was Honda City.
The rating for Honda City model topped in the rating scale.

**Factors influencing car purchase beyond pester power**

We also tried to find the primary reasons why people buy a car and whether children have any role to play in the car purchase. In most of the cases, we found that the parents want a transition from a two wheeler to a four wheeler. Some of them want to shift from a second hand car to a new car.

However, majority of children had a say in terms of the car purchase (refer Figure 10). Some children do insist on a specific color choice. Since the color of the car does not alter the cost of the car too much, the parents normally tend to go with the children choice.

There were very few parent respondents who expressed the reason for a particular car purchase was determined by status symbol. There were also children respondents who reported that they did not want to travel in an old car. Some children, nearly 23 percent did express in a same manner as to owning a new car than an old model. This shows that the status factor would influence the manufacturers and makes the competitors in the market to constantly re-innovate and come up with quality brands to keep a long term appeal of the brand amongst the children (refer Figure 11).

As explained in Figure 11, it continues that in majority of the household’s people buy cars mostly for normal commuting purposes. In these cases the children do not tend to have too much of an influence. In cases where parents go for a second car, the amount of influence that children have on parents is more because of the reason where the budget or the cost factor is not an issue. The parents in this case just want to shift to a better brand or a better car. Although we see that only five percent contribute to actual pester, but this does not mean that the parents who have taken a car for having a status symbol are not under any kind of
influence. In a case where the parents are purchasing their first new car, cost plays an important role, especially for the middle and the lower middle income category families. When the parents actually go to buy the car, we tried to find out as how many parents actually take their children to the showroom. The result shows that about 47 percent of the children are keen to visit the showroom. But in this case, majority of the factors leading to a car purchase depend on the parent’s perception of the car. Children suggest cars which are visually appealing. The color choice as discussed above mostly depends on the children opinion.

The research findings say that parents normally would want to cater to all the demands of the children. But there are many other factors that go into buying a car. The important factors that parents normally consider while they buy a car are as follows:

- Budget
- Fuel efficiency
- Colors/Interiors/Design
- Comfort/Space
- Features
- Brand consciousness
- Driving pleasure
- Repair and maintenance

The children were asked as to what are the typical features they would look for in a car before they decide on which car they want:

- Radio
- Air conditioner
- Color
- Brand and size
- Interiors
- LCD

**Conclusion**

After analyzing various factors that influence pester power and in turn the car purchase one could summarize a few things and suggest a few recommendations for the industry. Children have emerged as the new decision makers. It has been rightly said in Martin Lindstrom’s book “Brand Child” that current teen generation is no-nonsense generation. We do agree with the statement and our research clearly depicts the same to an extent. If not the car model, the children definitely have a say in various features ranging from technical to aesthetic values of the car. If there is one important point for a marketer to take note of, it is to stay tuned to your brand’s DNA.

**Recommendations**

The following are the few recommendations for the car manufacturers to place their product in a much better position in the competitive market.

- Apart from usual colors, more colors could be introduced which can be used as a USP in advertisements targeting children.
- Advertisements should avoid complex communication. Presenting the brand in a simplest manner enhances children’s ability to understand the brand.
- A miniature model (play versions) of original cars can also be introduced in markets. This merchandise can help in brand recognition.
- Also video games could have company’s logo or name on the games main car. For example, Roadrash can have the main players’ car as Honda.
• While marketing, gender differentiation need to be taken care of and possibly could be targete separately.

• Innovations are identified by children, even if a minor feature of a car is innovated, children take a note of it more than adults.

There could be a possibility where the study response if approached in Tier I and II cities might be varied. Before we replicate such studies care should be taken to account for the various other socio-economic factors or indicators, geographic location pertaining to development etc. which play a major role in analyzing the pester power influence. One of the limitations of the study is that total number of households that we targeted does not fairly represent the exact proportion of the different income categories who purchase car. We in our best efforts have made an effort to cover all the possible family types so that the research gives a clear picture of the existing pester power influence of children on their parents.

References:


International Marketing Conference on Marketing and Society, Prof. Swati Soni, Faculty, Jaipuria Institute of Mgmt, Jaipur and Prof. Makrand Upadhaya, Senior Faculty, ICFAI Business School, Jaipur; (8-10 April, 2007), IIMK, “Pester Power Effect on Advertising”, Pester Power Effect on Advertising, Vol.


Website: dspace.iimk.ac.in/bitstream/2259/355/1/313-324.pdf

Website: www.dualbook.com
Knowledge Process Outsourcing in India

Spandan Mishra, Kritika Bharadwaj, Angad Baranwal, Neha Prabhu, Vrushali Samant, Amit Shetty, Rahul Chaudhari

The authors are students of Post Graduate Diploma in Biotech Management from the 2007-2009 Batch.
*Selected paper from Idea Research, June 2008.
Faculty Guide: Dr. Chitra Ramanan, Chairperson, PGDM (Pharmaceutical Management), SIES College of Management Studies.

Introduction

KPO is essentially an offshoot of Business Process Outsourcing (BPO). KPO provides value added benefits to the organizations by concentrating on domain based processes and business expertise rather than just process expertise. It is predicted that in the future the low-end activities of BPOs’ would shift to destinations such as Bangladesh and Philippines, while high end activities would be concentrated by Indian KPOs. It is in this environment, the objectives of this paper is to study the importance of KPO with respect to the Indian scenario, analyze how certain KPOs function across various functional streams and the challenges and threats faced by Indian KPO companies.

KPO involves activity at the higher-end (upstream process) while the BPOs concentrate on low-end activities (downstream processes).

The work in the high-end profile includes intellectual property or patent research, content development, research and development in pharmaceuticals and biotechnology, market research, equity research, data research, database creation, analytical services, financial modelling, design and development in automotive and aerospace industries, animation and simulation, medical content and services, remote education, publishing and legal support. The low end activities involve standardized routine processes and data entry.

Upstream and downstream processes are different in its activities as explained below.
There are various stages from where it flows down from one level to another.

**Upstream activities of KPO**

It includes project acceptance from client, team formation, research, defining the problem, identifying opportunity threat, EVP (Effective Value of Perfect information), data collection (Primary and Secondary data), creating a database for the project, transferring data to database.

**Downstream activities of KPO**

The various stages involved in downstream activities are retrieving data from the database, processing the raw data to get relevant information, transcription of the information, analysis of the information, deriving the solution, modelling of the solution, final solution, writing research project, approval of the solved project, project outsourced to the client.

When KPOs could extend themselves to a wide range of activities, the companies involved in clinical research outsourcing (CROs) in the field of chemistry have much potential to provide exposure to medical chemistry. This is to enhance leadership with innovative skills to match the industrial demand. In addition to providing services, KPOs can help recruitment of pre-clinical development candidates. For example, in pharmacokinetics, in-vitro toxicology and formulation services it plays a vital role. KPO companies have extensive network of contacts due to which they can call upon experts in a wide range of fields for achieving success.

Growth of KPO industry in India is expected to be tremendous in the next few years. Precisely it is predicted that in the future the low-end activities of BPOs’ would shift to destinations such as Bangladesh and Philippines, while high end activities would be concentrated by Indian KPOs. It implies that the labour force should be equipped with advanced knowledge, analytical interpretation and technical expertise. Various expertises such as managers, engineers, doctors, lawyers and other area specialists are expected to gain higher demand. As the demand rises the remuneration for KPO jobs would also rise and are estimated to be approximately thrice that of existing BPO jobs.

There are various global players such as McKinsey, Reuters, Harris Interactive and *Ipsos* among many others who have invested in India. Due to the labour-cost arbitrage, cost-effective nature and also the intellectual talent in areas such as research and analysis have enabled a favourable environment for the foreign investors in this sector.

Integreon Manage Solutions is a KPO located at Andheri, Mumbai, dealing with clients on projects related to investment banking and conducts market research and provides expertise. Bioinformatics is an interdisciplinary research area that uses mathematical, statistical and information technology tools to manage and analyze biological data. It comprises flow of genetic information such as genomic sequencing, functional genomics and proteomics.

The emergence of this field has been due to availability of excessive information with respect to genetics. With the help of advanced computing techniques, genomic
data produced globally is stored, managed, retrieved, analyzed and integrated. Informatics has been applied to diverse fields from medicine, biotechnology and food technology to fine arts. This data is now being publicly available in databases and is utilized for advanced data capture, data warehousing and data mining techniques, all of which form part of bioinformatics.

**Objectives**

Considering that life sciences and biotech industries are booming in India, there are other trends such as bioinformatics, CROs, cheminformatics which are also gradually taking shape on different fronts that will define the growth prospects of this industry. Favourable government policies and knowledgeable work force together make India the most sought after destination for KPO. However there are challenges involved in KPO to maintain higher quality standards, investment towards KPO infrastructure, increasing and retaining talent pool, requirement towards higher level of control, confidentiality and enhanced risk management systems in place. It is in this environment of bioinformatics, the objectives of this study are framed as follows.

a. To study the importance of KPO with respect to the Indian scenario
b. To analyze the performance of certain KPO companies and
c. Explain the challenges and threats faced by Indian KPO companies.

**Methodology**

This study is based on primary data collected from three companies namely WNS Solutions, Ghatkopar, Integreon Management Solutions, Andheri and Tata Consultancy Services, Bangalore.

The primary data was collected using several tools. To understand the services provided by KPOs, operations and future prospectus of KPO and their perceptions were studied using questionnaires. These questionnaires were administered among the management staff including the human resource management department of the companies studied. To analyse the activities and procedures involved, annual reports of the organizations and other printed and web based information provided by the companies were collected. The study was conducted during the period July 2007 to October 2007. The survey was carried over by the authors themselves through personal communication, email and discussions with above mentioned company personnel.

**Result and discussion**

Biotechnology as a process is new know-how. With ever growing existence of demand and supply disparity in the natural resources accompanied by the loss of eco-balance and expansion of the population, its needs make it inevitable for specializations like bio-engineering and bio-technology to be focused in coming years. Initially this paper starts with the procedure governing KPO and major services of KPO.

The following is the standard process of how the KPO works. The organization identifies the business objective. The objectives include the aspiration of the organization detailed as part of the vision and mission statement. Technical knowledge on the process plays a key role in holding on the business viability.
Therefore the vision and mission is broken down into strategic objectives and defined as targets. The strategic objectives provide a base for developing the focus areas. These focus areas are tested with defined hypothesis and mapped to the marketing projections of the organization. In some organization these objectives are derived from the statement of need (SON). The cross functional teams from engineering, marketing, operations, supply and finance together develops the business case on the proposed strategic objectives.

Knowledge management forms the crucial part of the next phase. In this stage, the activities involve concept development; options for implementation, possible goals (efficiency, quality, need fulfilment etc) are identified. The organization decides to either have the in house capability to develop these processes or try to outsource the same. This is when KPOs play a major role. Organizations identify strategic partners who can work on these concepts to develop into a commercially viable process. These partners are called as KPOs.

The KPOs can be formed from institutions with technical knowledge, organization which has high end technical capabilities, research associates and human resource to conduct these trials. These strategic partners are provided with the deliverables and time line. KPOs conduct the analysis and trials to come up with the optimized process, which finally is adopted by the business for implementation.

Tata Group has KPO processing through Tata Institute of Fundamental Research (TIFR), Indian Institute of Science (IISc), Bangalore; University of Constantine, Germany; Tata Energy Resource Institute etc. Also for the larger group of British Petroleum (BP) a department of SESI is developed to provide the technical capabilities.

<table>
<thead>
<tr>
<th>Area</th>
<th>Expertise required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>Engineers from Chemical, Mechanical, Chemicals etc.</td>
</tr>
<tr>
<td>Conventional</td>
<td></td>
</tr>
<tr>
<td>Bio fuel</td>
<td></td>
</tr>
<tr>
<td>Renewable energy</td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>Master in Business Administration, Post Graduate and Market Research personnel.</td>
</tr>
<tr>
<td>• Urban</td>
<td></td>
</tr>
<tr>
<td>• Rural</td>
<td></td>
</tr>
<tr>
<td>Business Processes</td>
<td>Engineers with exposure to Six Sigma, LEAN, Production Management</td>
</tr>
<tr>
<td>• Operations</td>
<td></td>
</tr>
<tr>
<td>• dependant</td>
<td></td>
</tr>
<tr>
<td>• Marketing</td>
<td></td>
</tr>
</tbody>
</table>

The functions of KPO should ensure that it utilizes the opportunities in terms of young talents, tap the knowledge base of the institutions to make better technological decisions, ensuring that reinventing the wheel does not happen, in the sense not assuming that it is the new technology when already a proven process has been established and reduce the commitment in terms of human resource which is becoming increasingly difficult to manage both in terms of cost and facilities.

Similarly the KPO should ensure in terms of deliverables such as providing customized solutions to the organization, develop a knowledge base and provide the best out of the available, provide objectively tested process and methods for the business to adopt and act as a knowledge house for the organization. It provides an opportunity for the academicians to test the theories and
provide assurance process to commercialize the ideas.

**Employees at KPOs**

The following table provides an overview of the staff requirements:

**Tata group**

Another analyzed case for the study namely, has undertaken several KPO projects for its own business processes and application development. According to them a KPO cycle involves different stages such as 1. Need for information; 2. Defining the research objective; 3. Design of research methodology; 4. Plan and conduct secondary research (data collection from internet, journals etc); 5. Plan and conduct primary research through direct interviews, survey etc., and 6. Tabulation and analysis.

The research services provided by KPO companies amongst others include market research, business research, legal research, statistical research and financial research. Most of the KPO companies started initially as BPOs, have now upgraded themselves as KPOs offering consultancy services for mergers and amalgamation in pharmaceutical and Biotech Industry. KPO companies are providing market research services such as future prospects and, consumer acceptance of particular medicines. KPO companies offer statistical research services such as ranking of Biotech and pharmaceutical companies, financial performance analysis etc. In the human resource area KPOs are offering services such as recruitment and training of manpower, performance analysis and increments of employees’ etc.

KPOs also help the manufacturing sector in ideal selection of production machinery, raw material availability, logistic arrangements and supply chain management. Our analysis indicated that the tilt from BPO to KPO in India has taken place largely due to the cost and quality benefits and availability of requisite expertise and talent.

The KPO industry is expected to grow 45 per cent in size by the year 2015. Global revenues of the KPO industry is estimated to be around $17 billion by 2015 out of which $12 billion (70 per cent) will be outsourced to India. The future of KPO in India looks very bright and KPO is expected to slowly replace BPO. It would be difficult and quite challenging for Indian companies to achieve the same degree of success since there are different processes involved in each of them. It requires specialization in specific areas to meet and cater to varied customer requirements. It should not be misunderstood that KPO companies do not have threats or challenges.

**Threats and challenges faced by KPO companies**

Foreign companies would be sceptical of outsourcing to India as they would be afraid about leakage of data relating to their confidential business processes. Risk of losing reputation is another important factor while choosing where to locate outsourced activities. Off shoring to low-cost locations such as India or the Philippines is still a politically sensitive issue. The challenges faced are manifold.

Other challenges faced by the companies are the low-brand and low-quality image of lower-wage countries, lack of
a good professional work environment, infrastructural problems (e.g., acquiring land) could still pose problems, lack of good middle management and project management expertise. The following are some of the important threats discussed below.

**Competition**

China and Southeast countries are expected to provide severe competition to India in this regard. China is expected to replace India from its number one position in the global outsourcing industry. India’s relatively poor infrastructure will be a hindrance and give other countries the competitive advantage. Again on the cost front these countries are expected to give India a run for the money.

India has to improve considerably in its infrastructure for which large investments for the same is required. Towns have to be developed into metros. Cities are getting congested and costs are soaring. China’s development is far more encouraging as compared to India.

**Industry and business understanding**

A complete and in-depth understanding of the business and processes executed within the KPO domain require higher quality standards because the stakes for the clients are high. This would make the research and the work much more extensive and would require extensive training and understanding of the new environment.

The demand-supply gap in India for knowledge workers is being felt at present. The education system needs transformation to produce people with skill sets that match industry needs. Availability of Chartered Accountants, MBAs and qualified professionals is also another major concern. The transition to knowledge processing will be a bigger challenge for the Indian companies and employees than it is for BPO services.

**Tax, accounting, regulatory issues and multi-lingual capabilities**

Due to country and language barriers, there exist a lot of regulatory and operational differences in KPO sector especially in the financial services with areas like project evaluation, business appraisals etc, which deals with secret company information. These regulations are a major problem. Major challenge upcoming in the KPO sector is the actual execution of work and its delivery. Such an expert knowledge area demands a professional work environment and stringent performance security and control to sustain the quality of work and adapt to the upcoming changes in this growing sector.

**The future of KPO**

In spite of the various challenges and limitations the future of KPO looks very encouraging. The global knowledge process outsourcing industry is expected to reach about US $17 billion by 2015, of which US $12 billion would be out sourced to India. In addition, the Indian KPO sector is also expected to employ more than 2, 50,000 KPO professionals by 2015. Apart from India, countries such as Russia, China, Ireland and Israel are also expected to join the KPO industry.
Conclusion

There is going to be tremendous opportunity for India both in terms of employment generation and earning revenues. India is expected to capture more than 70 percent of the KPO sector by 2015 and is expected to employ over 2,50,000 professionals against the current 25,000 professionals. To retain the competitive advantage, challenges such as specialization in specific areas of infrastructure development, friendly regulatory environment, sales and marketing capabilities, confidentiality and availability of qualified professionals need to be addressed quickly.

References:

All about the future of KPOs. [Online]. 2006 [cited];
Website: http://www.rediff.com/money/2006/aug/17/kpo.htm?q=tp

Ganesh V. KPOs: The genNext BPO. [Online]. 2005 [cited];
Website: http://www.intelenetglobal.com/Newsfile/HindustanTimes2.pdf

Knowledge Process Outsourcing (KPO) Future Trends. [Online]. [Cited];

Mierau A. Strategic Importance of Knowledge Process Outsourcing. [Online]. 2007[cited];
Website: http://www.outsourcingtoday.com/pdf/
White-papers/Strategic-Implications-of-KPO.pdf

Pandey J. KPOs: Big bucks, more benefits. [Online].2006[cited]; Website: http://www.rediff.com/getahead/2006/feb/03kpo.htm

What is Knowledge Process Outsourcing? What is KPO? [Online]. [Cited];
Website: http://www.kpoexperts.com/kpo-india/what-is-kpo.htm

Website: www.magindia.com/manarch/news/man11.html

Book Review

Book: Strategic Brand Management
Authors: Kevin Keller
Pages: 720
Edition: 3rd Edition
Publisher: Pearson
Price: $172

The book Strategic Brand Management is simply the reference source for professionals in the field of brand management, marketing management and for postgraduate management students. Over the years, it has not only established a reputation as one of the leading works on brand strategy but also has become synonymous with the topic itself.

Branding is in the stage of revival and Kevin Keller’s Strategic Brand Management can be recommended as the reference source to all those concerned with building and managing brands. This is an exceptionally comprehensive treatment of the subject of Brand Management. The author understands that building a brand is both an art and a science. The company must build a continuous positive brand experience for its target customers, what others have called moments of truth.

Kevin Keller should be congratulated for providing the latest and most comprehensive thinking that we have about the art and science of brand building. This book does a superb job of examining the many factors that need to be considered. The chapters on measuring brand equity will be of special interest to marketing practitioners. The author provides an up-to-the-minute, comprehensive yet accessible guide to the cluttered world of branding. Strategic Brand Management, covers where branding has been and importantly, where it’s heading in the future.

Keller understands that to successfully build a brand, you must reach consumers on their terms. He has become one of the world’s most judicious observers of brand dynamics. Kevin Keller’s branding insights provide structure and definition to an area that until recently was ruled by emotion and opinion.

Reviewed by
Vikram Parekh
Faculty, Marketing
SIESCOMS
The book *Entrepreneurship in the Social Sector* gives a comprehensive analysis of the processes and challenges in the field of social entrepreneurship. For a common frame of reference, the authors of the book define Social Entrepreneurship as an innovative, social value-creating activity that can occur within or across the non-profit, business or government sector. The chapters clearly bring forth the opportunities available to a social entrepreneur which are diverse and wide ranging. These include everything from starting a social purpose commercial venture to developing an innovative non-profit model and further creating an entire network of alliances.

The book has very well collated experiences of several social enterprises across countries to give a concise overview of the strategic approaches. The authors have covered a range of social enterprise activities including opportunity identification, funding, growth, alliances and collaboration, and performance measurement. Detailed analysis and frameworks provide the key themes and ideas that are illustrated through cases at the end of each chapter. While providing insights regarding the various management aspects of running a social enterprise, the authors have maintained a very careful approach to relate all the activities to creating social value or impact. Precisely all the chapters have ensured to sustain the attention of the reader as it links each of the issue discussed to the core objectives of social enterprises - *At the Heart of it all: The Value Proposition*.

However, one of the suggestions in the forthcoming edition of this book is, it could address the opportunity / problem identification aspect which could be dealt in detail by providing tools for undertaking research.

This book would be a very resourceful text book for students and to all those launching or managing social enterprises.

Reviewed by

**Gayatri Vivek**  
Program Coordinator  
Post Graduate Program in Social Enterprise Management, SIESCOMS
Business Diary
An interview with Mr. S. Swaminathan, CEO, IRIS

Mr. S. Swaminathan is an economist trained at Yale University, USA. He served briefly as a Consultant to the World Bank in Washington DC before returning to India where he co-founded a software company. He then went on to pursue a career in the media, serving in senior positions with India’s leading financial daily, The Economic Times and later with the country’s leading magazine, Business India. He founded IRIS in 1994. IRIS Business Services is a leading business and financial information and research provider based out of Mumbai (India), and one of the world’s leading providers of XBRL based solutions and services.

IRIS offers a suite of XBRL enabled software products for XBRL enabled workflow and reporting, XBRL conversion software and services, taxonomy development and training / consulting services.

IRIS’ XBRL based filing solution has been adopted by the Bombay Stock Exchange and National Stock Exchange and for bank reporting by the Reserve Bank. IRIS has also created the XBRL taxonomy on behalf of the Institute of Chartered Accountants of India.

On entrepreneurship...
Entrepreneurship is more than just about ideas...it is also more than just a job...but then everybody is an entrepreneur. It is important to recognize that a commercial idea does not come to someone in a vacuum, it happens in a continuum. Most successful entrepreneurs are those who while working in a company for a number of years and serving a number of clients, identified a problem that was not being addressed. So they go out and start on their own. They find a solution to that problem and a client who is willing to pay for it. I think it is ultimately consumers who create successful entrepreneurs. And then, for an entrepreneur the only measure of success lies in the size of your enterprise and the profits you are making. That is all about execution.

About IRIS...
Investment Research Information Services was set up in 1994 and when we transitioned the business to a new company after a crisis, we retained the name IRIS. In the 90’s the world of information was going through a radical change. Even in India, people wanted more information, better information, information that they could use and profit from, in what was an increasingly competitive world. When you think about it, you realize that people don’t need information; they need timely access to it. Our own business has changed in its character over the years, from wanting to be an information or content provider to becoming an information infrastructure provider in which the provision of information is but a small part. What set us
apart was our approach and therefore our technology, the arrival of the internet was opportune and made it possible. We are probably one of India’s earliest internet start ups…

**What IRIS does today…**

In India, the top 100 companies are required by law to use our platform to send information to the market. The exchanges disseminate this information to the world at large, using the platform that we have built. Every bank in India is required by law to use our solution to comply with Basle II reporting requirement. We have developed the information infrastructure from end to end, we have built it around XBRL (Extensible Business Reporting Language). We help people produce information; we help people disseminate information and we also help people consume information. We straddle the entire breadth of the information supply chain. Our financial portal attracts a million users and more even in these days of depressed sentiment. You will find our research in leading banks and brokerages.

**Challenges…**

There are challenges in every aspect of business ….funding, retaining personnel, meeting customer requirements. What drives one through the difficult times? A recognition of obligations. When you have shareholders and external investors, you have an obligation to succeed......in India you cannot afford to fail. Sometimes I wonder whether people who talk of failure being a stepping stone to success are living in the same world as I am.

**Climate for entrepreneurship…**

If I have to generalize, I would say that our society does not support entrepreneurship. It does not tolerate failure. However the situation is improving. The point is that if you have the experience and more importantly the execution skills, the probability of success is higher.

**Work-life balance…**

There is only one life….you don’t keep your professional life and personal life separate. If you are having a bad day at work, you can’t have a good day when you go home and vice-versa. I tell my colleagues that if you can take in a matinee during a working day without feeling guilty then you are doing okay. That is a measure of whether you have a balance.

**Corporate social responsibility…**

We don’t believe that social responsibility comes after we have made X amount of profits. It is not so much about how much you spend as it is about how you live and how you encourage your colleagues to live and conduct themselves in society. For example, we don’t have any religious holidays in the company. Not for Diwali, not for Christmas, not for Id. Because, religion is a very personal thing, if it is your festival you are welcome to take the day off. But as a company, we practice no religion. We encourage our colleagues to show consideration for other people’s religious practices, we actually request employees to show sensitivity by not eating in front of a Gujarati who is fasting before Navaratri or a Muslim observing roza during Ramzaan.
We are a diverse society, but one has to make an effort to celebrate it.

This is something we are conscious of, when we recruit. If a man and a woman finish on the same score in an interview, we recruit the woman. Encouraging diversity in the work place is important.

We also believe giving in areas where we are strong. This is why we set up a sanctions website to help firms come up with a cogent response to queries from their overseas trading partners if they were asked questions. The CII adopted the website as their own.

When the war in Kargil was raging, we worked with the army; we set up a memorial on the net for the brave soldiers who gave up their lives. When the Pope came visiting, we took the lead in taking his public engagements live across the world, our webcast division took the lead and we did this for free as our contribution to society.

Today, with elections round the corner, and recognizing our core strength in information management, we have launched an initiative to make the elected representatives accountable to measurable development outcomes.