



# COSMOS

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## A Compilation of Research Papers on Contemporary Issues in Commerce Management and Economics

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## EDITORIAL

**Dear Readers,**

The January issue of Cosmos is usually edited when the winter session of parliament is on . Once again chaotic scenes were witnessed in parliament. The opposition and this time the UPA Alliance partners too put breaks in the passage of various important bills. UPA Alliance partner Mumta Bannerjee put the obstacle in the passage of the Pension Fund Regulatory Development Authority bill .The right to food security bill even though passed by the cabinet and introduced in the parliament , received displeasure from various state governments. The uproar and tussle over creation and passage of the lokpal Bill dominated headlines during the month of December 2011.

In this background we are happy to state that as , 'The Foreign Educational Institution (Regulation of Entry and Operation) Bill', 2010, was cleared by the Union Cabinet in March 2010 and various seminars and conferences are being organized on the impact of this bill on the education system as a whole, we are carrying an article on growth and development of private universities in Bangladesh.

With 51% FDI in multi brand retail being announced and withdrawn by the government in the current winter session of parliament, whether it was done genuinely so that the farmers may benefit or to take the heat away from the topics of "Black money" and "inflation" is not known; but expansion of the retail sector brings to the fore the requirement of soft skills and one of the articles featured here is on "Interpersonal skills and Management". Another article of interest is the one that draws a relationship between organizational culture and behavior. Another related and noteworthy article featured here is on the food retail sector's implications on the small scale producers in Asia.

It is only research that adds to the pool of knowledge. In order to spread awareness of the additions to the knowledge pool , we have made it our policy to print the synopsis of various Ph.D thesis and M.Phil dissertations. Thus this issue carries a couple of synopsis of M.Phil Dissertations.

Even though the focus of Cosmos is on contemporary issues we have in this issue carried articles on evergreen topics like Effectiveness of implementation of Kaizen, Copy right piracy , Women Empowerment and Human Resource Management.

Putting together this issue of Cosmos was a pleasure indeed and I present this intellectual treat to you with pride and joy. I wish you a happy reading.

Dr. Shaila Bootwala  
Managing Editor

# **A Role of Interrelationship between Organizational Culture and Organizational Behavior in Human Resource Management**

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## **Introduction**

Human Resource Management (hereinafter HRM), is related with the human beings in an organization. HRM and Personnel Management (hereinafter PM), both the terms represent identical functions. However, PM can't be treated as HRM. The basic difference is, because of the philosophy, attitude and approach which have been expected in HRM. PM is one of the functional areas of the organization and therefore, it is an isolated function of the organization just like other various departments. Personnel Management is not directly related with the other functional areas for the administration of manpower in the organization. PM implements statutory provisions and procedures made therefore. In recent years, the economy noticed very rapid changes in the industrial environment viz. open economy, competitive market, high technology, assertive society with forever rising expectations etc. One more important change, which has been experienced since globalization, is that the human beings in the organizations are known to be the most valuable resource because they perform a major role in the accomplishment of organizational goals. Though physical resources are abundant, they are not by themselves sufficient to achieve the organization goal. Naturally, the human resource has been thus receiving a greater role in a business organization.

In simple words HRM can be defined as "the process of managing the people of an organization with a humane approach". As per this philosophy, organizational manpower henceforth can't be treated as a liability but as its resource and asset. This approach helps to improve an organizational efficiency, work culture, job satisfaction of the employees, better understanding of human relationship thus resulting in cordial industrial relations and better productivity. The scope of HRM, therefore, is very extensive and includes various areas of management. Organizational culture and organizational behavior are two important aspects in the process of HRM.

## **Objective**

Main objective of this paper is to prepare a conceptual framework for HRM, Organizational Behavior and Organizational Culture and to highlight the interdependence of Organizational Behavior and Organizational Culture.

## **Hypothesis**

Organizational Behavior and Organizational Culture are though two different terms, they are supportive to each other and Organizational Behavior makes an attempt to explore certain consistencies in human behavior and Organizational Culture brings a system of shared meaning held by the members that distinguishes one organization from the other organizations.

## **Methodology**

This paper is prepared on the basis of secondary data which has been obtained from the published literature. Select case studies have been considered for the purpose of analysis and an observation method has been used to draw the conclusion.

## **The Concepts**

### **Organizational Behavior**

The success or failure of a business enterprise depends on the quality of management which may be good management or bad management. Human psychology is a very complex phenomenon, as it is unpredictable. "Management is getting the work done through other people" this explains significance of the role of the people in the organization. "Organization is a social invention for accomplishing goals through group efforts". Here it should be noted that the word 'social', originates from society. The human beings coming from society bring along with them positive or negative qualities which depend on personal background, cultural values, religious aspects, experiences from other organizations and again influence of the new organization where they have entered. In this context, 'organizational behavior' (hereinafter OB), becomes an important part of the HRM process. "OB is the study of the human behavior in an organizational setting, the interface between human behavior and the organization." A more comprehensive definition of OB can be given as, "it is a field of study that investigates the impact that individuals, group and structure have on behavior within the organization for the purpose of applying such knowledge towards improving an organization's effectiveness." In short, OB is aimed to the study of behavior of individuals, groups and structures. It also includes utilization of the above knowledge and information to solve the above problems in the key areas viz. productivity, performance, marketing activity etc. This creates a need of developing employees' skills to foster organizational growth.

### **Important goals of organizational behavior**

The basic goals of OB are related in the following areas-

1. Administrative systems
2. Structural subsystems

3. Economic systems
4. Resource management
5. Technical systems
6. Management information system
7. Decision making system
8. A study of employees' personality, behavior, characteristics, perceptions, attitudes, values, beliefs, motives etc.

### **Organizational Culture**

A strong organizational culture (hereinafter OC) provides employees with clear understanding of "the way things are done around here (in a business enterprise)", it provides stability to the organization. OC is a recent phenomenon. Till mid 1980s it was just as a rational means by which to co-ordinate and control a group of people viz. vertical levels of authority, various departments, relationship between superiors and subordinates etc. But one more important thing is that, there are personalities of individuals, who are rigid or flexible, unfriendly or supportive, innovative or conservative etc. Therefore, OC plays an important role in the lives of employees. The origin of culture can be traced back in the 1950s to the notion of "Institutionalization." When an organization is institutionalized, it takes on a life of its own which may be different from its founders or members. It becomes valued for itself and acquires immortality. "OC contains a whole pattern of beliefs, expectations, ideas, values, attitudes and behaviors displayed by one and all the employees of the organization."

### **Important characteristics of OC**

1. **Innovation and risk taking** – this is a degree to which employees are encouraged to be innovative and take risks.
2. **Attention to detail** - it is a degree to which employees are expected to exhibit precision, analysis and attention to detail.
3. **Outcome orientation** – it is a degree to which management focuses on results rather than on the techniques and processes used to achieve the outcomes.
4. **People orientation** - it is a degree to which management decisions take into consideration the effect of outcomes on people within the organization.
5. **Team orientation** - it is a degree to which work activities are organized around teams rather than individuals.
6. **Aggressiveness** - it is a degree to which people are aggressive and competitive rather than easy going which underlines the principals of time management and total quality management.
7. **Stability** - it is a degree to which organizational activities emphasize maintaining status-quo in contrast to growth.

## Select Case Studies

### Case No. 1 - Lijjat Papad Case –

Shri Mahila Griha Udyod Lijjat Papad is a business enterprise founded by the women entrepreneurs, engaged in manufacturing food products carrying Lijjat brand such as Papad, Khakhra, Spices, Bakery products etc. The group has more than 40,000 women members and has an annual sales turnover exceeding Rs 300 crore. The system is self-sustaining, every member works to improve the efficiency and reduce wastages because they are paid on their output quantity. In addition to that bonus is paid on the basis of employees' productivity and profit or loss is to be borne by them.

A young girl of twelve years old, Jyoti Naik, joined the organization and showed her excellence and skill in her work. She was transferred to a packaging department which was a superior position, where she also established her efficiency and then was promoted to Masala (spices) division and then became a "Sanchalika" (director). Here "Sanchalika" means a head of the branch. Then Jyoti Naik became a member of the central managing committee which is a core group of twenty one ladies. After this achievement she became a president of Shri Mahila Griha Udyod Lijjat Papad.

### Case No. 2 - Gujarat Co-operative Milk Marketing Federation Ltd. Case-

Gujarat Co-operative Milk Marketing Federation Ltd.(GCMMF), which is popularly known as Amul Milk, started at the village level where dairy farmers came together to form a society at the grass root level. There are more than 11,000 such societies; each of which maintains its own Profit and Loss Account. These societies sell milk to the unions which are operating at a district level and have separate legal entities. The unions then send milk to the state level federation, still another entity. But the money made at the apex level i.e. GCMMF flows all the way backward to reach the farmer, since the federation shares are held by the union, shares of union are held by the societies and the shares of the society are held by farmers. The beauty of the structure lies in the fact that each level of hierarchy is separate, economically and legally, and they are united by the same cause.

It is needless to say, mobilizing milk supplies is one thing, operating milk processing units and marketing the product is quite another. So the federation appoints a board that is charged with the responsibility of using the best available management talent- maybe, it is human resources, administration, finance or marketing – to maximize the value. That is why GSMMF is India's leading dairy brand, "Amul".

### **Case No. 3 - Tata Motors Ltd Case**

In the premises of the Tata Motors Ltd. (erstwhile Tata Engineering & Locomotive Company Ltd. – TELCO), Pimpri, Pune, there was a deep valley in the ground. The prices of the land in the MIDC industrial area are ever rising. However, the CEO of the company Mr. S. Mulgaonkar decided to construct water purification and recycling plant at the place of this valley, instead of leveling the land. The waste water coming out from the plant was to be stored in this valley; it would be purified and resent to the plant. Afterwards, he established a beautiful garden by collecting various types of plants from the different places of country as well as from the abroad countries. So also various types of rocks, sand and birds and animals were collected for this garden. The residue from the water purification plant was converted into fertilizers which became useful for growing plants. A small water tank was also provided in this garden and it became a wonderful picnic spot. This picnic spot is open for all the employees of the company at free of cost. The employees, along with their family members, can spend their weekends and the holidays at this place and get recharged for work. Because of this nearby picnic spot, the employees do not have to travel a long distance, spend a single rupee and can avail enjoyment without spending anything from their pocket.

### **Case No. 4 - Birla Group of Industries Case**

Birla Group of Industries is one of the leading groups in India. At the initial stage, the founders of this group had a great influence on its organizational culture. Afterwards, the charge was taken by Mr. Aditya Vikram Birla (A. V. Birla). During the period of A. V. Birla, the Birla Group was traditionally a commodity driven group such as cement, fertilizers, automobile engineering, textile mills etc., and the managers and alliances were unheard of and the norm then had been to stick itself on sprawling Greenfield projects. However, after A. V. Birla's untimely death, the group was taken over by A. V. Birla's son, Kumar Mangalam Birla as the chairman of the group who took strategic decisions to continue in a few tradition areas and also venture into new emerging areas such as Apparels, Software Services, Cellular Services, Financial Services, and Insurance Services etc.



## Conclusions

The main constituents of Organizational Behaviour and Organizational Culture are as follows-

1. Exclusively, individual behavior cannot be studied. An organization itself influences an individual on one hand and is influenced by the individual on the other.
2. The routine behaviour and norms which are practiced and shared throughout the organization such as organizational rituals, ceremonies, common languages used and the concept of 'what should be a fair day's work for a fair day's pay'.
3. The dominant values and philosophy followed by the organization such as product quality or price leadership.
4. The rules of the game for a newcomer to learn in order to be accepted as a member of the organization.
5. The organizational climate of an organization conveyed by physical layout and the manner in which managers and employees interact with customers and outsiders.
6. If proper monetary and non-monetary incentives are provided by the employers, the employees sincerely get involved in the organizational activities and the organizational goals can be achieved efficiently.
7. A strong organizational culture is an outcome of reciprocal, sincere and honest behavior of the employers and the employees.

As such, the hypothesis, "Organizational Behavior and Organizational Culture are though two different terms they are supportive to each other and Organizational Behavior makes an attempt to explore certain consistencies in human behavior and Organizational Culture brings a system of shared meaning held by the members that distinguishes one organization from the other organizations," is said to be proved.

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# **Human Resource Management of a Bangladeshi Bank: The case of City Bank Ltd.**

**Jamaluddin**

Business Reporter , Daily Ittefaq.

## **1.0 Introduction**

Banking is known as the backbone of the national economy. Banks play an important role in the business sector & promote industrialization & economic development of the country. Banks provide necessary funds for executing various programs underway in the process of economic development. All sorts of economic & financial activities revolve around a bank. As an industry produces goods & commodities, a bank creates & controls money markets & promotes the formation of capital.

A bank is a powerful medium to bring socio-economic changes in a developing country like Bangladesh. The three important sectors in Bangladesh like Agriculture, Commerce & Industry provide the bulk of the country's wealth. So the nourishment of these sectors is only possible through satisfactory banking facilities. Development of the banking system can provide the necessary boost for the rapid economic growth of a country.

Basically, Banks collect deposit from the customers at a lower rate of interest & lend it to the borrowers at a higher rate of interest, considering the cost of fund. The difference in the amount indicates the operating profit for a bank.

## **2.0 Company Profile**

The City Bank Limited was incorporated as a public limited company in Bangladesh under the Companies Act, 1913. It commenced its banking business from March 14, 1983 under the license issued by Bangladesh Bank. Presently the bank has 88 branches; as of 2010. Out of the above 88 Branches, 01(one) bank is designated as an Islamic Banking Branch complying with the rules of Islamic Shariah, the mode of

operation is substantially different from other branches run on conventional basis. The bank is listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company for its general class of shares.

The City Bank Limited is the top most, 1<sup>st</sup> generation private commercial Bank in Bangladesh. The bank is committed to provide high quality services to its constituents through different financial products and profitable utilization of funds and contribute to the growth of GDP of the country by financing trade and commerce, helping industrialization, boosting export, creating employment opportunities for the educated youth and encouraging micro-credit leading to poverty alleviation and improving the quality of life of the people and thereby contributing to the overall socio-economic development of the country.

The City Bank Limited has already introduced some new Banking products like dual currency Credit Cards, American Express Service, ATM and Online services which has created interest among the clients. The Bank has also introduced real time Internet, SMS and Phone Banking systems with all modern delivery channels.

For significant performance, the bank has earned national & international recognition. City Bank Limited was one of the 12 banks Of Bangladesh among the 500 banks in Asia for its asset, deposit & profit as evaluated by "ASIA WEEK" in the year 2000. Other than that, The City Bank Limited received the "Top Ten Company" award from the Prime Minister of the People's Republic Of Bangladesh.

City Bank Limited has a distinguished Board of Directors which consists of thirteen successful and reputed businessmen. Mr. Aziz Al-Kaiser, a top leading businessman, industrialist, pioneering personality & entrepreneur of private sector banks in Bangladesh, is the chairman of the bank. Mr. Kazi Mahmood Sattar a dynamic, nationally & internationally reputed banker is the Managing Director and CEO of the bank.

### 3.0 Organogram of City Bank Limited

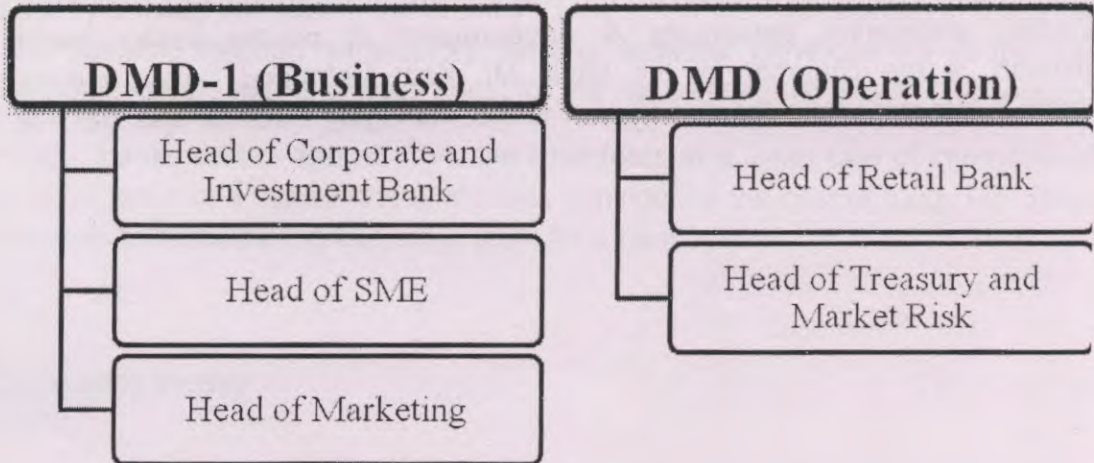
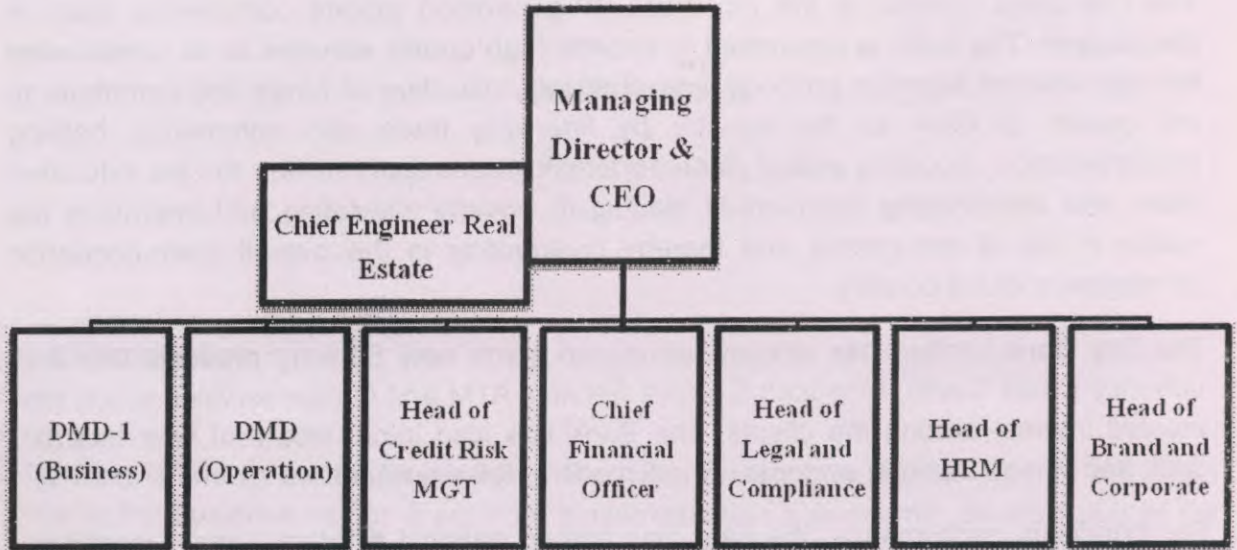


Figure: Caption 1 and 2

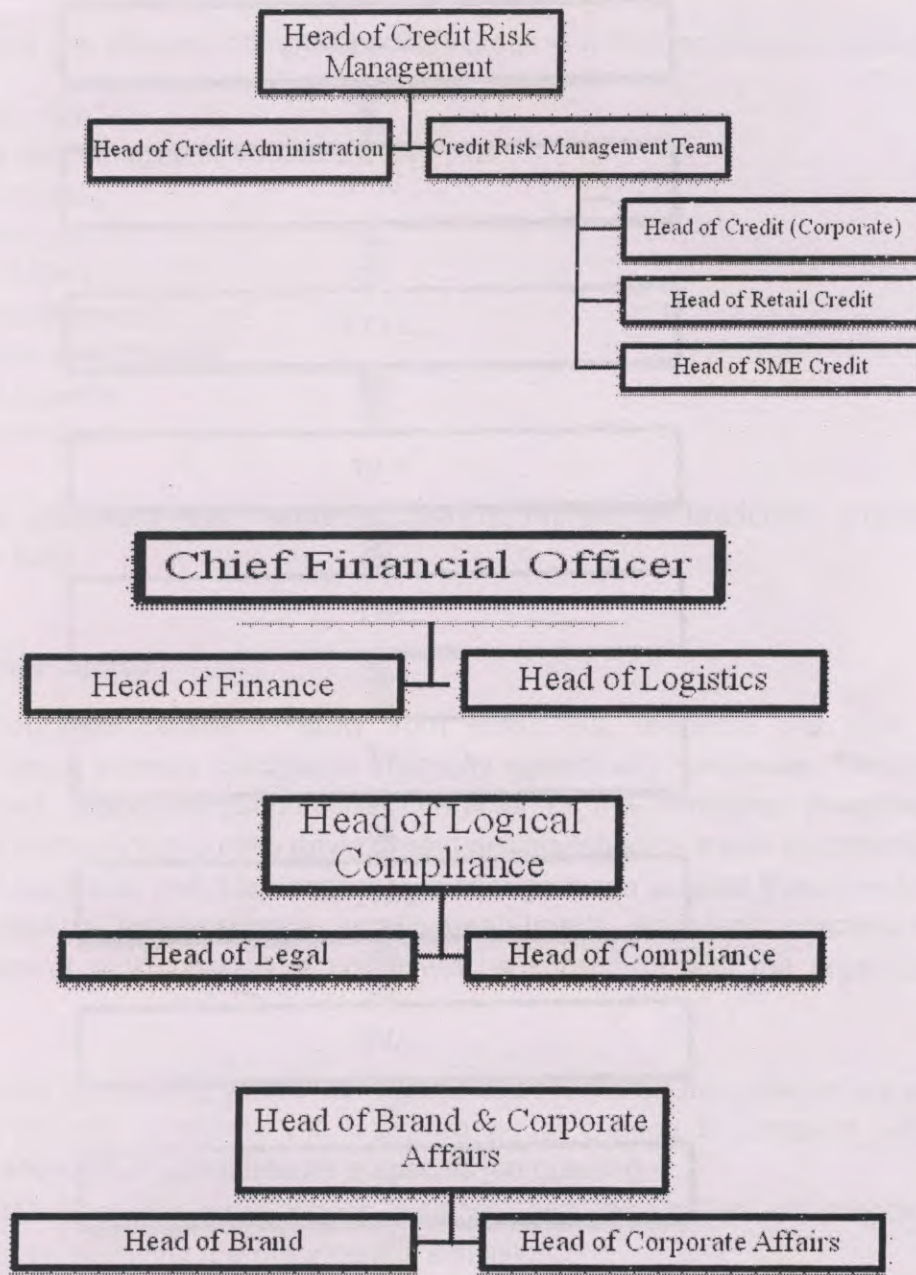
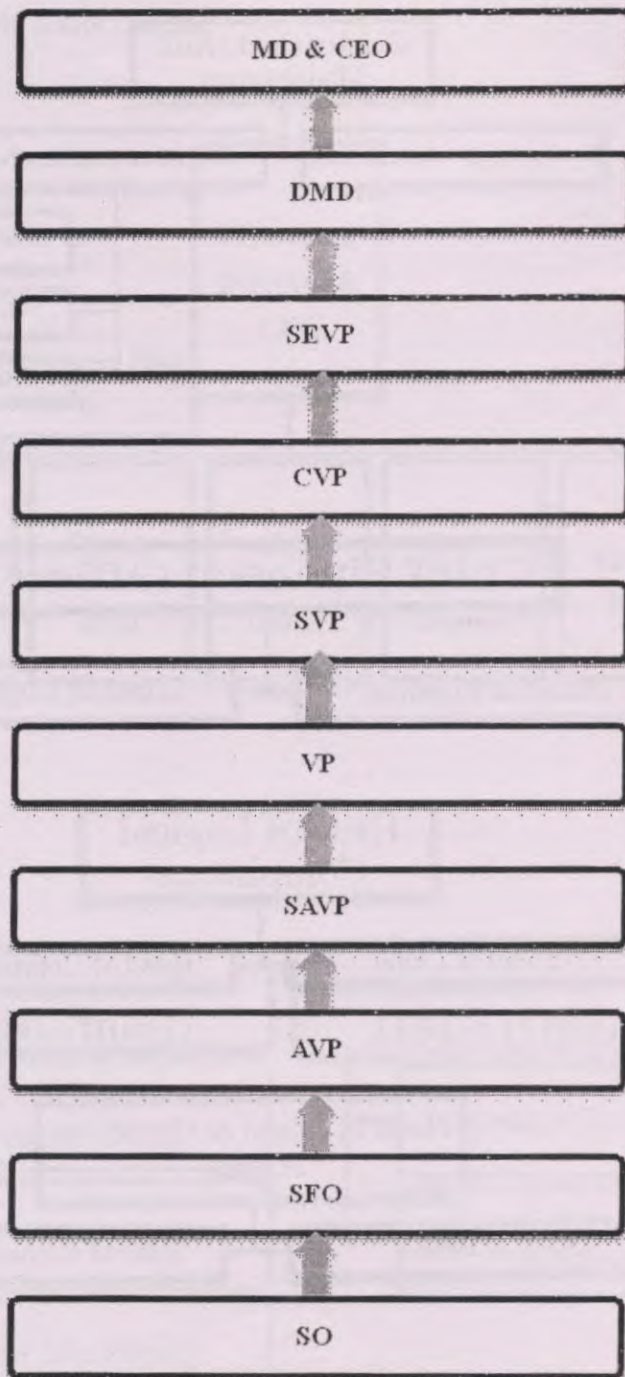


Figure: Caption 2, 3, 4, 5 & 6



*Figure: Management Ranking of The City Bank Ltd.*

#### **4.0 Compensation Package of the Bank**

City Bank Limited has different compensation packages for their employees such as:

- 1) Base Salaries
- 2) Increase percentages or amounts every year
- 3) Merit Increases
- 4) Salary Ranges
- 5) Starting Salary
- 6) Incentives/Bonuses
- 7) Allowances and Benefits
- 8) Terminal benefits
- 9) Working Hours
- 10) Leave
- 11) Business indicators (e.g. nature of industry, number of branches, employees, revenue, etc.)

#### **5.0 Recruitment Policies**

City Bank encourages people to grow from within and therefore will give equal opportunity to recruit suitable candidates internally against any vacancies. The Human Resource policies share the progressive character of the company, providing the foundation for a mutually supportive environment distinguished by equal opportunity and sound business practices and it is necessary to change these policies from time to time to reflect changes in the workforce, employment trends, economic conditions and legislation. However any changes in policy will be consistent with the organizations approach to:

- The internal job posting will be done simultaneously with the external job advert and the internal candidate will be given equal chance to compete with the external short listed candidate for a specific job opening.
- Employ talented individuals whose creativity and imagination will support and contribute to achieving the organization's mission.
- Communicate organizations standards and expectations.
- Value diversity.
- Assure equal employment opportunity and a workplace where relationships are based on mutual respect.
- Treat all the employees in a professional, non-discriminatory manner.
- Provide safe, effective working conditions and accommodation, and
- Provide competitive salaries and benefits

## **6.0 CSR activities of City Bank Limited**

### ***Sponsor for Golf tournament***

Bangladesh Golf Federation (BGF) organized "City Bank - Dhaka Bank Bangladesh Open 2009" with the action line "Go Golf". BGF hosted a Professional Golf Tour of India (PGTI) tournament for the first time which was allowed staging its tournament outside India. A total of 82 professional golfers of South Asia (India, Pakistan, Nepal, Sri Lanka and Singapore) participated in the five day show. There were also players from USA and Australia. The main four round tournaments took place from Jan 28th – 31<sup>st</sup>.

### ***Donates to Prime Minister's Relief Fund for fire at Neemtali and building collapse***

City Bank joined hands with Bangladesh Association of Banks (BAB) by donating Tk 25 Lacs to the Prime Minister's Relief and Welfare fund created for the victims of fire at Neemtali and building collapse at Begunbari in the city. Bank's Vice Chairman Hossain Mehmood handed over the cheque to Prime Minister Sheikh Hasina at Ganobhaban.

### ***National Vitamin A plus Campaign***

City Bank has sponsored 1000 pieces of t-shirts for the volunteers of country wide Vitamin-A campaign. Each year the government's health ministry organizes this campaign where children of 0 to 5 years are given a drop of vitamin A, to prevent them from fatal diseases. To create more awareness against such diseases, City Bank lent its support in the campaign.

### ***Children's Art Competition***

City Bank has arranged a 'Children's Art Competition' in celebration of 'Victory Day' on 16th December 2010 at the City Bank Centre. The event came to life with the enthusiastic participation of around 70 children and more than 200 people including family members of our colleagues, gathered for the celebration.

### ***Participated at National Career Fair, 2010 Dhaka***

City Bank participated at the National Career Fair, 2010 which was the country's biggest Career fair that offered ample opportunities to identify and recruit the best talent that corresponds to our organizational needs. The fair was held in Dhaka for two days, from March 19th and 20th, 2010, at the North South University. City Bank HR received a total of 7000 (seven thousand) CVs including internship and future openings.



About 100 reputable companies from different sectors participated in this event. In today's competitive world, City Bank with the new management team is more concerned about its value than ever before.

## 7.0 Porter's Five Forces on Bangladesh Banking Industry

### 7.1 Intensity of rivalry among competitors:

Public Top Performing Sector Banks	Top Performing Private Sector Banks	Top Performing Foreign Banks
Sonali Bank	The City Bank Limited	CitiBank N/A
Janata Bank	Islamic Bank Bangladesh	Standard Chartered
Agrani Bank	BRAC Bank	HSBC Bank
Rupali Bank	Pubali Bank Limited	
	Eastern Bank Limited	
	Dutch Bangla Bank Limited	

The banking industry is strongly competitive. The financial services industry has been around for hundreds of years and just about everyone who needs banking services already has them. Because of this, banks must attempt to lure clients away from competitor banks. They do this by offering lower financing, preferred rates and investment services. The banking sector is in a race to see who can offer both the best and fastest services.

### 7.2 Bargaining power of buyers

With the emergence of larger number of players in the Banking Industry, the switching cost of the buyer has gone down significantly. The responsibility is now on the effectiveness and speed with which the services are provided to the customers. Financial institutions – by offering better exchange rates, more services, and exposure to foreign capital markets - work extremely hard to get high-margin corporate clients. Options in the Auto Finance Sector and Real Estate sector give the customers more power to decide upon the kind of finance they need. Introduction of specialized products for women and students etc also show that the buyer power is strong in this Industry.

### 7.3 Bargaining power of suppliers

The suppliers of capital do not pose a big threat, but the threat of suppliers taking away the human resource is there. If a talented individual is working in a smaller regional bank, there is the chance that person will be persuaded away by bigger banks, investment firms, etc.

#### 7.4 Threat of New Entrants

It is difficult to get the license of a bank in Bangladesh as like other Industries, but if a new bank is started, which mainly targets on Niche Segments, it might pose a threat to City Bank Limited. The new entrants from a different country are always discouraged to take part in the financial and banking sector by regulatory reforms limiting foreign presence. Threat from other non banking financial services could also pose a risk especially equity investment, insurance etc. Entrance of a larger player can cause a drastic effect on the not so strong name in banking or a bank with low income but would not cause any significant effect on The City Bank Limited.

#### 7.5 Threat of substitute product and services

As you can probably imagine, there are plenty of substitutes in the banking industry. Banks offer a suite of services, over and above, taking deposits and lending money, but whether it is insurance, mutual funds or fixed income securities, chances are there is a non-banking financial services company that can offer similar services.. But these substitutes do not affect The City Bank Limited due to its good reputation for service and strong national brand name presence in the market.

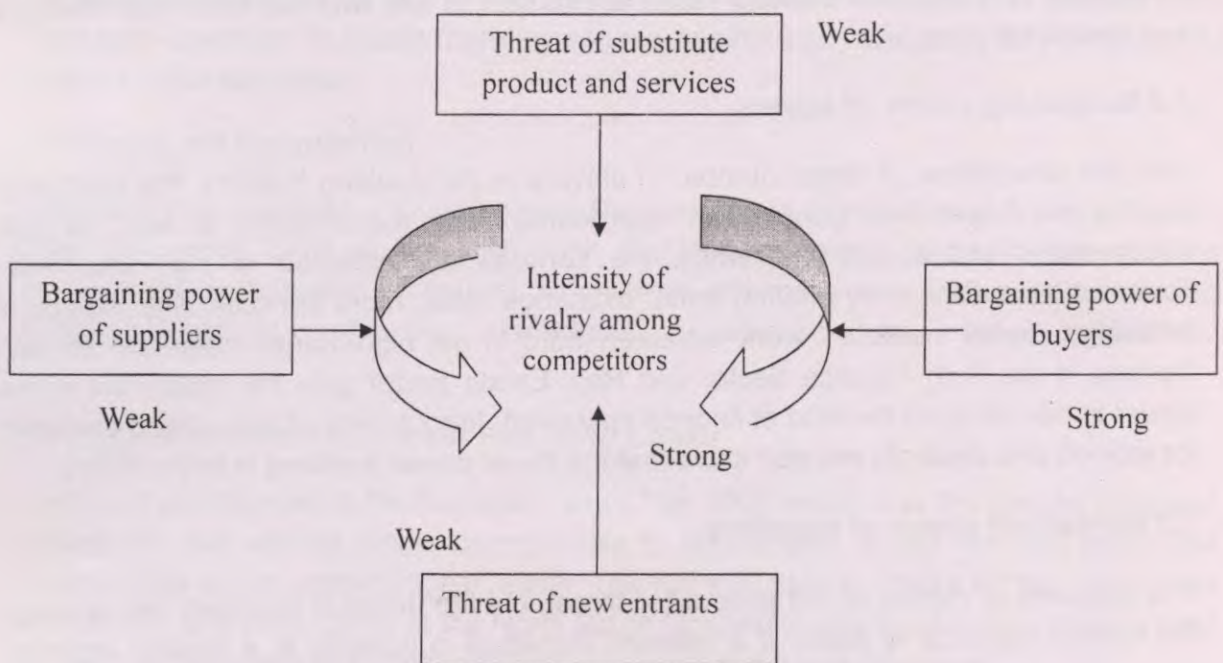


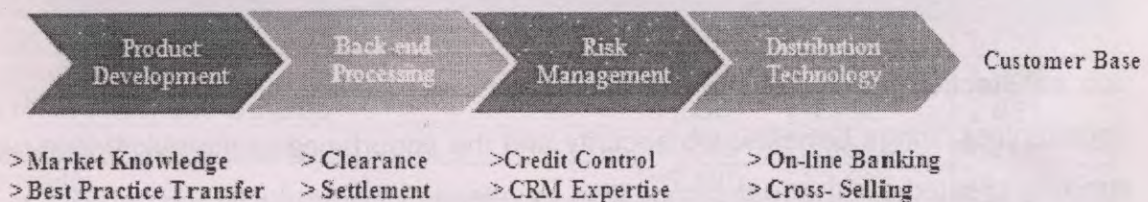
Figure: Porter's Five force Model on Banking Sector of Bangladesh

Threat of new entrants- Weak  
 Bargaining power of buyers- Strong  
 Bargaining power of suppliers- Weak  
 Threat of substitute product and services - Weak  
 Intensity of rivalry among competitors - Strong

Unattractive Industry  
 (Low Profit Potential)

### 8.0 Value chain analysis of City Bank

The value chain is a systematic approach to examining the development of competitive advantage. The chain consists of a series of activities that create and build value. They culminate in the total value delivered by an organization.



#### 8.1 Product Development

City Bank Limited can increase their value chain through developed new products, and they have to introduce successful marketing vehicles to better target new segments with innovative products.

#### 8.2 Back-end processing

Presently City Bank transfers their technical expertise in efficient Bank-end functions such as cheque clearance or interbank account settlement overseas. The resultantly low cost structures provide higher pricing flexibility –an important competitive advantage when entering markets.

#### 8.3 Risk Management

Effective risk management practices have recently emerged as another critical differentiator. City Bank has an effective risk management team; which has given them

an opportunity to take higher risk customer segments to pay higher interest rates and increases another value proposition for their Banking activities.

#### ***8.4 Distribution Technology***

Traditional product distribution through a bank's branch network is commonly considered a key success factor. Banks entering new markets may tap on learning from outside marketing, administrative and risk management technologies. Online Banking, for instance create a new distribution channel for City Bank Bangladesh.

#### **9.0 Job Satisfaction of the City Bank employees**

Employee satisfaction is thought to be one of the primary requirements of a well run organization and considered an imperative by all corporates. It is undeniable that the future of business enterprise depends upon the satisfaction level of its workforce. Dissatisfied workforces cause immediate problems only to their particular businesses.

Job satisfaction involves different facets such as satisfaction with pay, promotion opportunities, fringe benefits, job security and the importance of the job. Private Banks specially created a cut throat competition by offering new products and services to gain more market share. The employment pattern in the banking sector has changed the focus to performance and targets rather than experience and loyalty. Hence, pay and job satisfaction becomes a primary factor for the banking employees which need attention so as to achieve the long term goals of the bank. Determinates such as pay, work, relationships with coworkers, supervision and opportunities for promotions have been found to contribute to job satisfaction. There is a significant difference in the job satisfaction levels of employees based on their income.

Generally, employees with lowest earnings reported lower levels of job satisfaction relative to other income groups. It is true that private banks were more successful than public sector banks in terms of implementing Total Quality Management (TQM) initiatives, in context of HR, customer focus, and top management commitment. Public sector banks, structure compensation in a way such that there are lower pay differentials between the employees, long-term tenure is rewarded and there is a high base pay, whereas in the private sector banks, there are larger pay differentials, fewer

rewards for tenure, and pay for performance . However, private sector banks do not provide job security and would lay off their employees in cases of poor performance or adverse market condition.

#### 10.0 Financial Statement of City Bank Limited

<b>Three years Performance of The City Bank LTD. At a glance</b>				
<i>Taka in Million Unless Specified</i>				
	2010	2009	2008	
<b>Income Statement</b>				
Interest Income	7,090	5,743	4,669	
Interest Expenses	3,516	3,672	3,163	
Non-Interest Income	3,728	2,297	1,874	
Non-Interest Expenses	3,201	2,112	1,625	
Profit before provision	4,100	2,250	1,755	
Profit Before Tax	2,999	1,588	1,014	
Profit after Tax	1,849	819	398	
<b>Balance Sheet</b>				
Authorized capital	10,009	1,750	1,750	
Paid-up Capital	3,889	1,571	1,366	
Reserve Fund and Surplus	7,630	4,293	2,851	
Total shareholder's equity	11,519	5,864	4,217	
Deposits	67,420	62,384	45,034	
Loans and Advances	60,327	43,486	34,421	
Investments	12,474	10,586	9,074	
Fixed Assets	3,206	2,788	2,514	
Total Assets	90,898	76,467	57,113	
Off-Balance Sheet Exposures	20,387	10,447	10,921	
<b>Foreign Exchange Business</b>				
Export	18,646	13,815	14,766	
Import	38,155	28,718	30,894	
Remittances	24,496	17,933	9,828	
<b>BIS (Bank for International Settlements) Capital Measures</b>				
Risk weighted Asset	111,049	45,715	35,919	
Core Capital (Tier I)	9,260	3,535	2,711	
Supplementary Capital (Tier II)	3,120	1,625	1,243	
Tier I Capital ratio	8.3%	7.7%	7.5%	
Tier II Capital ratio	2.8%	3.6%	3.5%	
Total Capital Adequacy Ratio	11.2%	11.3%	11.0%	
<b>Credit Quality</b>				
Provisions for Un-classified Loans	1,040	799	420	
Provisions for Classified Loans	970	708	780	
Percentage over NPL over Total loans and Advances	4.4%	4.9%	6.3%	
<b>Share Information</b>				

No of Share Outstanding( in million)	38.9	15.7	13.7
Basic	59.4	52.1	25.3
Diluted			
Stock Dividend	30%	25%	15%
Market Value Per share (Taka)	1000	730	452
Price earning ration (P/E Ratio) Times	17	14	18
Net Asset Value Per share (Taka)	296	373	309
	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Operating Performance ratio</b>			
Credit Deposit ratio	89.5%	69.7%	76.4%
Cost to income ratio	43.8%	48.4%	48.1%
Total Operating Income per employee	2.7	1.8	1.6
Total Profit per employee	1.5	0.9	0.8
Cost of funds	4.9%	6.1%	6.9%
Yield on loans and advances	12.7%	13.1%	13.5%
Return on Assets	2.2%	1.2%	0.8%
Return on Equity	21.3%	16.2%	11.2%
<b>Distribution Network</b>			
Number of Branches	88	87	83
Number of SME center	11	10	5
Number of ATM	72	50	23
Number of Employees	2,685	2,424	2,134
Number of Foreign Correspondents	533	513	501

City Bank Ltd.'s present condition is good as compared with the previous year. Profit after tax is twice of 2009 which is significantly a great sign for a commercial Bank in a competitive market. They increased their Authorized capital to 10,000 mn and Issued the right share for their Stock holder and also declared 30% stock dividend. They Invested 12,432 mn in the year 2010 and opened two more branches. Their export, import and remittance significantly increased than the previous year. Their P/E ratio is higher than the previous year, and return on equity is also 5% higher than the previous year, which indicates that the companies' growth rate is improving year after year.

City Bank Ltd. flow the international financial rules for their financial statement and Annual report. Their audit firm is Hoda Vasi Chowdhury & Co. one of the best in the country.

## 11.0 Shortcomings of HRM

The following key problems we have identified in the recruitment and selection procedures of employing staff in public and private banks. These are the results of some shortcomings, like the shortage of linked to the statement of strategic intent, inefficiency in the corporate plan, as well as, the specific human resource management plan. The shortcomings of Human Resource Management are:

- Recruitment and selection is not informed by the Bank's agreed priorities for developing the optimum workforce profile required to realize its legislated responsibilities.
- Recruitment and selection is not guided by the requirements of relevant legislation and the Bank's equity and diversity policies, strategies and initiatives.
- Appointments are not made in open competition from the widest field of applicants, not attracted by internal and normally external advertising.
- Recruitment and selection processes are not conduct on the basis of fair and equitable treatment of all applicants.
- Accountability is not achieved by recruitment and selection processes and associated documentation is not being open and subject to appropriate scrutiny and review.
- All processes are not conducted so as to guard the confidentiality of applicants and preserve the integrity of the process.
- Recruitment and selection processes are not consistent, transparent, professional and timely.
- The Public Banks do not foster continuous improvement of recruitment and selection policy and procedures, and supporting technology to deliver high quality services efficiently and effectively.
- Appointment is not based on merit assessed in relation to the selection criteria and position description. Applicants do not meet all essential criteria in the job description to be eligible for appointment.

- Equal merit does not occur between an external and internal applicant, preference will be given to the internal applicant.
- Outstanding individuals may not be appointed to senior positions by invitation and without advertisement where it is in the interests of the Bank and contributes to the strategic direction of the Bank.
- Selection and recruitment policy, guidelines and associated documentation is not available to all employees and applicants.
- Selection and recruitment is not undertaken using expert panels. The panel membership is not determined by the Chair and decisions made on the basis of the value and expertise that an individual can bring to the process.
- Heavy corruption in the recruiting and selection of new employees.

## **12.0 Creation of new Bank and performance of HRM**

When a New Bank is created, then the HRM Practices need to be re-established in the Bank. Banking is a potential industry where the growth of a country depends a lot. In Bangladesh, the banking industry is also very influential. This industry is very big and holds a lot of skilled employees. So, HRM is very much applicable as well as practiced in the banks of Bangladesh.

It is possible through professionalization, which is an internal part of HRM. Bank staff should be motivated and encouraged to practice professionalism for their personal growth and thus contribute to the organization's growth. Building efficiency in banks is, therefore largely dependent on the best selection process adopted by the Human Resource Management Department.

Banks have a vast human resource, specialized in multiple disciplines like technology, law, operations, foreign exchange, administration etc. The basic function of HR is to manage them efficiently for continuous success.

Major Activities of the Personnel or Human Resource Department:

- Recruitment, selection, interviewing
- Induction (new employees with information to function effectively in the organization)
- Training ( maintaining and improving current job performance)
- Re-training and counseling



- Education and development (develop skills for future jobs)
- Industrial relations
- Remuneration and incentive
- Pension and superannuation schemes
- Health, safety, welfare.
- Gathering Statistical data both for internal and external use.
- Job evaluation (assessment of the job to set proper salary, review grade structure, etc.)
- Staff appraisal (determines the quality of staff, identification of potential staff for promotion, confirm suitability for promotion.)
- Provides salaries and wages (Budget information)
- 

### **13.0 Analysis of HRM strategies**

#### ***The Department***

- Department function
- Introduction to colleagues
- New entrants in job
- Supervision
- General layout - entrances and exits
- Telephone system, bleeps and intercom systems

#### ***Conditions of Employment***

- Information on hours of work, including duty rotates, shift systems "on-call" breaks
- Time recording, flexi-time
- Bonus scheme, allowances
- Probationary periods of employment
- Company Pension scheme and eligibility
- Reporting in when sick including when on leave
- Arrangements for requesting leave: annual leave, unpaid leave, compensation leave
- Issue of uniforms, and uniform policy, protective clothing, replacement, laundry arrangements

#### ***Health and Safety, Security, Fire***

- Health and safety information relevant to the department
- Issuing of fire instructions and procedure
- Location of fire-fighting equipment

- Accident reporting
- First aid facilities/pre-employment health screening/  
role of Occupational Health / Company Doctor
- Loss of personal effects
- Security of department/building
- Arrangement for keys, passes, ID Badges etc.
- Violence and aggressive behavior
- Management of money/valuables
- Major Incident procedures

### **Conduct**

- Personal presentation
- Disciplinary procedures
- Courtesy to the customer and the public
- Confidentiality
- Noise Control
- Acceptance of gifts
- Statements to the Press
- Local rules regarding smoking
- Private use of telephones
- Standards of Business Conduct

### **Facilities**

- Lockers, toilets
- Canteen

### **Education, Training, Promotion**

- Study leave
- Means of advancement, promotion opportunities
- Employee appraisal, review systems

### **Employee Involvement and Communication**

- Employee or Trade Union representative
- Communication arrangements
- Information sources, e.g. notice boards, circulars etc.
- Food and Health Policy
- Handling Complaints

### **Items Specific to Department**

- Pay
- Notice of termination of employment
- Sick certificates
- Waste disposal
- Control of infection

#### 14.0 Salaries of some Bank MDs/DMD/VP /GM's/AVP/ DGMs Discrimination

State Owned Bank (SOB) Salary Structures in Top level Management				
Public Bank	CEO (monthly salary) BDT.	DMD (monthly basic salary) BDT.	GMs (monthly basic salary) BDT.	DGMs (monthly basic salary) BDT.
Sonali Bank	800,000	67,000	58,625	46,400
Agrani Bank	600,000	67,000	58,625	46,400
Janata Bank	700,000	67,000	58,625	46,400
Rupali Bank	500,000	67,000	58,625	46,400

Source Link: <http://www.thedailystar.net/newDesign/news-details.php?nid=121296>

From the Above table we can see that, The CEO's of SOB are selected on a contractual basis. So, their monthly basic salary is different. The basic salary is determined by the government on the basis of Bank Performance as well as CEOs merit. But The DMD through DGMs' and all the lower level employees of SOB get the same basic salary per month and different facilities as mentioned in the government's pay scale.

Local Commercial Bank Top Level Management Salaries				
Private Banks Name	CEO (basic monthly salary) BDT.	DMD (basic monthly salary) BDT.	VP (basic monthly salary) BDT.	AVP (basic monthly salary) BDT.
The City Bank Limited	1,000,000	450,000	180,000	85,000
UCBL	950,000	425,000	175,000	80,000
DBBL	850,000	400,000	165,000	75,000
BRAC	900,000	450,000	170,000	75,000
EBL	750,000	380,000	165,000	70,000
Bank Asia	800,000	420,000	170,000	75,000

Source: Employees of Different Banks

On the other hand the local commercial Banks CEO gets better salary than SOB's CEOs. DMD, VP and AVP get the salary at same range in their respective positions. That indicates all the local commercial Banks maintain the same pay scale policy for their employees from the top level to the lower level.

Here, in case of SOB, the CEOs salary doubled during the increase in the last pay scale, but the other employees' salary increased only 1.5. This indicates discrimination in increasing pay scale.

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# **Competitive Advantage through Efficient Management of Human Resources: A Conceptual View**

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## **INTRODUCTION**

Donald Kress believed that the real question is not how well a firm is doing today against its own history, but how it is doing against its competitors. It is argued that in terms of resources and internal capabilities, firms are primarily heterogeneous. In 1971, Andrews and in 1990, Thompson and Strickland founded that only competent and superior resources may be the basis for competitive advantage from among all other resources, if they match properly to environmental opportunities. In this regard, Porter (1985) showed that a company has competitive advantage whenever it has an edge over rivals in attracting customers and defending against competitive forces. Later on, Barney (1991) said that when a firm is implementing a value creating strategy, not simultaneously being implemented by any current or potential competitors, it is competitive advantage. He developed some criteria of resources as a source of sustained competitive advantage: the resource must add value to the firm, it must be rare, it must be inimitable and it must be non-substitutable. Among a firm's intangible resources, human resources may be the most important and critical for competitive advantage because it is the most difficult to imitate. Wright, et al (1993) reported that human resources meet Barney's criteria for being a source of sustainable competitive advantage, as Human resources add value to the firm, are rare, cannot be imitated, and are not substitutable. Black & Boal (1994), Itami (1987), and Rao (1994) also argued that in any competitive landscape, intangible resources are more likely to produce a competitive advantage because they often are truly rare and can be more difficult for competitors to imitate. The Competitive Advantage School of Thought, pioneered by Beer (1985), Tricky, Fombrun and Devenna (1982), argued that better

utilization of human resources by an organization or by any nation is necessary to achieve competitive advantage.

Human Resources are individuals with requisite knowledge and skills, have expertise in a specific field, etc. Valuable human assets, according to Thompson and Strickland (2001), are the key strength of an organization, which include an experienced and capable workforce, talented employees in key areas, motivated and energetic employees, cutting-edge knowledge and intellectual capital, astute entrepreneurship and managerial knowledge, or the collective learning embedded in the organization and built up over time. Competitive advantage would come through the efficient maintenance of human resources, as it is difficult and expensive to copy these resources.

Moreover, sources of competitive advantage have shifted from financial resources to technology resources and now to human capital. In other words, success does not depend primarily on the size of the budget or the products supporting technologies. It really depends on employees' attitudes, competencies and skills; their ability to generate commitment and trust, communicate aspirations and work in complex relationships.

The purpose of this paper is to find the role, through literature review, of efficient Human Resource Management (HRM) for doing better than the competitors do. The paper argues that HR managers and HR professionals are highly concerned about the employee welfare as well as the organizational tasks with efficient HRM techniques.

## **HOW HRM ENSURES COMPETITIVE ADVANTAGES**

### **Role of HR**

Human Resource Management is a process of bringing people and organizations together so that the goals of each are met. In addition, it is the art of procuring, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner. HR functions play a major part in the creation of an environment that enables people to make the best use of their capacities, to realize their potential to the benefit of both the organization and themselves, and by improving the quality of working life, to achieve satisfaction through their work. Human resource has been defined by

Robertson and Swan (2003), Franck, Opitz and Pudack (2002), and Alvesson (2000) as '*the most significant or even the only significant strategic and crucial factor of success*'. That is why, HR function is involved in devising HR strategies, policies and practices that meet the needs of the organization and its members and support the attainment of sustained competitive advantage.

Research shows the aim of HRM as the optimization of human resources value, i.e. to ensure the effective and efficient use of human talent. Aswathappa (2003) said that HRM, with the objective of ensuring a group of skilled and loyal workers, monitor the working period of those people. The Indian Institute of Personnel Management has specified the scope of HRM as *Personnel aspect, Welfare aspect, Industrial relations aspect*. Fundamentally, managers are concerned about upgrading and expanding individuals' abilities as needed and then molding the efforts and work products of individuals into a cooperative group effort to create organizational ability. For this reason, HR functions are to be classified and practiced in such a way that skilled people are willing to work for the organization and staying there for a long period. According to the Behavioral Perspective Model of Schuler and Jackson (1987), human resource management practices are an organization's primary means for energizing and directing employee behavior, which ultimately determines organizational effectiveness. Boudreau & Ramstad (1997) studied and reported that the business press is filled with examples of top executives proclaiming how important it is to engage people's minds and spirits in the quest for competitive advantage. Virtually every currently-popular business model emphasizes the key role of people in organizational success. Terry brings another issue that HRM is not a one shot deal. Instead of practicing it only one hour each day or one day a week, it requires a constant alertness and awareness of human relations and their importance in every day operations. Regardless of the organization's size, the HRM department must perform some specific HR functions regularly that enable organizations to get things done through people. Armstrong (2006) claimed that the concerning issues of HR functions are management and development of people in organizations. The rest of the part of this paper will cover those HR functions for increasing an organization's stock of relevant competencies.

### **Human Resource Planning**

Human Resource Planning (HRP) is both a process and a set of plans, according to Ivancevich (2003), where organizations assess the future supply of and demand for human resources. It enables organizations to anticipate their future needs to identify practices that will help them meet those needs. For getting competitive advantage, Noe, Hollenbeck, Gerhart and Wright (2003) suggested three keys to effective utilization of labor markets – having clear idea of strengths and weaknesses of firm's current workforce, knowing firm's vision and being aware of the required strengths in terms of current strengths of workforce, and analyzing the difference between actual strengths and required level of strengths and finding out the necessary steps the firm may take to remove the difference.

From among 'hard' and 'soft' style of human resource planning, Armstrong (2009) defined hard HRP as a quantitative analysis for ensuring the right number of, right type of people when needed. Soft HRP, according to Marchington and Wilkinson (1996), is more explicitly focused on creating and shaping the organizational culture so that there is a clear integration between corporate goals and employee values, beliefs and behaviors. A plan regardless of its style will have to be continuously monitored and readjusted as the company objectives change. Moreover, as it is an integral part of business planning and as it interprets the strategic plan in terms of HR requirements, Armstrong suggested linking HRP to business planning. An effective HRP helps in planning job assignments, helps coping with fluctuations in staffing, identifies recruiting needs, and provides other useful information.

### **Job Analysis**

Aswathappa (2002) defined job analysis as the process of studying and collecting information about a job. From the stand point of researchers, competitive advantage only occurs when employee's knowledge, skill and ability add value to the firm, are rare, cannot be imitated and are not substitutable. For this reason, an organization must have a systematic way to determine which employees are expected to perform a particular function or task that must be accomplished. In order to target employees with the requisite knowledge, skills and ability, the job has to be carefully defined by HR specialist for



collecting job related information, like - work activities, human behavior, equipment and work aids, performance standards, job context, and human requirements. Job related information, Dessler (2003) discussed, is usually obtained from supervisors, job incumbents, professional job analysts/consultants, and technology vendors through interviews (employee/supervisor), questionnaires filled by employee, observation, job incumbent diary/log, quantitative job analysis techniques, and so on. Bhattacharyya (2002) suggested the job analyst to select the best methods and procedures available to conduct an effective analysis, as it serves recruitment and selection, wages and salary administration, job re-engineering, industrial engineering activity, employees training and management development, performance appraisal, and employee health and safety.

### **Recruitment and Selection**

Recruitment is defined by Barber (1998) as those practices and activities carried out by the organization with the primary purpose of identifying and attracting potential employees. This definition highlights the important difference between two HR functions that are typically seen as indivisible, or at least difficult to distinguish, namely recruitment and selection. Whereas selection is that part of the recruitment process concerned with deciding which applicants or candidates should be appointed for jobs. Certainly, the overall aim of the recruitment and selection process is, according to Armstrong (2006), to obtain the required number and required type of employees to satisfy HR needs of the firm at minimum cost. For recruitment to become strategic, Breugh (1992), and Breugh and Starke (2000) advised the HR practitioners to find out effective answers to the following five questions: (1) Whom to recruit? (2) Where to recruit? (3) What recruitment sources to use (e.g. the web, newspapers, job fairs, on campus, etc.)? (4) When to recruit? (5) What message to communicate? Taylor and Collins (2000) argued that recruitment satisfies Barney and Wright's (1998) five Resource-based view criteria, which might offer a competitive advantage. First, recruitment might add value by enhancing labor cost efficiencies and/or spilling over to customer perceptions of the firm's products or services. Second, it might identify and tap talent that is rare in the labor market. Third, an organization's set of recruitment practices might be such a complex bundle of tactics that it is virtually inimitable. Fourth, recruitment might be a non-substitutable organizational

practice, to the extent, that the recruitment strategy is innovative and idiosyncratic to one organization. Fifth, for maximum leverage, recruitment must be aligned with other HR practices, so that recruitment might support and enhance the benefits of the other HR functions, such as compensation, selection, or performance appraisal. When these five conditions are met, recruitment would be expected to make a contribution to the firm's financial performance.

However, selection is the process of choosing from a group of applicants those individuals best suited for a particular position. Mehrabad and Brojeny (2007) reported that HR is the most strategic resource for every organization, therefore an HR manager has to pay special attention collecting correct information about job applicants and employees of the organization. This process begins with job analysis that seeks to define the tasks required of job incumbents and the knowledge, skills, abilities, and other characteristics (KSAOs) required for accomplishing those tasks effectively. Govt. legislations, company policy, time available to make the selection decision, organizational hierarchy, applicant pool, and type of the organizational business have a major impact on the effectiveness of selection process. Lewis (1985) suggested that selection criteria can be seen in three aspects: organizational criteria, functional/departmental criteria, and individual job criteria. Although the use of tests is not universal in selecting the applicants, written tests, work samples, medical screens, and cognitive ability tests are being used frequently and physical ability tests, integrity/honesty tests, video-based tests, projective tests, drug tests, and graphology are infrequently or never being used.

### **Human Resource Development**

Human Resource Development (HRD) comprises, according to Bratton and Gold (2003), the procedures and processes that purposely seek to provide learning activities to enhance the skills, knowledge and capabilities of people, teams and the organization so that there is a change in action to achieve the desired outcome. HRD is such a process that helps employees to improve their functional capabilities for present and future roles. It also develops their general capabilities, harnesses their inner potentialities, and thereby facilitates self and organizational development. Researchers believe that for ensuring competitive advantage, organizations must focus on enhancing performance through a

continual learning process. For this reason, they included employee training, management development, and career planning and development under the HRD process. In the 1960s under the encouragement of the Industrial Training Boards, a systematic training model surfaced. A four-stage process was shown in this model – (i) identify training needs and specify objectives, (ii) design activities, (iii) Implement activities, and (iv) evaluate activities. For identifying the training needs, the HR manager should answer three questions: (a) what is the context? (b) in what do they need training? (iii) who needs training? Noe, Hollenbeck, Gerhart, and Wright (2003) suggested the ‘Needs Assessment Process’ to make the training program efficient and to minimize the training costs as well.

Management development is, another issue of any successful organization, an attempt to improve managerial performance by imparting knowledge, changing attitudes, or increasing skills. These development programs are practiced in the organization, specially, to enhance the future performance of the company itself. After completing the training session, firms should evaluate the program to see how well organizational goals have been met and whether this is the best method for reaching their goals. Dessler (2003) claimed that training and development can be effective if there is evaluation of the training effort. Evaluation will be done as training and development is designed to help a person continue to make positive contributions in the form of good performance.

However, Rhoades and Eisenberger (2002) suggested that providing potential career opportunities such as training and promotions may imply a high level of concern for employees and the recognition of their contributions by the organization. Similarly, Maslow (1954) and Alderfer (1972) had shown that among other needs, employees also have a desire to extend their potential and develop their capabilities in organizations, or in other words, to satisfy their needs for growth and self-actualization. Traditionally, careers have been described as a sequence of positions held within an occupation. A career has also been described in the context of mobility within an organization. Researchers have shown different approaches of career development in the organization. One of them is the *Career Development System: linking organizational needs with individual needs* developed by Gutteridge, Leibowitz, and shore (1993); the system had shown in everyday terms how organizational needs and individual needs are linked so that the individuals’ satisfaction

with their careers can be accomplished through strategic organizational objectives. McMahon and Merman (1996) developed another approach *Career Management Process*, where they suggested four steps and responsibilities (self-assessment, reality checking, goal setting, and action planning) of employee and organization regarding the employees' career development issue. Similarly, Noe, Hollenbeck, Gerhart, and Wright (2003) said that for development plans to be effective, both the employee and company have responsibilities that need to be completed.

### **Performance Management and Performance Appraisal**

Noe, Hollenbeck, Gerhart, and Wright (2003) defined performance management as the process through which managers ensure that employees' activities and outputs are congruent with the organization's goals. They also told that performance management is central to gaining competitive advantage and it is used for strategic, administrative, and developmental purposes. In this regard, an organization should be able to balance a highly focused performance management process that successfully links strategic objectives to individual objectives with a set of values that places concern and respect for individuals at the centre. Once this balance is reached, then employees will be highly committed. In 1996, Marchington and Wilkinson proposed four principal components of performance management. The components are – (i) determining performance expectations, (ii) supporting performance, (iii) reviewing and appraising performance, and (iv) managing performance standards. Here, performance appraisal is only one part of the broader process of performance management and it is the process by which an organization measures and evaluates individual's behavior and accomplishments for a finite period. Measuring and evaluating the performance of employees is arguably one of the most important tasks of a manager, since critical decisions rely on the accurate assessment of an employee's behavior. Another most important element of the appraisal process is the performance report, which provides feedback to the job team about performance against the job plan, the reward and recognition system.

Connock (1991) stresses that performance management places great emphasis on the future and on achievement using 'SMART' objectives and targets (specific, measurable, achievable, realistic, time-consumed). The process places importance on setting key

accountabilities, agreeing future objectives for them, agreeing measures and standards to be obtained, and assigning time-scales and priorities. One recent innovation in performance management that has attracted the attention of senior management in companies is Kaplan and Norton's 'Balanced Scorecard'. It presents four different perspectives on performance measurement: financial, customer, internal business, and innovation and learning. The scorecard should be used as a means of benchmarking performance on projects and in new growth business.

### **Compensation Management**

One of the more interesting—and controversial—issues in compensation has been delineating the manner and magnitude in which pay influences employee motivation and performance. Rynes (1987) said that the compensation systems are capable of attracting (or repelling) the right kinds of people because they communicate so much about an organization's philosophy, values, and practice. A number of theoretical perspectives have been used to explain and understand the mechanisms by which monetary rewards may positively influence individual and group performance. Chief among these are expectancy theory (Vroom 1964), goal-setting theory (Locke 1968), reinforcement theory (Skinner 1969), and agency theory (Jensen and Meckling 1976). Another study of Fang and Gerhart (1999) has reported positive relationships between pay and intrinsic motivation.

According to a report of American Compensation Associations (August 1996), When it comes to reinforcing team behavior, the reward system is one of the most effective and influential tools available to the organization. Research evidence also suggests that group-based pay-for-performance plans can be effective. In general, group incentive systems include plans in which payouts are contingent upon the achievement of group or unit goals. The best-known forms of these types of pay plans are profit sharing and gain-sharing plans. Here employees must believe effective performance will lead to certain rewards. Studies by Weiss (1987) and Hansen (1997) suggest the move from individual incentive to group incentive plans resulting in employee performance converging to a standard: the lowest performing employees show substantial improvement following the introduction of

the group plan, while the performance of the most able workers tends to decrease. These results await further replication and specification.

Chinese people say, "Inequality, rather than want, is the cause of trouble". Brown et al. (2003) explained that high pay dispersion coupled with above market wages yielded superior profitability. Research suggests that higher relative wages improve the ability to both attract and retain employees. Future research can improve practice by continuing to reduce uncertainty surrounding organizational reward systems.

### **Managing Employee Relations**

The term 'employee relations' encompasses that of industrial relations, which are about relationships between management and trade union involving collective agreements, collective bargaining, dispute resolution and dealing with issues concerning employment relationship and working environment. As Farnham (2000) puts it, employee relations deals with the interaction amongst parties to the employment relationship - employers and employees, the parties who act on their behalf (trade unions and employer associations) and the third-party role played by the state agencies. For this reason, employment relationship has been recognized as a socio-economic exchange process, which involves the mediation of different interests- the interest of employer to minimize the labor cost and the interest of the employee to maximize the labor price. Fundamentally, employers simply want employees who will do what they are told without costing too much. They want engagement and commitment. In contrast, employees want a say in how much they are rewarded, their terms and conditions of employment and the way in which their work is organized. They want good working conditions, security of employment, a healthy and safe working environment and the scope to raise and resolve grievances. Conflict of interest can arise between employers and employees on these issues.

Their relations are to be managed to provide for effective and consistent procedures for rule-making, consistency in dealing with employee relation issues, fairness, processes that can affect and improve employee behavior or mechanisms to resolve differences/disputes. In addition, value-added outcome (improved morale and commitment, fewer grievances, productivity increases and better control of labor costs) can be achieved.

The systems theory of industrial relations, as propounded by Dunlop (1958), states that industrial relations can be regarded as a system or web of rules regulating employment and the ways in which people behave at work. According to this theory, the role of the system is to produce the regulations and procedural rules that govern how much is distributed in the bargaining process and how the parties involved, or the 'actors' in the industrial relations scene, relate to one another. For this reason, the main elements of managing employee relations are the formal and informal employment policies and practices of the organization, the development, negotiation and application of formal systems, and the bargaining structures, recognition and procedural agreements and practices that have evolved to enable the formal system to operate. In this regard, Armstrong (2009) suggested that Line managers and Team leaders who are largely responsible for the day-to-day conduct of employee relations need to be educated and trained on the approaches/systems they should adopt, transparency should be achieved by communicating policies to employees, and commitment increased by involvement and participation processes, problems that need to be resolved can be identified by simply talking to employees, their representatives and their trade union officials. Importantly, the organization can address its obligation to the employees as stakeholders and take steps to build trust. Hyman (1987) observed that employers require workers to be both dependable and disposable. Hence, both labor and management must appreciate the importance of openness, trust and collaboration in their regular dealings.

HRM is based explicitly or implicitly on a pluralist perspective of competing, but containable interests among stakeholders. Therefore, Boxall and Purcell (2003) thought of successful strategies which rely on the principle of aligning employer and employee interests. Practically, successful organizations do not isolate their 'people programs'. They consider them an integral part of their business strategy.

## **DISCUSSIONS and CONCLUSION**

According to most of the HRM literature, it is through employees that such competitiveness can best be developed, because employees possess the kinds of skills that allow flexibility and which are difficult to imitate. In other words, among all the resources

possessed by the organization, it is only Manpower or the Human resources that create the real difference. Because all organizations can have the same technology, they can possess same type of financial resources, same sort of raw material can be used to produce the goods and services but the organizational source that can really create the difference is work force of the organization. Therefore, they are the main sources of innovation and creativity in the organizations that can be used as a competitive advantage. Of course, the organization should gain high commitment, pride and trust which will bring a sustained competitive advantage because it will take years for competitors to reproduce the same level of commitment and trust.

If organizations are able to manage, its workforce efficiently and effectively, this will be beneficial for all stakeholders (Organization, Employees and Society). The quality of the organization's employees, their enthusiasm, and their satisfaction with their jobs and the company all have a significant impact on the organization's productivity, level of customer service, reputation and survival. In short, in a competitive environment, people make the difference. Therefore, the organization should create a complete model of HRM and employment relationship; also, it should support long-term thinking, build core competencies and develop sensing capabilities. Moreover, all HRM functional areas should be highly interrelated, as managers and supervisors in every department confront human resource issues every day and are responsible for not only interactions within their own department, but also interactions between departments.

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## **Copyright Piracy in India- A Study**

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### **INTRODUCTION:**

After the conclusion of the Uruguay Round of General Agreement on Tariffs & Trade (GATT), which led to the establishment of World Trade Organization (WTO) in 1995, the issues relating to protection of intellectual property rights (IPRs) are assuming increasing importance worldwide. There has been a great debate in India on the pros and cons of the outcome of the Uruguay Round, especially in the case of IPRs.

The world today has entered into an era of instant communication. A person sitting in the remotest corner of India can enjoy live performance taking place in far away places like America or Africa, thanks to the electronic (parallel) media. Telephone and fax have made it possible to communicate oral or written messages across the globe within seconds. Computer-aided communication technologies such as E-Mail and Internet have added altogether a new dimension to today's communication process by making it more fast, informative and economical. The ways through which different types of information can be communicated have also undergone a sea change. These days a film song can be put in or accessed by a single device alongwith a textual message and even a painting. While all these have made communication among people more effective and efficient, both in terms of time and cost, they pose the greatest threat to the copyright world. Modern communication channels, being intensively dependant on a variety of plagiarized products, are liable to be pirated in large scale, if adequate precautions are not exercised.

Copyright is the right given by law to the creators of literary, dramatic, musical and a variety of other works of mind. It ordinarily means the creator alone has the right to make copies of his or her work or alternatively, prevents all others from making such copies. The basic idea behind such protection is the premise that innovations require incentives. Copyright recognises this need and gives it a legal sanction. Moreover, commercial exploitation of copyright yields income to the creators thus offering pecuniary rewards to an individual's creativity.

The origin of copyright had a link with the invention of printing press by Gutenberg in the fifteenth century. With the easy multiplying facility made possible by the printing press, there was voluminous increase in the printing and distribution of books which, in turn, led to adoption of unfair practices such as unauthorised printing by competing printers.

Academic libraries play a key role in educational institutions in many spheres, including copyright. Library collections house, both copyrighted and public domain materials and their missions are to make these works available to students and faculty in support of teaching, learning, research and scholarship. Some of these copyrighted works are owned by faculty members, universities and publishers, but academic libraries also create copyrightable works. Librarians and library staff members develop copyrighted work and libraries often are the moving force behind the work done by colleges and universities to reexamine their copyright ownership policies in light of changing technologies, pedagogies and delivery methods for courses. Because of these changes, there is a trend on the part of institutions of higher learning to increase the control and management of copyrighted work created on the campus. At the same time, old models of scholarly communications are becoming increasingly problematic as both the cost to acquire copyrighted work and the quantity of work published increases. Library associations have been at the forefront in dealing with these issues. Associations have proposed alternatives to the current models of scholarly communication that will provide greater control by faculty authors, while at the same time ease some of the strain on library budgets caused by rapidly escalating journal prices and the tremendous increase in scholarly publishing. All of these changes, as well as increased concern about copyright ownership, provide an interesting background against which to examine the impact of copyright ownership and management on academic libraries.

### **Copyright in India**

The copyright in India has travelled a long way since it was introduced during the British rule. The first law on copyright was enacted in the year 1847, by the then Governor General of India. When Copyright Act 1911 came into existence in England, it became automatically applicable to India, India being an integral part of the British Raj. This act was in force in the country until after independence when a new copyright act (the Act of 1957) came into effect in 1958. Thereafter the Act has undergone many amendments. The latest in the series is the 1994 Amendment, which came into force in May 1995.

The Indian Copyright Act confers its copyright on (i) original literary, dramatic, musical and artistic work, (ii) cinematographic films and (iii) sound recordings. The word 'original' means that it should not be copied from other work or alternatively it should be the outcome of independent efforts. The Act empowers copyright holder(s) to do or authorise doing a number of activities. The important among these are:

- a. to reproduce the work in material form
- b. to publish the work
- c. to perform the work in public or communicate it to the public

- d. to produce, reproduce, perform or publish any translation of the work
- e. to make any cinematographic film or a record in respect of the work
- f. to make any adaptation of the work
- g. to do, in relation to a translation or an adaptation of the work, any of the acts specified to the work in sub clauses from (a) to (f).

The above mentioned rights are 'exclusive' in the sense that the creator (or rightholder) alone has the right to enjoy these to the exclusion of others. The author by virtue of his creation becomes the 'owner' of the copyright of the work. However, there can be exceptions to this as in the following two cases :-

- a. The creator may be employed by some one and having been employed to create a work, the rights belong to the employer - not the creator(s), and
- b. The creator may transfer his copyright by a document in writing to another person. This is known as assignment.

### **Copyright Piracy**

Copyright piracy is a phenomenon prevalent worldwide. Piracy means unauthorised reproduction, importing or distribution either of the whole or of a substantial part of the work protected by copyright. The author of a copyrighted work, being the owner, enjoys certain exclusive rights with respect to his or her work. These include the right to reproduce, to publish, to adopt, to translate and to perform in public. The owner can also sell, assign, license or bequeath the copyright to another party if he wishes so. If any person other than the copyright owner or his authorised party undertakes any of the above mentioned activities with respect to a copyrighted product, it amounts to infringement of the copyright. Copyright piracy is thus like any other theft which leads to loss to the owners of the property. Besides economic loss, piracy also adversely affects the creative potential of a society as it denies creative people such as authors and artists their legitimate dues.

There are different ways through which piracy takes place. A computer software is pirated by simply copying it onto another machine not authorised for its use. Book piracy takes place when a book is reproduced by someone other than the real publisher and sold in the market. A performer's right is violated when a live performance of an artist is recorded or telecasted live without his/her permission. In a cinematographic work piracy generally takes place through unauthorised reproduction of the film in video forms and/or displaying the video through cable networks without taking proper authorisation from the film producer (the right holder). In fact, there are numerous other ways through which piracy of copyrighted works take place. The nature and extent of piracy also varies across the segments of the copyright industry. It is, therefore, necessary to discuss the nature and extent of piracy problems segment wise.

Piracy of literary work means illegal reproduction of books and other printed material and distribution/selling of these for profit. In India, journals/magazines and other periodicals are not pirated much. Here piracy of literary work generally takes place in three principal ways. : 1) wholesale reprinting of text and trade books 2) unauthorised translations and 3) commercial

photocopying of books/ journals. Many a time, piracy takes the form of publishing fake books, where authors shown in books are not the real authors.

Book piracy, in India, primarily depends on two factors, namely, the price of the book and its popularity. These two factors positively contribute to piracy. Piracy is generally confined to foreign and good indigenous books. Because these books are in demand in large quantities and are also priced high. The types of books pirated mostly are medical, engineering and other professional books, encyclopaedia and popular fictions. The piracy is also wide spread with respect to books published by National Council of Educational Research & Training (NCERT), National Open School and Board(s) of Secondary Education. These books even if priced low have large demand.

The pirates first identify books to be pirated and then get the same printed in large numbers through unscrupulous printers. The pirated books are normally sold with other (legitimate) books by usual retailers identified by the pirates. The number of printers/sellers involved in piracy is generally less. The piracy is also seasonal in nature. The entire process of printing through selling gets over within a month or two.

Sometimes even some renowned publishers involve themselves in piracy by way of selling books beyond the contract period. This happens when an Indian publisher buys re-print rights from some foreign publishers and keeps on selling books even after the expiry of the period mentioned in the agreement. This is done in the pretext of clearing old stock. Thus an impression is created that books are printed during the contract period but in reality are sold beyond the contract period just to exhaust the old stock.

The other way through which piracy takes place is printing/selling of books meant for review. Many foreign publishers send books to India for review. The pirates somehow get access to such books and make quick prints to sell in Indian market. All this happen much before the authorised Indian distributors get their copies for selling in India. Naturally, the distributors' sales gets affected adversely.

The post-independence era saw phenomenal changes in the publishing industry. With rapid increase in the number of educational institutions in the country, the Indian publishers started entering into this field. In 1961, the government set up the National Council of Educational Research and Training (NCERT). By late 1960's all the states of India set up its (state) textbook board. The NCERT developed model textbooks for schools for adoption and publication by the state textbook board. That means there was virtual nationalisation of school text books in the country. This brought in a new trend in the publishing industry in the country, as till that time the scene was dominated by private publishers.

Even today, the government is the largest publishing house in India. The NCERT, the State Text Book Boards, the National Book Trust (NBT), the Publication Division of the Government of India taken together must be contributing the largest share of the publishing industry in the country both in terms of volume (number of titles published and copies printed per title) and value of production.

### **Digital Publishing & Piracy**

The rapid advance in the field of information technology (IT) is affecting the society in more than one way. New technologies have brought in considerable changes in almost all activities of human life be it manufacturing, trade & business, art or culture. The publishing industry is also no exception as we see that traditional printing & publishing activities are fast giving way to electronic publishing. Electronic publishing is a process where activities relating to publication such as submission of manuscript, formatting, editing, printing and even distribution are carried out with the help of computers and telecommunication technologies. In its simplest form electronic publishing describes a situation where use of computers is confined to formatting, editing etc, but the final output is produced in the conventional print form. Electronic publishing or its digitized version has certain definite advantages over the traditional print medium. The first and the foremost is the facility to update a document almost instantaneously which enables the readers to get the latest versions of publication. Electronic publications allow easy search of documents and thus reduces users' search time. Another advantage from the users' point of view is that he/she need not buy an entire publication to access part information from it. Many electronic publications are on-line and can be downloaded by the user as per his/her requirement.

### **Recommendations**

A massive publicity campaign regarding the ills of copyright violation mentioning it being a criminal offence, its consequences etc. could be launched. This is however, a gigantic task. Everybody involved in this, like the Government, local authorities, rightholders, associations, copyright societies, law enforcing authorities, etc have to join hands together. To start with, the campaign could be launched through mass media like newspapers, journals, electronic media such as TV, cinema halls, etc. The campaign should also highlight how to identify the pirated products as opposed to genuine products.

An education campaign can also be launched at the school and college level, since students are the major consumers of the goods produced by the copyright industry. However, piracy is not a phenomenon that can be tackled through any short cut in the short term. This should be a long term effort to educate students of schools and colleges. Piracy related matters could be part of the school or college curriculum especially for the students of electronics who may be exposed to implications and methods of software piracy. Simultaneously, lectures, demonstrations may be organised in various parts of the country with the principals of various colleges/schools who in turn may teach their students. If this is to be successful, everybody involved in the copyright related work has to join hands together.

Not only the end users, the rightholders and the dealers/distributors are also to be educated on the Indian copyright laws. Many rightholders, though were aware of copyright, are not fully acquainted with the various provisions of the Indian Copyright Act. The rightholders in many cases are reluctant to do any thing even if they come to know about the violation of their work. This is more so in the case of cinematographic work, and music and to some extent book publishing. This got revealed while discussing with some of the rightholders. Therefore, the right

holders also need to be trained in every aspect of copyright and they should be convinced that occurrence of any violation adversely affects their interests directly.

The police personnel including the constables have to be properly trained. Phased programmes have to be developed with the help of associations, prominent lawyers including prominent industrialists/ rightholders. One day/two day workshops may be organised for the heads of the crime branches/copyright cells regarding all such related problems of copyright. The lead can be taken by the copyright office. A training module could be made and circulated to these people at their workshops. In turn the heads of the crime branches/copyright cells in the respective states/UTs may educate their colleagues. If needed persons/associations like NASSCOM, I MI, IPRS, etc could be invited to address such workshops. Anti Piracy hot line in the line of NASSCOM can be installed at the respective associations, copyright societies and with the crime branch in respective states.

To control book piracy through photocopying, a Copyright Clearance Centre (CCC) for publishing could be launched in the country in similar line with the one that at present exists in the U.S.A. Copyright clearance centre's main job would be to authorise the user organisations to make photocopies of any registered title for internal use as well as for commercial use like course materials, handouts at seminars etc. For this, service organisations could be made to pay some annual subscription fee. They could also provide service to the publishers for registering their titles. The Centre may function under the patronage of the Federation of Indian Publishers (FIP). For this the FIP may first register as a copyright society.

### **Summary & Conclusion**

The study focused on the issues relating to the problem of copyright piracy in India. Most often the claims on piracy and associated losses by various stakeholders of the industry are found to be too general, exaggerated and at times conflicting with each other. The problem of copyright piracy in India should be viewed in the background of the socio-economic dimension of the country. India is a large country with underdeveloped infrastructure and markets. It is evident from the above analysis that while the Indian copyright law is equipped to face a number of new challenges posed by digital technologies, it, in keeping with its own past history, needs to include new provisions also as there are still many issues left un-addressed. Amendments in the Act to make it compatible with the WCT should be able to take care of most of these issues. Since digital technologies have brought in a convergence of computers, telecommunication, and the copyright industries, in the times ahead this convergence will grow stronger and stronger, a day may come when it may also become necessary to have a convergence in the law, regulating the provision of both the content and service in all these areas to ensure that copyright protection will function adequately in the networked digital environment.



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# **Private Universities in Bangladesh: An Analysis of their growth and development**

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## **Introduction:**

The system of private universities is a relatively new concept in Bangladesh. The need for private universities arose from the fact that a large number of students who successfully crossed the HSC barrier, had to go abroad because of lack of opportunity for admission in public universities, as the number of seats is limited in those institutes. Because of the ever-growing demand for higher education in the country, and the fact that existing public universities could not meet the need, the government passed a Private Universities Act in 1992. Starting with a very few, the number of private universities has grown rapidly and now stands at 56 compared to 34 public universities. The private universities have capitalized on this situation by i) limiting their offer to a few disciplines which are of high demand in the job market. ii) Sticking to academic calendar is the main. Most students were not able to enroll in the esteemed public universities and had few options left to them. Some went abroad to study, the majority stayed in India and a few relocated to the US, UK and Australia. Eventually, Bangladesh began to suffer from the loss of a huge amount of hard-earned foreign currency, and also the loss of many of its then highly qualified citizens - the brain-drain factor. So the private universities have directly helped in saving foreign currency, as well as, reducing brain drain. Besides supplementing the function of public universities, the establishment of private universities is justified for a number of reasons. Besides factors mentioned earlier, it was felt that in the modern world of science and technology, public universities could not provide ample opportunities in all the need-related disciplines due to fund constraints and other factors. The justification of private universities is as follows:

Private universities could be guided by market related phenomena in providing higher education.

Higher education in the private sector can reduce the financial burden on the government.

The condition of private sector accountability can help to maintain academic schedules and avoid session jams.

Private universities can also offer a better student-teacher ratio compared to public institutions. As a result, attendance, participation and evaluation of students can be more easily ensured and monitored.

**Rationale of the study:** The number of private universities is increasing rapidly. The current growth and development of this sector is satisfactory. According to the UGC report, around 10,000 teachers are involved in this sector. More than 1, 50,000 students are studying in private universities. This sector saves foreign currency by providing opportunities for higher education in Bangladesh. The structure of private university is modern and world class that impacts the socio-economic development of Bangladesh. In such a situation, closure of any university will make many teachers jobless. Life of

many students will face uncertainty and turned into darkness. Undoubtedly this situation will create a lot of socio-economic problems. Besides, failure of this sector will significantly reduce the foreign currency. In the face of major changes in the education system, the current performance of private university is satisfactory. This sector faces the competition from the foreign university that tries to attract the student population of our country. The delegates of foreign universities come in our country and collect the students for their university. There are a large numbers of agencies that help in collecting students for foreign universities. There is a serious shortage of qualified teachers in Private Universities in our country. There is a shortage of research oriented teachers, which obviously reflects on the University reputation. This study presents an overview of this sector.

#### **Objectives of the Study:**

The prime objectives of the study are;

- 1) To evaluate the growth and development of Private Universities in Bangladesh during 2003-2009.
- 2) To analyze the trends in growth and development of this sector.
- 3) To bring forward some recommendations to improve private universities in our country.

**Literature Review:** Few articles have been studied, among these, (Munir quddus, Salim Rashid: 2000), focused on what missions, models, private universities are following.

(Mohammad Shamsuddoha: 2008), focused on the various MBA programs, which can provide a vital contribution to build skilled executives who can handle things properly in the organization.

(Mohammad A. Ashraf and Yusnidah Ibrahim, Mohd. H.R. Joarder:2009) showed that faculty credentials, the academic calendar, campus facilities, research facilities and cost of education are associated with quality education, and that the consumers feel most of the private universities in Bangladesh provide quality education at unreasonably higher costs.

(Brig Gen ANM Shawkat Jamal, ndc, psc: 2009), showed the effectiveness of private universities in promoting quality higher education in Bangladesh and their contribution to human resource development in the country. This paper attempts to examine the efficacy of private universities in meeting the needs of the society and their contribution in development of human resources in the country.

Field (1991) indicated that the marketplace philosophy will be a necessity in education. Still there is the need of many more private universities in the country, but it is not allowed to grow in a planned way. It should be noted that all the private universities operating in Bangladesh must take into account ethical consideration when developing their plans and programs.

As of today, there is nobody to regulate private universities and to assure the quality of education other than through the weak supervision of the University Grant Commission (UGC). Since private universities receive no funding from the UGC, there is little that the UGC can do except report some facts for the government (Alam et al.2007). The issue is, therefore, an important variable for higher educational private institutes that aspire to that degree of excellence. This study attempted to examine the opinion or satisfaction level of the clientele or consumers (students) regarding the quality and cost of education in the private sector in Bangladesh.

**Methodology:** The study is based on intensive library work on the related research studies available. Documentary sources and direct observation are the major methods of this article. For the purpose of the study, data was collected from both secondary and primary sources. But, maximum concentration

was given on secondary sources of data. All the primary data were collected from personal interview with general people and authority of Universities, through administration of a questionnaire and formal interviews with key officials and staff of Universities. The questionnaire consists of maximum open-ended and a little bit close-ended questions, which was distributed among the general people and the officials of different leading private universities. The respondents were personally questioned and the questionnaire was filled in by the interviewer based on the response of the respondents. Five leading private universities have been selected for the study. The total number of sample for the study were 400, which were drawn from different areas of Dhaka City, especially Dhanmondhi, Banani, Mohakhali, Gulshan-1 and Gulshan-2 and Uttara. 20 officials of different leading private universities have been selected for the study. The secondary data was collected from the University records, annual publication manuals, circulars and other official documents, website of the Universities, other sites of the Internet. Eight years growth data (2003-2010) was analyzed to know the trend in growth of this sector. The collected data was computed and analyzed by the researchers. To make the data effective and meaningful, it is analyzed in tabular form, percentages and graphs according to its suitability and need.

### **Analysis of Data and Findings:**

The growth patterns of private universities in Bangladesh:

The spectacular growth and expansion of the private universities in Bangladesh is depicted in figure 1. The first private university, namely the North South University (NSU), was approved by the government of Bangladesh on 5 November 1992 (Alam et al. 2007). The government in power at that time (1991-1996) showed a favorable stance towards opening the door to more private universities in Bangladesh. During the period of 1991–1996, sixteen private universities (mostly in metropolitan Dhaka, with only two in Chittagong) were opened. During 1996–2001, the government was not favorably disposed toward the concept of private sector of education. Data show that only four new universities were added to the list during 1996–2001. After 2001, the private university concept got a significant boost again. Figure 1 shows data taken from UGC.

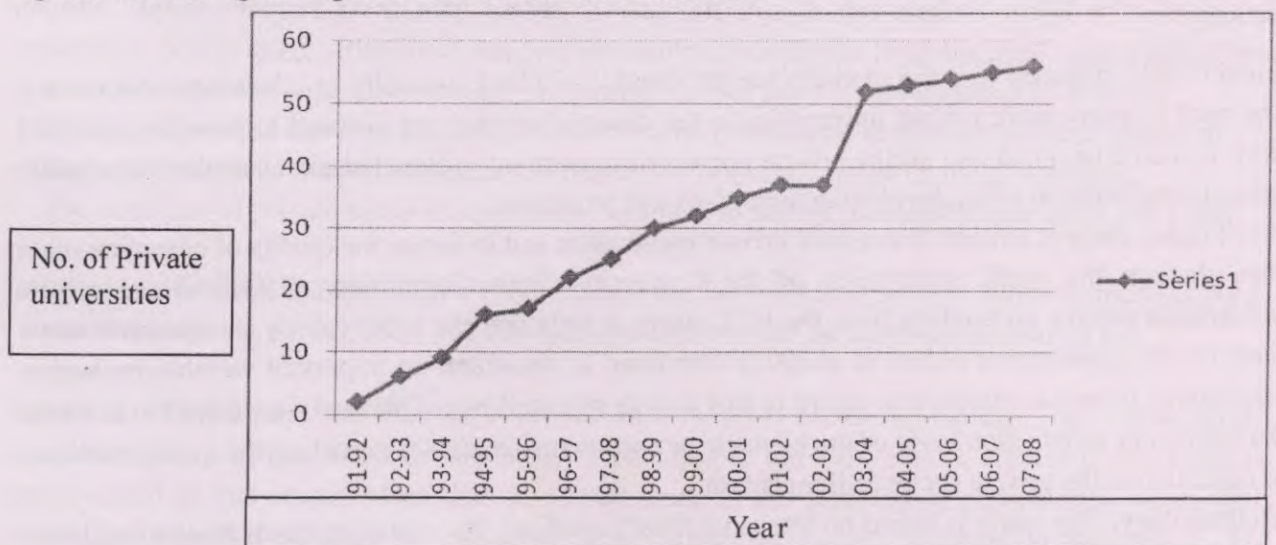
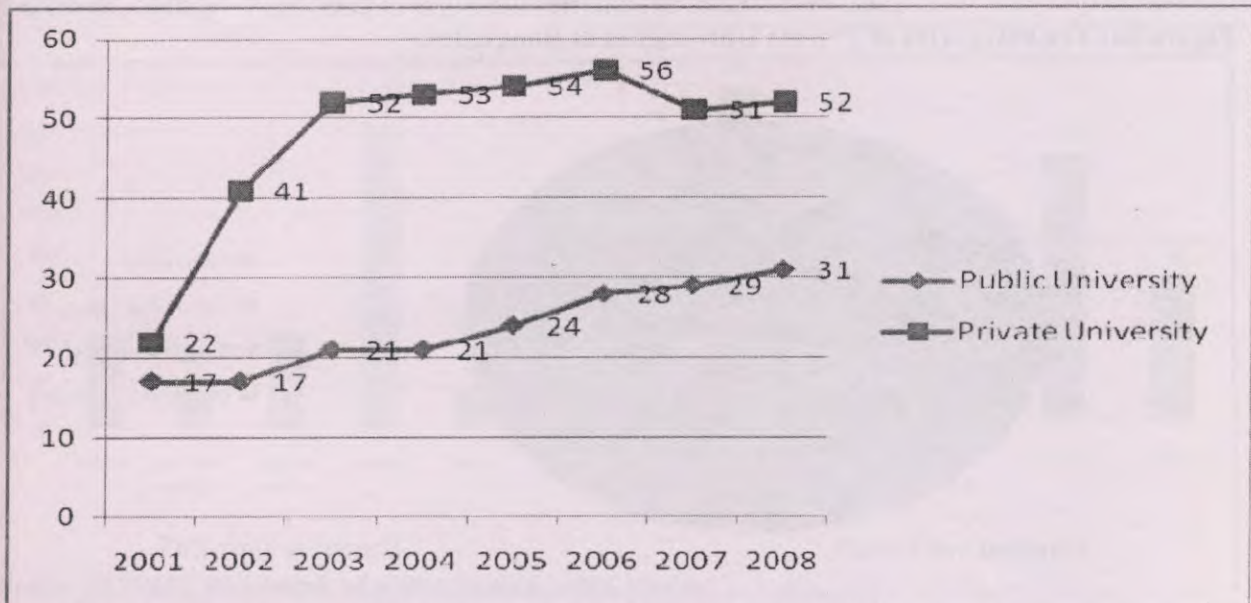


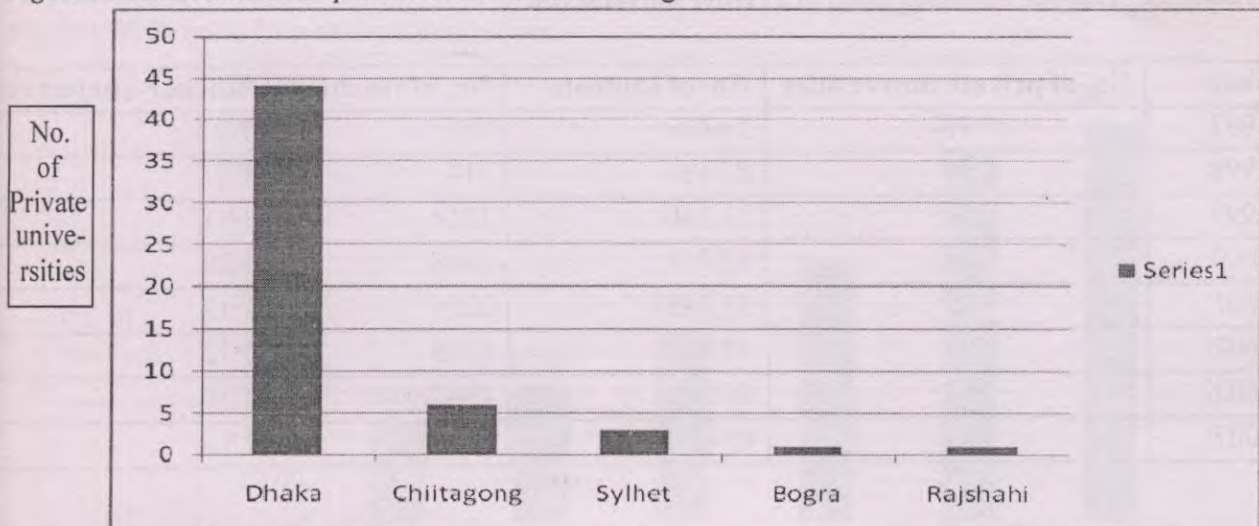
Figure 1: Growth of private universities in Bangladesh, 1992–2008,  
Sources: Report-2008, UGC.



**Figure 02: the comparative growth of Public and Private University in Bangladesh**  
Sources: UGC, 2008.

In Bangladesh at present, there are 90 universities (34 in the public sector and 56 in the private sector, which grant diplomas in specific fields as well as bachelor and higher degrees. The expansion of Bangladeshi higher education in recent years has largely been due to the rapid growth of the private sector. Establishment of private universities in Bangladesh initiated after the institution of the private University Act 1992. As of 2008, 54 such universities are operational in five out of six division of the country. Barisal is the only division of Bangladesh without any private university.

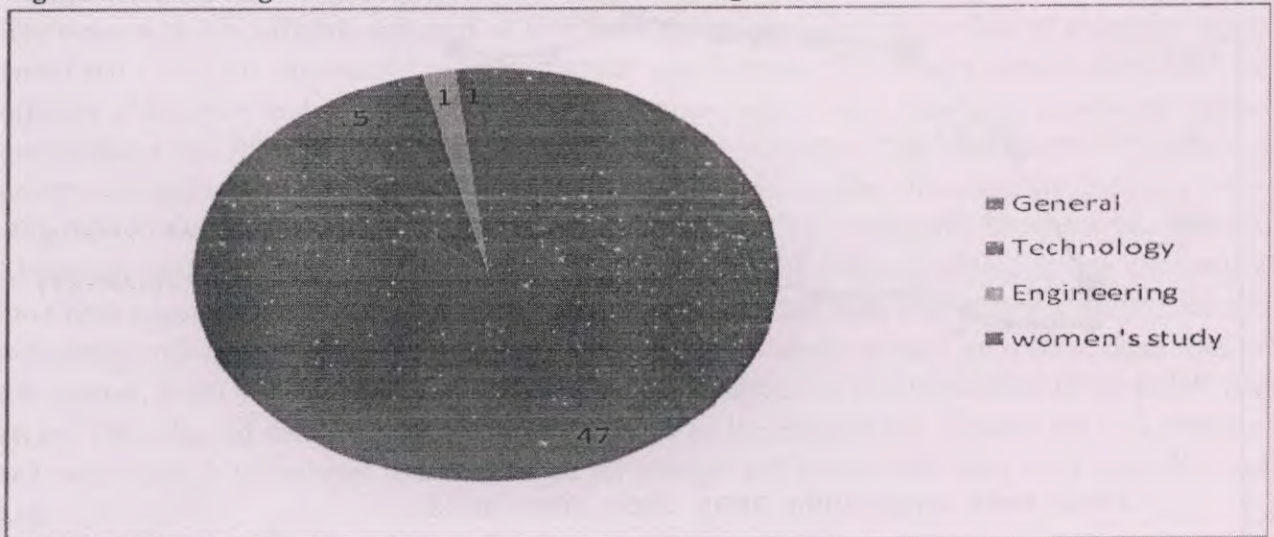
**Figure 03: The location of private Universities in Bangladesh**



**Sources: Annual report-UGC, 2008.**

From the above table; we found that 85 percent private Universities are located at Dhaka Metropolitan City. From the above table we found that 44 universities are located at Dhaka city, six universities are located at Chittagong, and three of them are at Sylhet and only one university at Bogra and Rajshahi.

**Figure 04: The categories of Private Universities in Bangladesh**



Sources: [www.ugc.bd.com](http://www.ugc.bd.com) retrieved on 2010

From the above table, we found that most of the private universities are general grade universities.

Teaching staff, teacher-student ratios and the teaching-learning situation:

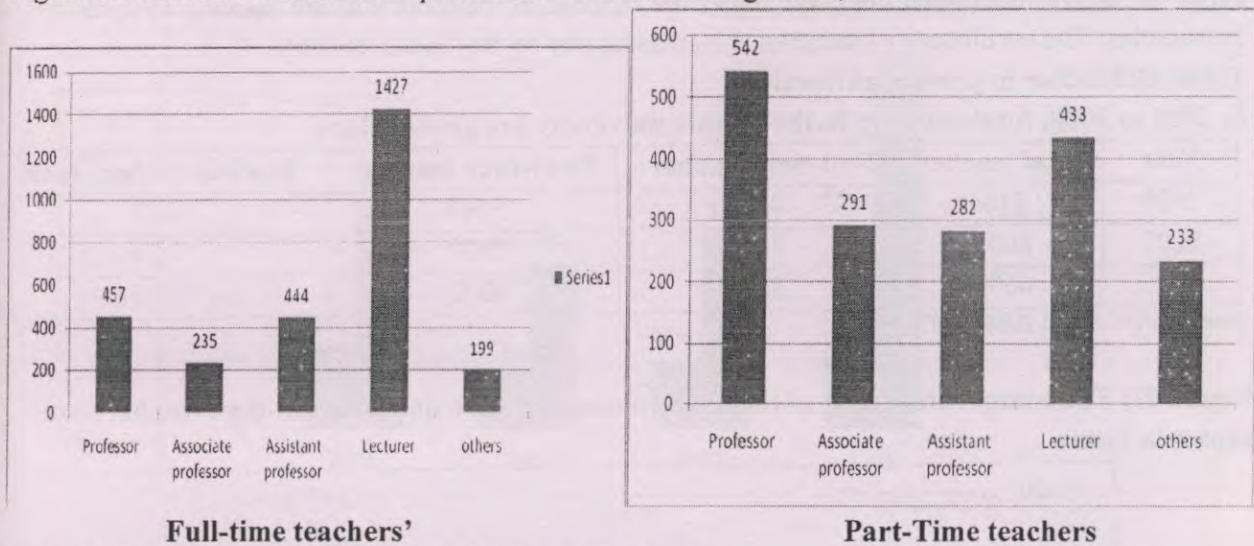
Both teacher and student numbers have grown at phenomenal rates in the period 1997-2007. The simple annual rate of growth is 100.1 percent for students and 49.3 percent for teachers. The teacher student ratio hovers around 1:10 during the period 1997-2007.

**Table: 01: Teacher –student ratio of Private universities.**

Year	No. of private universities	No. of students	No. of teachers	Teacher-student ratio
1997	16	5,668	636	1:9
1998	16	8,718	914	1:9
1999	16	13,340	1214	1:11
2000	19	32,791	1608	1:20
2001	22	27,245	2205	1:12
2002	41	34,432	2948	1:12
2003	52	46080	4543	1:10
2007	54	88669	5638	1:16

Source: BANBEIS, Bangladesh Education Statistics-2003-2007.

Figure 05: Number of teachers in private universities of Bangladesh, 2003.



Source: BANBEIS, Bangladesh Education Statistics-2003, Dhaka

The above figure shows that out of about 4,000 teaching staff-members, roughly 60 percent are full time faculty; therefore, a significant number are part-timers are mostly from public universities in and around the city where the private universities are located. Another important aspect revealed by the figure is that the majority of the faculties are younger professionals, i.e. lecturers (56 percent of the total full-time teachers). Among the part-time teaching staff, the professor category dominates. It seems that this faculty configuration of full-timers and part-timers and different hierarchical positions make financial and management sense.

Students and teachers' enrollment in private universities are increasing day by day in our country. These are shown in figure.

Figure: 06 Private University Enrolments

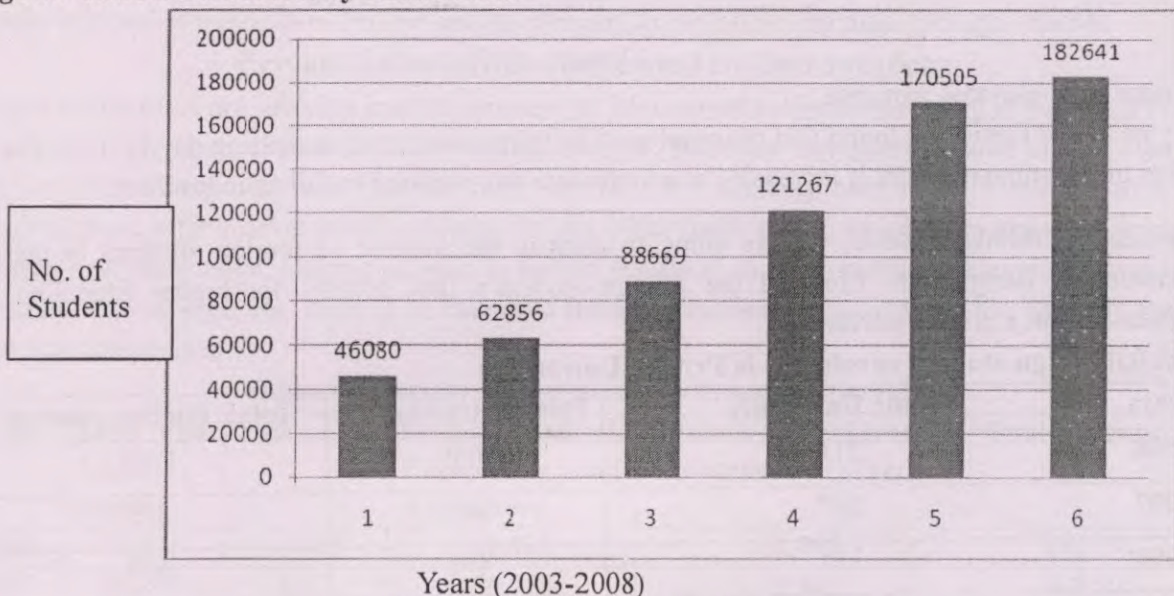


Figure 1 Private University enrollment  
Sources: UGC Report, 2008.

From the above mentioned data, we found the number of students that are moving towards private universities. The enrollment of students is increasing day by day in our country.

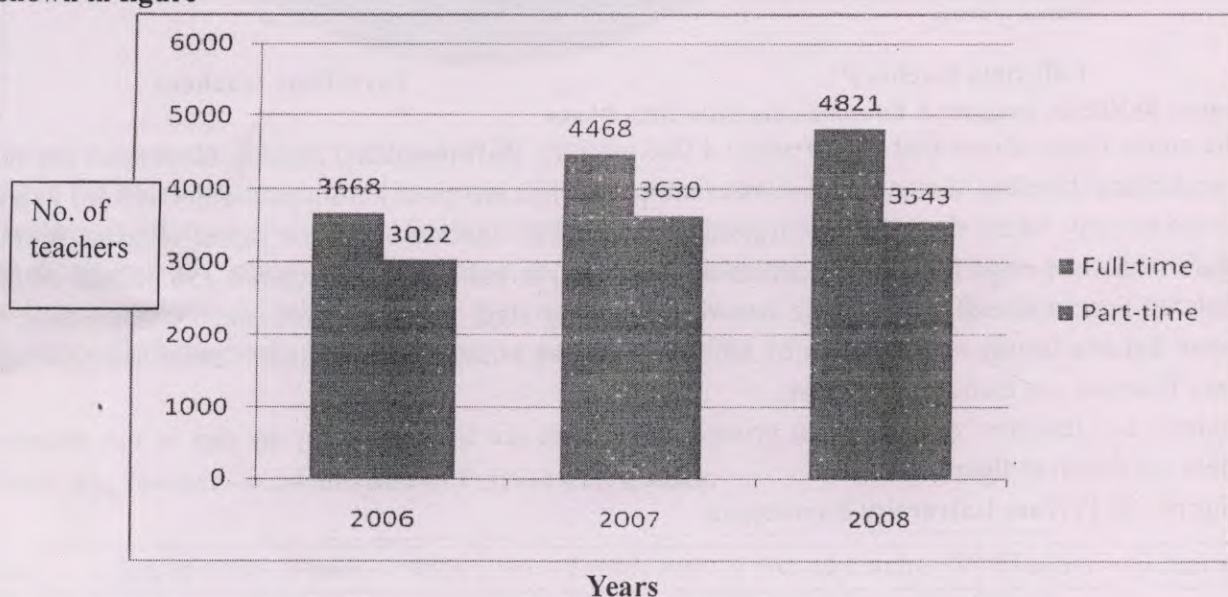
**Table: 02 Teacher in private universities:**

In 2006 to 2008, total teachers in the private university are given below;

Year	Total teacher	Full-time teacher	Part-time teacher	Teacher-student ratio
2008	8364	4821	3543	1:22
2007	8092	4468	3630	1:21
2006	6690	3668	3022	1:19

Source: UGC report 2006, 2007, 2008.

**Figure 07: The comparative data of the total numbers of part-time and full-time teachers are shown in figure**



Sources: UGC report 2006, 2007, 2008.

From the above figure, we found that the number of full-time teachers is increasing day by day. The number of part-time teachers is increasing at a lower rate as compared to full-time teachers.

Following the following table, we are going to analyze the number of foreign students in private universities in Bangladesh. Most of the foreign student's first priority for higher education, in Bangladesh, is in a private university.

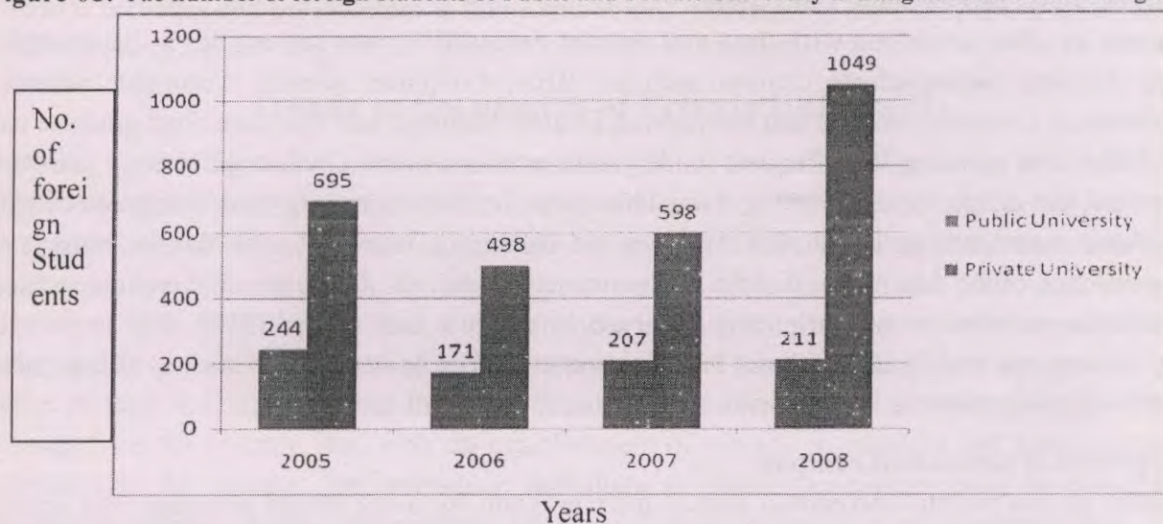
**Table: 03 Foreign student enrolment in Private University:**

Years	Public University	Private University	Total Foreign student
2008	211	1049	1270
2007	207	598	805
2006	171	498	669
2005	244	695	939

Sources: UGC report 2005 to 2008.



Figure 08: The number of foreign students of Public and Private University in Bangladesh is shown in figure.



Sources: UGC report 2005 to 2008.

The vertical axis indicates the number of foreign students of public and private universities in Bangladesh from 2005 to 2008.

Private universities are better options for foreign students. More than one thousand foreign students were studying in Private universities where as only 221 were in public universities. Enrolment pattern shows that private universities can attract prospective foreign students. In 2008, out of 1049, more than 800 students were enrolled in the medical faculty of USTC. Other than USTC, in the same year 31 students were studying in NSU, 49 in International Islamic University Chittagong, 25 in International University of Business Agriculture and Technology, 37 in Gono Bishyabidyaloy, 19 in state university of Bangladesh, 16 in Northern university Bangladesh, etc. as there is no session-jam, students complete their courses in time. Besides, because of nil campus violence, quality of some universities, smart and speedy disposal of business in Private universities are factors attracting most foreign students.

#### Private universities dominated by two subjects:

Private universities are offering market oriented or job oriented subjects. According to the Act, a Private University (PU) needs to open at least two faculties. So, BBA and Computer Science are the common courses offered in private universities under two faculties. As they have a profit motive, to attract students, these offer market based subjects. On the other hand, public universities are responsible for creating new knowledge, making balance in human resources in the society, creating manpower in all branches of knowledge, etc. There is no course on Bengali literature, philosophy, Arabic, Sanskrit, Pali etc in private universities.

Table: 04 Faculty wise students in Private University:

Year	Arts and Social science	Law	Science, Medical, Engineering and Agriculture	Business Administration, Economics and others	Total students
2008	32,901	11,483	48,888	83,369	182,641
2007	40,249	9357	40,758	78,847	170505
2006	30,307	7572	28,791	57,597	124,267

**Sources:** UGC report 2006, 2007, 2008.

**Courses on offer, evolution with time and market demand:** Private universities in Bangladesh offer more frequent undergraduate courses such as; BBA, Computer science, Computer Science and Engineering, Computer science and informatics, English language and literature. Post graduate courses are MBA and growing/less frequent undergraduate courses are Civil engineering, Architecture, Electrical and electronic engineering, Law, Pharmacy, Textile engineering and Postgraduate courses like Development studies, Economics, Medicine and Others(e.g. Islamic studies, Bangla, history) etc. An inspection of the data shows that the predominance of business management, computer science and informatics remains, as was originally observed in the first half of the 1990s. The importance of English language and literature cannot be underestimated in an open economy such as in Bangladesh. At present, more than one lakh students are studying in 54 private universities.

### **The growth of permanent campus**

Initially, all the private universities started their program by using rented premises. But now some universities are shifting their campus from rented premises to their own or permanent campus.

**Table: 05 The growth patterns of permanent campuses are shown in table.**

Total private universities	Permanent campus	Percentage
54	18	33.33%

**Sources:** UGC report-2009

We found that 33 percent of the private universities are conducting activities at their own campuses. It is clearly indicated that the number of permanent or infrastructure facilities are increasing day by day.

### **Researchers' stand and judgment:**

According to an estimate about 1,75,000 students are now studying at private universities as opposed to 1,50,000 at public universities. This phenomenal growth of private universities certainly, indicates the increasingly important role they play in imparting higher education in Bangladesh. Private universities are producing, the much needed, highly skilled manpower for the country. Many of these graduates are employable both locally and internationally.

Today, there are 54 non-government universities delivering modern, market driven education through international cooperation, competent faculty and modern teaching methods. Since establishment, these universities have made significant contributions in terms of expanding the base of higher education in the country on the face of growing demand. According to the Annual Report 2008 of the University Grants Commission of Bangladesh (UGC), the number of students enrolled in different universities is 3, 19,472 (excluding students of National University and Bangladesh Open Universities). Out of this, 57% (1, 82,641) students enrolled in NGUs and 43% (1, 36,831) in public universities.

A good number of private universities are operating in the country at the moment and many of them are trying hard to meet the requirements of the University Grants Commission (UGC). It is believed that with the availability of qualified teachers and a campus of their own, many of them will gradually come up to the front rank. It has to be acknowledged that the leading few institutes such as NSU, East West, Brac, AIUB, IUB, UIU, ULAB and NUB have already caught the attention of the authorities concerned, students and their parents. Besides having some of the finest teachers on the faculty list, these educational institutes are also offering tuition waiver to meritorious students, encouraging different types of extra-curricular activities and selecting students for exchange programmes. Exposure

to various activities and programmes at home and abroad is increasing their confidence level, and they are also building a good image of the country in foreign universities.

### **Trends in the growth of Private University:**

According to the UGC report, current enrollment in NGUs is above 200000 students as compared with 150000 in campus based government universities. In India about 17% of the eligible students (18-25 years) attend universities. The ratio is less than 2% in Bangladesh. We need many more universities, may be another 100, by 2015, to raise our university going population. The need for private universities arose from the fact that a large number of students who successfully crossed the HSC barrier, had to go abroad because of lack of opportunity for admission in public universities, as the number of seats is limited in those institutes. This resulted in brain-drain, as well as, flight of foreign exchange from the country. But, with the establishment of some high standard and functional private universities in the country, the brain-drain and flight of foreign exchange could be reduced to a considerable degree. Today, collectively, private universities enroll more students' than public universities.

Non-government universities have succeeded in supplementing the capacity of the public sector, their contribution is more commendable in terms of modernization of content and delivery. By definition, non-government universities are tuned to the demand of the market at home and abroad, facilitating propagation of critical expertise and resisting the abysmal brain-drain that is considered devastating to the nation.

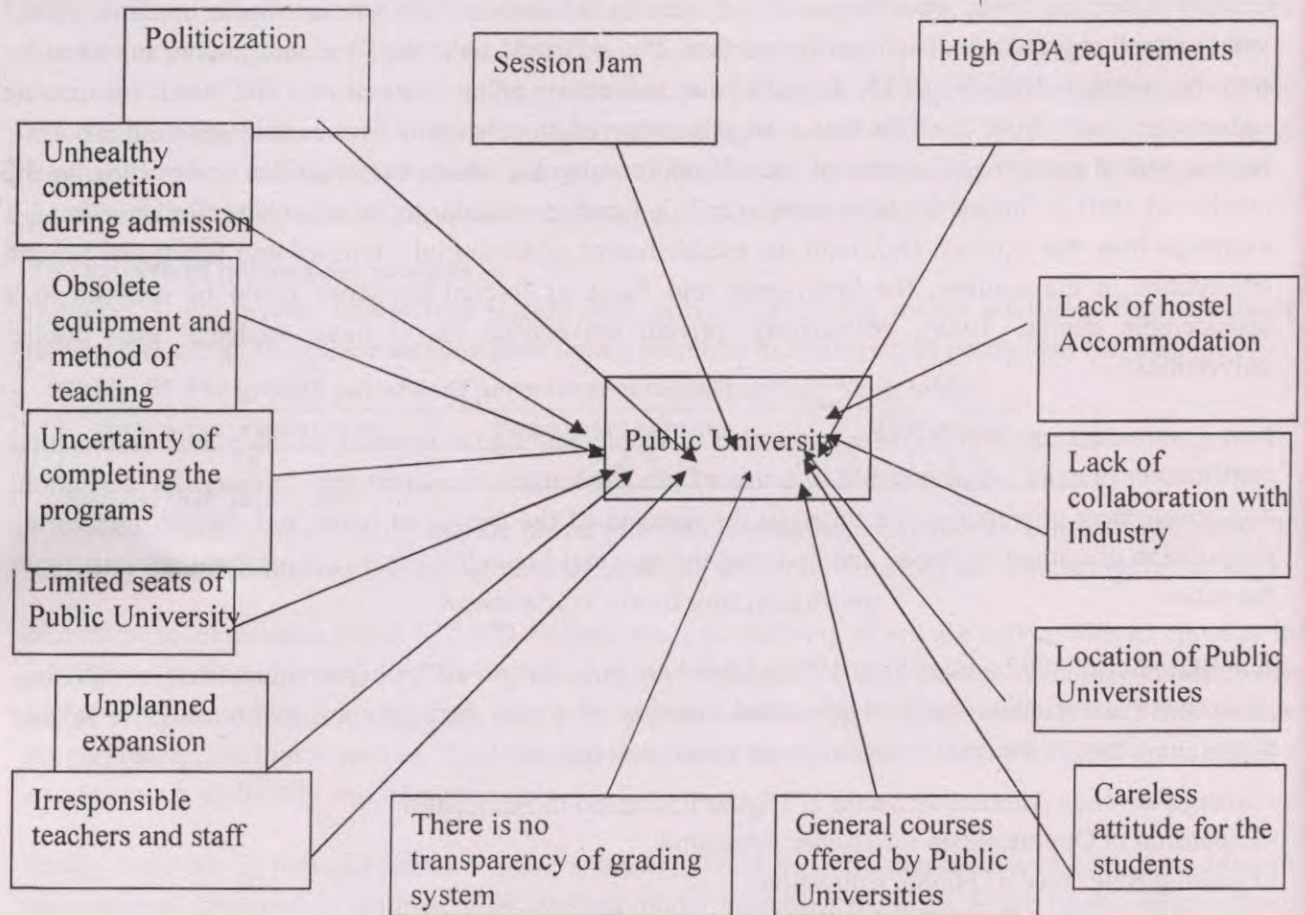
The NGU Act of 1992 amended in 1998 enabled not only the growth of higher education through non-government universities but also permitted creation of a new paradigm of quality and life related education. Some of these characteristics are worth pointing out:

- Emergence of an Alternative Mode of Higher Education in Bangladesh
- Expansion in Opportunities for Higher Education
- Ensuring Relevance of Higher Education
- Ensuring Academic Discipline in Higher Education
- Appropriate Governance and Administrative Effectiveness
- Reversing the Trend of Indiscipline in University Campuses
- Reflection of Global Perspective in Higher Education
- Promotion of ICT
- Introduction of New Educational Programs
- Initiating Reform in Higher Education
- Reducing Burdens on the Public Exchequer
- Cost Effective Service Delivery
- Promoting Faculty Development
- Building Political Consensus and Community Engagement in Higher Education
- Contribution to Equity and Access
- Saving and Earning of Foreign Exchange

- Generation of Employment

- Development of Knowledge Culture: Reversing the Brain Drain

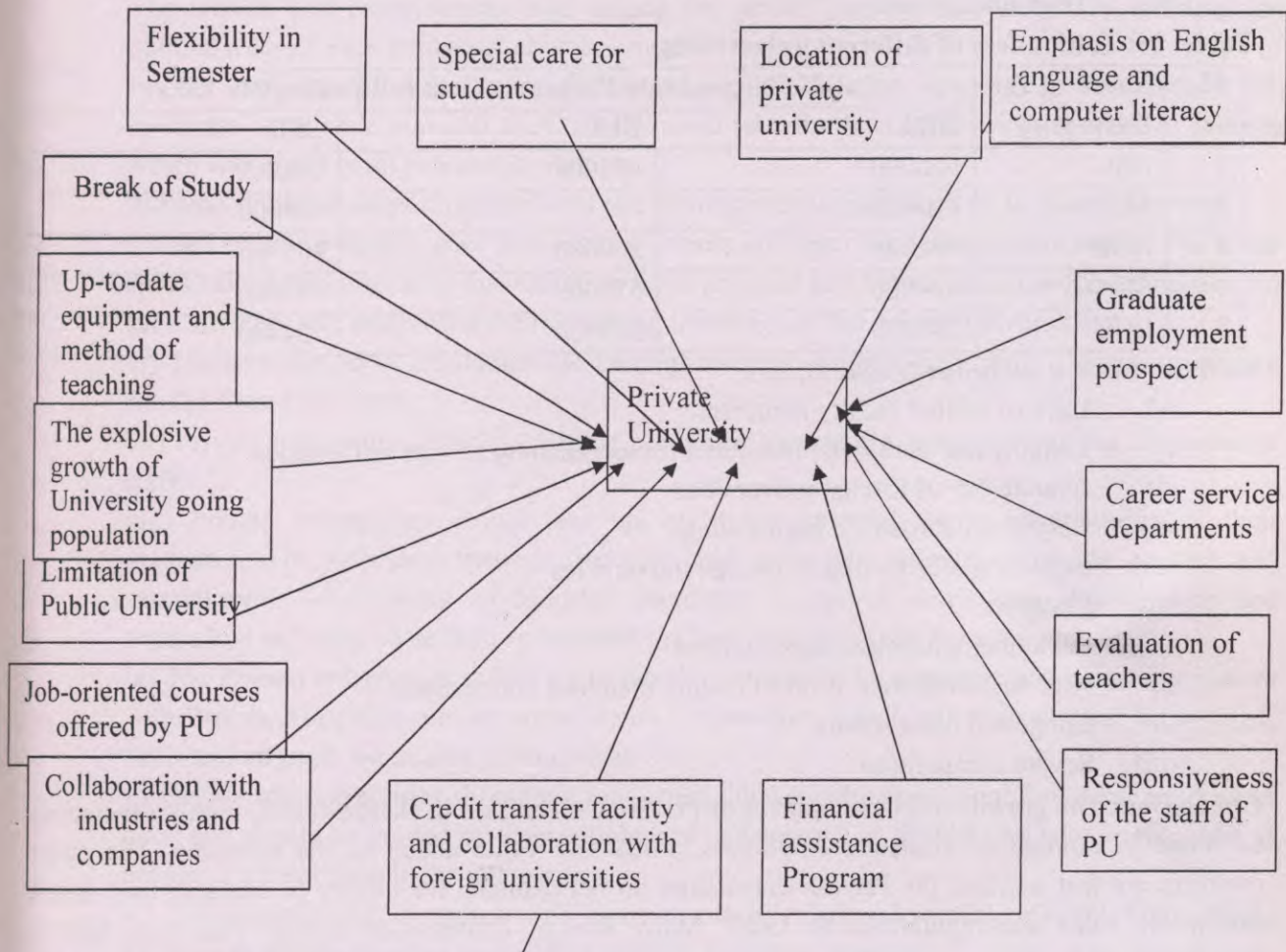
**Reasons for reluctance to Public University:** Study shows some of the factors that are the causes of reluctance to public universities. Private universities arose due to the following factors of Public Universities.



**Figure 09: Reasons for reluctance in admitting Public Universities.**

**Survey report, 2010**

The major trends of Private University are shown in figure;



**Figure 10: Trends in admitting Private University.**

**Survey report, 2010**

## Constraints for development of Private Universities:

- i) Lack of own premises
- ii) Negative perceptions regarding private universities
- iii) High tuition fees

**Table: 06: Tuition fees of different universities**

SL	Name of the University	Undergraduate Programs (cost full package in Taka)		
		BBA	ELL	CSE
1	NSU	626000	621000	662000
2	AUST	410400	-	474000
3	NUB	402336	260000	465763
4	BRAC	624000	579000	651000
5	IIUC	284200	205000	354400

**Sources:** Websites accessed on October 27, 2010

- iv) Lack of skilled faculty members
- v) Lengthy and complex procedures for establishing private universities
- vi) Availability of foreign universities
- vii) Easy to go abroad for higher study
- viii) Credit transfer facility to foreign universities
- ix) Location
- x) Lack of employment opportunities
- xi) High dissatisfaction level of faculty members and students
- xii) Congested class rooms
- xiii) Severe competition

**Conclusion:** The growth and development of Private Universities in Bangladesh is highly satisfactory as found in number of students, employees, staffs and value added to the economy. The major problems are that some of the Private Universities do not maintain the quality of education and do not follow the rules and regulations of UGC. Many foreign Universities arrange education fairs in Bangladesh and encourage the students to take admission in their universities. It is very easy for the students to go to foreign countries. Another problem is that UGC is not effective in monitoring the Public and Private Universities. For the survival of this sector, the government must facilitate the growth of this sector through supervising, monitoring, leasing the land for permanent campus, restricting foreign Universities etc. taking into account the image of the country, we must also improve the quality and commitment meticulously.

### **Policy and suggestions:**

- i) Private universities should employ senior faculty members as well as junior faculty members.
- ii) Private universities are being requested to support the tuition fees and related cost of less well-off but meritorious HSC graduates. Some sort of tweaking between the fellowship-giving philanthropist/families and award-receiving student has brought in a number of welcome developments, enlarging the quality intake and sense of accountability by all, i.e., the awardees, the donors and the institutions. These types of financial innovations need to be well documented, publicized, and given some fiscal incentives (e.g. tax- exemptions) from the state.

- iii) Existing rules based on Private University Act (PRUA)-(1992) do not adequately define the responsibilities/obligations of major actors, e.g. the governing Board/Trustees/ Founders, the syndicate, the academic council, the CEO/Vice-chancellor and the Administration (in general). The tension and misunderstandings among the actors have to be reduced by defining the optimal roles of each entity/stakeholder group.
- iv) For defining the roles/responsibilities/powers of different actors (e.g. Founders, CEO, syndicate, Academic council) UGC/MoE should take the lead in developing a set of statutes which will apply to all private Universities.
- v) Some financial support (low interest rate bearing loans) may be given to those deserving ( based on some performance indicators of inputs and teaching-learning processes). The loans should allow the promising institutions to build physical and human resource-related capacities; such attempts will underwrite the risk-taking initiatives of the private universities.
- vi) Teachers should be encouraged to take up research-projects, and more research grants are needed from UGC/MoE;
- vii) Private universities should set aside a definite amount for research/ training of academic staff.
- viii) Private universities should take up, at regular interval, some tracer-studies of their graduates. The interface between industry and university should be made regular and strengthened; involvement of industry personnel in course curriculum development and transaction will help close the gap between the two vital sectors of the economy.
- ix) The Private universities should try to develop collaborative academic and research program with British, Australian and advanced Asian Universities; which will help transfer knowledge, skills and upgrade the quality of education.
- x) The Private universities should put into effect the Accreditation Council without any loss of time; and should be guided by their enlightened self-interest. It should also take up the audit of academic transactions in the universities.
- xi) The administrative system should be academic oriented and student oriented. They should focus on providing services to run the academic functions smoothly.
- xii) The Private University should construct their own permanent campus as soon as possible.
- xiii) The intake of Private Universities should boost meritorious students.
- xiv) The accommodation system of Private Universities should be expanded.
- xv) A unified statutes need to oversee or monitor Private universities.
- xvi) Every university should have its own campus.
- xvii) Universities should have minimum faculties and should appoint required quality teachers.
- xviii) Universities have to follow the guideline about tuition fees prescribed by UGC.

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# A STUDY ON THE EFFECTIVENESS OF THE IMPLEMENTATION OF KAIZEN IN MRF Ltd.

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## **1. Introduction**

Kaizen means "improvement". Kaizen strategy calls for never-ending efforts for improvement, involving everyone in the organization – managers and workers alike.

### **Kaizen and Management**

Management has two major components:

1. Maintenance, and
2. Improvement.

The objective of the maintenance function is to maintain current technological, managerial, and operating standards. The improvement function is aimed at improving current standards. Under the **maintenance** function, the management must first establish policies, rules, directives and standard operating procedures (SOPs) and then work towards ensuring that everybody follows SOP. The latter is achieved through a combination of discipline and human resource development measures. Under the **improvement** function, management works continuously towards revising the current standards, once they have been mastered, and establishing higher ones. Improvement can be broken down between innovation and Kaizen. Innovation involves a drastic improvement in the existing process and requires large investments. Kaizen signifies small improvements as a result of coordinated continuous efforts by all employees.

## **2. Implementation of Kaizen Strategy: 7 Conditions**

One of the most difficult aspects of introducing and implementing Kaizen strategy is assuring its continuity.

When a company introduces something new, such as quality circles, or total quality management (TQM), it experiences some initial success, but soon such success disappears like fireworks on a summer night and after a while nothing is left, and management keeps looking for a new flavor of the month.

This is because the company lacks the first three most important conditions for the successful introduction and implementation of Kaizen strategy.

### **3. Process-Oriented Thinking vs. Result-Oriented Thinking**

Kaizen concentrates at improving the process rather than at achieving certain results. Such managerial attitudes and process thinking make a major difference in how an organization masters change and achieves improvement.

### **4. Quick and Easy Kaizen**

Quick and Easy Kaizen (or Mini-Kaizen) is aimed at increasing productivity, quality, and worker satisfaction, all from the very grassroots level. Every company employee is encouraged to come up with ideas – however small – that could improve his/her particular job activity, job environment or any company process for that matter. The employees are also encouraged to implement their ideas as small changes can be done by the worker him/ herself with very little investment of time.

Quick and easy Kaizen helps eliminate or reduce wastes, promotes personal growth of employees and the company, provides guidance for employees, and serves as a barometer of leadership. Each kaizen may be small, but the cumulative effect is tremendous

The effectiveness of the implementation of Kaizen in MRF Ltd, Kottayam was measured by identifying and collecting the data for a 10 month period, regarding the impact of the following factors before and after the implementation.

1. Power consumption
2. Consumption of fuel
3. Breakdown duration
4. Labour productivity in Kg/man days
5. Monthly breakdown occasion in numbers

6. Monthly tube rejection in parts per million
7. Monthly tyre seconds in parts per million after Kaizen

**Power Consumption**

Table 1 indicates the power consumption after and before the implementation Kaizen in MRF Ltd, Kottayam.

**Table 1**  
**Power Consumption**

Months	Power consumption after Kaizen	Power consumption before Kaizen
1	794	1087
2	817	1112
3	772	1019
4	830	1014
5	829	1247
6	816	1120
7	800	997
8	858	1020
9	834	1004
10	939	960
<b>Mean</b>	<b>828</b>	<b>1058</b>
<b>SD</b>	<b>45.45</b>	<b>84.63</b>
<b>Standard Error of Mean</b>	<b>14.37</b>	<b>26.76</b>
<b>Paired Differences: Mean -229.10, SD 107.71, Standard Error of Mean 34.06, t -6.726, df 9, Sig 0.000</b>		

As per Table 1, it is clear that the average power consumption for the 10 month period after and before the implementation of Kaizen does vary considerably and the pair-wise mean variation is statistically significant, as the value of *t* is significant at 1 per cent level of significance. (*Mean -229, t -6.726, df 9, Sig 0.000*) So, it is concluded that there is a decline in the average consumption of power before and after the implementation of Kaizen, and consequently tremendous improvement in the power consumption after the implementation of Kaizen in MRF Ltd.

□ **Fuel Consumption**

The fuel consumption for 10 months before and after the implementation of Kaizen is presented in Table 2

**Table 2**  
**Fuel Consumption**

Months	Fuel consumption after Kaizen	Fuel consumption before Kaizen	
1	145	210	
2	145	195	
3	149	187	
4	149	197	
5	151	204	
6	146	190	
7	145	180	
8	145	179	
9	139	186	
10	160	197	
<i>Mean</i>	<i>147.40</i>	<i>192.5</i>	
<i>SD</i>	<i>5.50</i>	<i>10.01</i>	
<i>Standard Error of Mean</i>	<i>1.74</i>	<i>3.17</i>	
<i>Paired Differences: Mean -45.10, SD 9.64, Standard Error of Mean 3.05, t -14.790, df 9, Sig 0.000</i>			

Table 2 indicates that there is significant difference between the average fuel consumption for the 10 month period after and before the implementation of Kaizen; the pair-wise mean variation is statistically significant, as the value of *t* is significant at 1 per cent level of significance. (*Mean -45.10, t -14.790, df 9, Sig 0.000*) So, it is concluded that there is decline in the average consumption of fuel before and after the implementation of Kaizen and consequently tremendous improvement in the fuel consumption after the implementation Kaizen in MRF Ltd.

□ **Breakdown Duration in Hours**

Table 3 indicates the breakdown duration for 10 months before and after the implementation Kaizen in MRF Ltd, Kottayam.

**Table 3**  
**Breakdown Duration**

<b>Months</b>	<b>Breakdown duration in Hours after Kaizen</b>	<b>Breakdown duration in Hours before Kaizen</b>
1	167	987
2	157	1025
3	160	1005
4	129	989
5	129	945
6	184	925
7	129	922
8	129	936
9	129	940
10	110	942
<i>Mean</i>	<i>142.30</i>	<i>961.6</i>
<i>SD</i>	<i>23.11</i>	<i>36.50</i>
<i>Standard Error of Mean</i>	<i>7.31</i>	<i>11.54</i>
<i>Paired Differences: Mean -819.30, SD 36.37, Standard Error of Mean 11.50,</i>		
<i>t -71.239, df 9, Sig 0.000</i>		

Table 3 depicts that the average machine breakdown duration before and after the implementation of Kaizen for the 10 month period does vary considerably, and that the pair-wise mean variation is statistically significant, as the value of *t* is significant at 1 per cent level of significance. (*Mean -819.30, t -71.239, df 9, Sig 0.000*) So, it is inferred that there is decline in the breakdown duration of machines before and after the implementation of Kaizen and consequently tremendous improvement in the operation of machines after the implementation Kaizen in MRF Ltd.

□ **Labour Productivity in Kg /mandays**

Table 4 indicates the labour productivity in Kg / mandays of MRF Ltd before and after the implementation of Kaizen.

**Table 4**  
**Labour Productivity in Kg /mandays**

Months	Labour productivity in Kg/mandays after Kaizen	Labour productivity in Kg /mandays before Kaizen
1	106	107
2	111	105
3	110	109
4	108	112
5	112	110
6	112	114
7	115	112
8	111	106
9	110	108
10	108	110
<i>Mean</i>	<i>110.30</i>	<i>109.34</i>
<i>SD</i>	<i>2.54</i>	<i>2.83</i>
<i>Standard Error of Mean</i>	<i>.80</i>	<i>.89</i>
<i>Paired Differences: Mean .96 , SD 3.19, Standard Error of Mean 1.01,</i>		
<i>t .952, df 9, Sig 0.366</i>		

From Table 4, it is observed that there is minor difference between the mean of the labour productivity in Kg per man hour of MRF Ltd, before and after the implementation Kaizen. Further it is also observed that the pair-wise mean variation is statistically not significant at 1 per cent level of significance, as the value of *t* is *.952* with *P=0.366*. So, it is confirmed that even though the labour productivity in Kg per man-hour is varying favourably after the implementation of Kaizen, a tremendous improvement cannot be seen in this regard. (The pair-wise mean difference is statistically not significant.)

**Monthly Breakdown Occasions in Numbers**

The monthly number of breakdown occasion in numbers is presented in Table 5.

**Table 5**  
**Monthly Breakdown Occasions in Numbers**

<b>Months</b>	<b>Monthly breakdown occasions in numbers after Kaizen</b>	<b>Monthly breakdown occasions in numbers before Kaizen</b>	
1	181	1234	
2	152	1215	
3	148	1310	
4	138	1354	
5	130	1287	
6	127	1154	
7	120	1142	
8	106	1195	
9	108	1202	
10	103	1209	
<i>Mean</i>	<i>131.30</i>	<i>1230.20</i>	
<i>SD</i>	<i>24.39</i>	<i>67.69</i>	
<i>Standard Error of Mean</i>	<i>7.71</i>	<i>21.40</i>	
<i>Paired Differences: Mean -1098.90</i>		<i>SD 63,</i>	<i>Standard Error of Mean 19.92,</i>
<i>t -55.159,</i>		<i>df 9,</i>	<i>Sig 0.000</i>

As per Table 5, it is understood that the mean variation of the monthly machine breakdown occasions do vary considerably before and after the implementation of Kaizen, as the t value and paired mean difference are statistically significant at 1 per cent level of significance. (Value of  $t=55.159$ , with  $P= 0.000$ ). Hence, it may be concluded that the MRF Ltd could reduce the number of machine breakdown occasions effectively after the implementation of Kaizen.

□ **Monthly Tube Rejection in Parts per million**

The monthly tube rejection in parts per million before and after the implementation of Kaizen is presented in Table 6

**Table 6**  
**Monthly Tube Rejection in Parts per Million**

Months	Monthly tube rejection in parts per million	Monthly tube rejection in parts per million
1	20032	39005
2	18534	39460
3	21525	38657
4	21355	38547
5	20862	39168
6	30912	39125
7	20171	38321
8	20174	38987
9	21374	38271
10	22982	37416
<i>Mean</i>	<i>21792.70</i>	<i>38695.70</i>
<i>SD</i>	<i>3413.44</i>	<i>591.99</i>
<i>Standard Error of Mean</i>	<i>1079.43</i>	<i>187.20</i>
<i>Paired Differences: Mean -16903.00</i>		<i>SD 3486.78,</i>
<i>t -15.330,</i>		<i>Standard Error of Mean 1102.62,</i>
	<i>df 9,</i>	<i>Sig 0.000</i>

Table 6 shows that the monthly average tube rejection due to defect after the implementation of Kaizen was declining below that before implementation. The pair-wise mean variation before and after the implementation of Kaizen are statistically significant at 1 per cent level of significance. (*Value of t -15.330 with P=0.000*). Therefore, it is inferred that MRF Ltd, Kottayam, could reduce tube rejection due to defect after the implementation of Kaizen.

**Monthly Tyre Seconds in Parts per million**

Table 7 indicates the monthly tyre seconds in parts per million of the MRF Ltd, Kottayam, before and after the implementation of Kaizen



**Table 7**  
**Monthly tyre seconds in parts per million**

<b>Months</b>	<b>Monthly tyre seconds in parts per million</b>	<b>Monthly tyre seconds in parts per million</b>
1	1016	1279
2	795	1294
3	970	1326
4	1108	1345
5	834	1297
6	1120	1254
7	1005	1169
8	733	1195
9	913	1217
10	1004	1274
<i>Mean</i>	<i>949.80</i>	<i>1265.00</i>
<i>SD</i>	<i>129.31</i>	<i>56.57</i>
<i>Standard Error of Mean</i>	<i>40.89</i>	<i>17.89</i>
<i>Paired Differences: Mean -315.20</i>		<i>SD 127.17, Standard Error of Mean 40.21,</i>
<i>t -7.838,</i>		<i>df 9, Sig 0.000</i>

From Table 7 it is observed that there is considerable variation in the average monthly tyre seconds per million tyres during ten months before and after the implementation of Kaizen. Similarly, the pair-wise mean variation is statistically significant at 1 per cent level of significance. (*Value of t -7.838 with P=0.000*) Hence, it may be concluded that MRF Ltd could reduce the tyre seconds after the implementation Kaizen.

**Monthly tyre scrap**

Table 8 indicates the tyre scrap in parts per million before and after the implementation of Kaizen.

**Table 8**  
**Monthly tyre scrap in parts per million**

Months	Monthly tyre scrap in parts per million after Kaizen	Monthly tyre scrap in parts per million before Kaizen	
1	20	184	
2	8	181	
3	18	178	
4	21	170	
5	18	175	
6	14	174	
7	14	173	
8	19	178	
9	7	179	
10	15	94	
<i>Mean</i>	<i>15.4</i>	<i>168.6</i>	
<i>SD</i>	<i>4.812</i>	<i>26.525</i>	
<i>Standard Error of Mean</i>	<i>1.522</i>	<i>8.388</i>	
<i>Paired Differences: Mean -153.20</i>		<i>SD 26.997,</i>	<i>Standard Error of Mean 8.537,</i>
<i>t -17.945,</i>		<i>df 9,</i>	<i>Sig 0.000</i>

From Table 8 it is observed that there is considerable variation in the average monthly tyre scrap in parts per million during ten months before and after the implementation of Kaizen. Similarly, the pair-wise mean variation is statistically significant at 1 per cent level of significance. (*Value of t -17.945 with P=0.000*) Hence, it may be concluded that the MRF Ltd could reduce the tyre scrap in parts per million after the implementation Kaizen.

#### TESTING OF HYPOTHESES

1. *There is no significant variation in the power and fuel consumption before and after the implementation of Kaizen.*

This hypothesis was tested by using paired t test and it was found that the value of t was statistically significant at 5 per cent level of significance. Therefore, this hypothesis may be rejected and it may be concluded that there is significant variation in the power and fuel consumption before and after the implementation of Kaizen.

2. *There is no significant variation in the rate of labour productivity before and after the implementation of Kaizen.*

After testing this hypothesis with paired t test, it could be seen that the value of the t was statistically not significant at 5 per cent level of significance. Hence, this null hypothesis may be accepted with the conclusion that there is no significant improvement in labour productivity after the Kaizen implementation.

3. *There is no improvement in the reduction of scrap and machine breakdown time after the implementation of Kaizen.*

This hypothesis was tested by using paired t test, and it could be seen that the value of the t was statistically significant at 5 per cent level of significance. Therefore, this hypothesis is rejected and it is inferred that there is significant improvement in the reduction of scrap and machine breakdown duration after the Kaizen implementation.

## FINDINGS

1. With regard to the power consumption, there was tremendous improvement after the implementation of Kaizen. The Paired t test revealed that the average consumption of power before and after the implementation varied considerably and it was found that the value of t was statistically significant at 5 per cent level of significance.
2. Regarding the fuel consumption, the company could reduce its quantity after the implementation of Kaizen, as it was found that the variation in the average consumption of fuel before and after the implementation of kaizen was statistically significant at 5 per cent level of significance.
3. Considering the breakdown duration, it was found that the Kaizen implementation resulted in reduction in the machine breakdown duration. The paired t test revealed that the value of the t in relation to the variation in the average breakdown duration before and after the introduction of Kaizen was statistically significant at 5 per cent level of significance.
4. In view of the labour productivity, it was found that there was positive improvement in the rate of productivity before and after the introduction of Kaizen. However, the t value was found statistically not significant at 5 per cent level of significance.

5. With regard to the monthly tube rejection, there was considerable variation in the average tube rejection before and after the Kaizen, as the value of the paired t was found statistically significant at 5 per cent level of significance.
6. In monthly tyre seconds in parts, the company could reduce the tyre seconds effectively. The paired t test also indicated that there was significant variation in the average tyre seconds before and after Kaizen implementation, as the value of t was statistically significant at 5 per cent level of significance.

### **CONCLUSION**

1. The Company could reduce the consumption of fuel and power after the implementation of Kaizen. Therefore, the implementation of Kaizen in MRF Ltd, Kottayam is highly successful in improving the production function.
2. After the implementation of Kaizen, MRF Ltd could reduce the wastages effectively.
3. Even though the variation of the increase in the rate of labour productivity was very low after the implementation of Kaizen, it was seen that the implementation of Kaizen would improve the labour productivity to a certain extent.
4. Breakdown of machinery could be reduced to the minimum after the implementation of Kaizen.
5. MRF Ltd could reduce the tube rejection and tyre scrap after the implementation of Kaizen. So, the company could achieve success in these areas.

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## **Role of ICT in Banking Industry**

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### **Introduction**

The banking industry has proved itself as an indispensable component of the economy. Modern banking management prospers with the customers, lives with the customers and dies because of the customers. Today's customers' expectations from the bankers are manifold and varied; hence it has become very difficult for banks to retain satisfactory relationship with customers unless they can offer superior, quick and convenient services to them. With the use of ICT, the banking services in India have also progressed a great deal with the rising demand from customers and challenges set forth by Global Banking services.

### **Objectives of the Paper**

The paper focuses on comparative efficiency of ICT aided banking vs. traditional banking. Moreover, it studies and analyses the overall impact of ICT on the banking Industry.

### **Research Methodology**

This piece of survey and descriptive study is conducted on both primary as well as secondary data. The secondary sources are the annual reports of the banks, magazines, journals and websites. Observation, group discussion and questionnaire methods are selected for primary data collection. 150 respondents are selected on a random basis for the study and conclusions are drawn on their responses.

### **Indian Banking Industry**

Banking industry is the blood vascular system of any economy. It has to play a positive role in the economic development of the country. The structure of the Indian banking system has undergone numerous changes since independence. One can classify these into two stages:

- i. Pre-reform period (before 1991)
- ii. Post reform period (after 1991)

The following table gives the brief summary of the major changes undergone.

**Table 1: Paradigm Shift – Before and After 1991**

Indicator	Before-1991	After-1991
1. Market	Seller's market	Buyer's market
2. Protection	Protected market	Open market
3. Type of competition	Friendly competition	Cut-throat competition
4. Choice available to the customer	Limited choices	Varied choices to select.
5. Pricing policy	Cost plus price	Competitive price-cutting
6. Role of service	Limited	Increased/varied
7. Marketing reflexes	Slow marketing reflexes	Quick marketing reflexes.
8. Usage of IT	Limited	Fundamental requirement
9. Customer	Not very conscious about banking services, hence slave to the bank, could give only suggestions/ complaints in boxes provided	Conscious about banking competitions (king of market)- as having sound information about other alternatives (banks)
10. Number of products	Very few	New products with value addition
11. Functional style	Bureaucratic	Entrepreneurial
12. Tool or usage of IT	Manual	Technology driven
13. Delivery channel	Customer used to visit branch	Old plus new alternatives like ATM, phone banking, net banking, etc.

### History of ICT adoption in the Indian Banking Industry

Adoption of ICT in the Indian banking sector/financial sector dates back to 1963 when Life Insurance Corporation introduced computers for maintenance and processing of insurance policies. Later on, Reserve Bank of India and State Bank of India installed computer systems for processing reconciliation of inter branch transactions, processing statistical data and for research purposes. In 1969, 14 major banks were nationalized but mechanization was still undergoing in the industry. In 1981 Goipora Committee strongly emphasized on computerization but due to

stiff resistance from employee unions the recommendations could not be implemented. In 1983 Rangarajan Committee recommended a three level mechanization structure i.e. branch, regional and head office levels. Further in 1988, Reserve Bank of India appointed the second Rangarajan Committee to review the progress made in computerization. The committees submitted the report in 1989 and strongly recommended computerization at regional, zonal and headquarter levels. In 1989 the third bipartite on mechanization and computerization was signed. In October 1993, settlement on mechanization and computerization was signed between 58 banks under IBA and workmen represented by all Indian bank employee association. Since then, the process of computerization and mechanization has picked up momentum.

### **Objectives of ICT adoption in the Banking System**

The main reason behind ICT adoption is to change the scenario of the Indian banking system. The Indian Government wanted to enter the global market and had already opened doors for multinational companies and wanted to change the banking scenario in the following perspective:

**Table 2: Change in the Banking Scenario**

<b>From</b>	<b>To</b>
<b>Local</b>	<b>Global</b>
<b>Administration</b>	<b>Self-service</b>
<b>Internal programs</b>	<b>Outsourcing</b>
<b>Transactions</b>	<b>Business information</b>
<b>Banker-oriented plans</b>	<b>Individualized employee/customer plans</b>

### **Role of ICT usage in the banking system:**

1. To provide better customer service
2. To take prompt and quick decisions
3. To improve house-keeping
4. To increase productivity and profitability



Banks are moving speedily towards ICT to perform their primary as well as secondary functions and are launching new services by using ICT. Some of these services are as under:

**1. For Customer's convenience**

- Automated Teller Machines (ATMs)
- Smart Cards
- Home/PC banking
- Tele-banking
- Internet banking

**2. For Bank's Convenience**

- Core Banking
- Electronic Clearing Service (ECS)

**Levels of ICT in the Banking Sector**

1. Branch network level
2. Regional level
3. Super/ high Tech Bank

**E-banking products:**

Technology in the form of electronic banking has provided the best opportunity to find alternative banking practices at lower costs. The increasing number of e-banking users indicates its acceptance and popularity. Some of the e-banking products are as follows:

**1. Automatic Teller Machine (ATM):**

The first bank to introduce the ATM concept in India was the Hongkong and Shanghai Banking Corporation (HSBC), in the year 1987. These days all commercial banks give ATM facilities to their customers. The main purpose of this facility is to allow the customer to draw limited cash at any time. To operate the unit (ATM machine), the customer needs a special ATM card notified with a personal identification number which is not shown on the face of the card. The card must be inserted into the machine and the personal number typed in. The machine will validate the code number and if found correct, will allow the bank's computer to boot to check the account

balance. If there is sufficient balance in the account, the user can withdraw cash. It provides facilities like:

- Withdrawal of cash at any time (outside the normal hours).
- Checking account balances and statement information.
- Availability to all customers free of charge.
- Security provision: only the card holder has the idea about his key or passwords, which also can be changed any time.

Though the machines are very expensive, more and more banks are opening their ATM centers to prevent (minimize) the physical rush and to provide alternative withdrawal facility to their customers.

The first bank to cross 1,000 marks in installing ATMs in India is ICICI. SBI is following the concept of 'ATMs in Quantity'. But Private Sector Banks have taken the lead. ICICI, UTI, HDFC and IDBI count more than 50% of the total ATMs in India. By the end of December 2007, the number of ATMs deployed in India was 32342, while by the end of March 2009, it was 43651. More people are now moving towards using automated teller machines (ATM) for their banking needs. According to a survey by Bank Net India, 95% people now prefer this modern channel to traditional modes of banking. Almost 60% people use an ATM at least once a week.

## **2. National Electronic Funds Transfer (NEFT) / Electronic Funds Transfer (EFT):**

National Electronic Funds Transfer (NEFT) is a nation-wide system that facilitates individuals, firms and corporates to electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country. By the end of January 2011, 74,680 branches / offices of 101 banks in the country (out of around 82,400 bank branches) were NEFT-enabled. Steps are being taken to further widen the coverage both in terms of banks and branches / offices. EFT facilitates transfer of funds from any branch of a bank to any other branch of any bank in a short time. The noticeable features of EFT are:

- Quick movement of deposit of money from one bank account of the customer to the other bank account of the same customer or the other customer.

- Avoids intermediation of paper based system.
- Provides key or pass words for protection and security.

**It is useful to:**

1. Individual customers
2. Service branches of the banks
3. National Clearing Centre and Deposit Account Department of Reserve Bank of India.

**3. Telephone Banking (Tele Banking):**

This is one of the most popular e-banking product. If phone facility is available, a customer can enjoy the number of facilities from his home or from his office or from anywhere in the world. This facility is purely based on a voice response system. It accepts only TONE dialed input, i.e. from the caller's phone by dialing the necessary number and the suitable voice response messages/information to the caller (i.e. account holder) to acquire the desired account details. The principal features of Tele banking are as follows:

- Information about account balances.
- Key word or password for security or protection. A customer can change the password at any time if so he desires.
- Information about past (last five) transaction.
- Any sort of information like deposit and advances schemes, latest rate of interest etc.
- A customer can place requisition of cheque books and statements of accounts on phone.

**4. Banker's Automated Clearing System (BACS):**

A client can transfer directly any number of payments into an appropriate account across a number of banks by using this facility. At the initial stage it was used by large firms and local

authorities to pay wages and salaries and to make payments to their creditors or suppliers. Today the government as well as private organizations - even banks themselves - use this system to pay salaries and to carry out other monthly transactions.

The customer has to update his computer with the details of payees, accounts numbers and branch code on a tape in a format specified by BACS to enjoy this facility. This has to be delivered to the BACS centre and the centre then will process it and pass the details to the appropriate banks. This helps save time and also minimizes cost.

#### **5. Clearing House Automated Payment System (CHAPS):**

This is an electronic messaging system within which all transactions are transmitted in code to help reduce the risk of fraud. Under this system, user could be assured that local transfers of funds would be cleared on the same day. The customer can treat this as available cash. The main benefit of this facility is that, any sum so transferred will be entered into the recipient's account the same day and therefore can be treated as available cash. On the safer side, banker must be assured about the sufficient balance because once performed, the transaction is irrecoverable under the rules of the scheme. This system is very common in London.

#### **6. Society for World Wide Inter banking Fast Transfer (SWIFT):**

This is a computerized message system which links banks around the world. As the burden of work passing through the system increased, in the year 1996 it was updated from the centralized system to a decentralized computer network. When it began, it was only available for banks but now it is also available to large multinational companies having their own treasury functions. These firms operate like banks in their own right and transfer large sums around the world.

#### **7. Cash Management Services:**

Many clients and companies may have a number of subsidiaries around the world, each with its own banking account held in local currencies. The treasury department or the holding company acts as a banker to help them transfer the currency or overdraft from one country's account to the other. A customer can quickly get information about his balances across the world and can transfer funds from one part of the world to another with the help of this facility. Thus it helps to

bridge the shortage or to invest temporary surplus. Not only this, the client can also collect details about international currency markets to offset their currency risk.

#### **8. Personal Computer Banking (PC Banking):**

PC banking is one of the most popular e-banking facilities to day. A customer can perform all the transactions which are available with telephone banking through a dial-up connection.

#### **9. Internet Banking (Net Banking):**

Net banking or online banking is a facility given by the banks to their account holders so that the account holders do not have to go to the bank for their requirements. It uses computer technology to process transactions, instead of paper-based aspects of traditional banking. It is helpful to the customers to manage their finances more quickly and efficiently. A payer can transfer funds directly from his account to that of the payee where the banking system is technologically more integrated. This fund transfer is possible even when the payee's account is with a different bank.

Internet banking system allows customer to open accounts, payment of bills, view account balances, complete loan application, calculate interest, exceptional reporting on overdrawn accounts, fund transfer, stop payments reorders, order cheque book, receive banking industry news, send and receive messages to/from the bank through e-mail. It is popular for the following reasons:

- One can know one's account balance more easily.
- Looks like a paper (general or common) chequebook, hence it is very comfortable and easy to write on.
- Customer can download up-to-date information on balances and transactions to verify and check savings, money market, investment, line of credit and credit card account.
- Available at any time and at any place.
- Transfer of funds from one account to another becomes very easy.
- Payment of bills becomes convenient.

- Without data entry keeps complete records.
- Helpful in cost reduction.
- Medium of delivery of banking services and also a strategic tool for business development.

Table 3: Internet Usage and Population Statistics

YEAR	Users	Population	% Pen.
1998	1,400,000	1,094,870,677	0.1 %
1999	2,800,000	1,094,870,677	0.3 %
2000	5,500,000	1,094,870,677	0.5 %
2001	7,000,000	1,094,870,677	0.7 %
2002	16,500,000	1,094,870,677	1.6 %
2003	22,500,000	1,094,870,677	2.1 %
2004	39,200,000	1,094,870,677	3.6 %
2005	50,600,000	1,112,225,812	4.5 %
2006	40,000,000	1,112,225,812	3.6 %
2007	42,000,000	1,129,667,528	3.7 %
2009	81,000,000	1,156,897,766	7.0 %
2010	100,000,000	1,173,108,018	8.5 %

According to HDFC and ICICI Bank, 17 per cent of ICICI customers use the internet for banking and 10 per cent of HDFC customers prefer it.

#### 10. Smart Card:

Smart card looks like a traditional credit card with one major exception- there is a tiny microprocessor or computer chip on the face of the card. It is offered to the customer for small purchases. Anyone can use it like a prepaid telephone card. It is portable and quick, an easy way to use money. Once the customer loads the card with cash and uses it, he loses his cash. From the

merchant side once the transaction is completed he has his money without waiting to settle with the bank.

### **11. Credit Cards:**

Credit card is a card establishing the privilege of the person to whom it is issued to charge bills. Now-a-days majority of the departmental stores and retail firms accept this card. It allows customer to make purchases without paying cash immediately or establishing credit with individual stores. Credit card enables its user to avoid the risk of carrying cash or cheques for various purposes, i.e. buying travel tickets, staying in big hotels, dining in good restaurants etc. It is different from the traditional banking services from the following angle:

- A credit card establishes a relationship between the merchant and the banker. If the merchant is ready to accept the card, he opens an account with that bank ( if he does not have), deposits his sales slips or charge slips to the credit of his account and receives immediate credit (less discount) in his bank deposit.
- The customer views credit card as a convenient method of handling uneven expenditures and borrowings for emergencies. At the same time it is also beneficial to the bank. It provides an opportunity to the bank to increase installment loans and handle small customer loans more effectively and profitably.
- A credit card represents a step further in the direction of an electronic money transfer system. It is also useful for customer identification and can also be used worldwide through proper outlets.

The country's credit card population fell to 18.3 million, end of March from a peak base of 28.3 million in April 2008, according to data released by the Reserve Bank of India. In the last financial year, 6.04 million cards were put out of circulation. This is in addition to nearly 3.61 million credit cards being cancelled in 2008-09. So, over two years, nearly 10 million cards have gone out of circulation.

### **Benefits of E-banking:**

Benefits of e-banking have following three folds:

1. To the customers
2. To the banker
3. To the government

#### **1. To the Customers:**

1. This provides facility of anywhere banking-with e-banking services. One can actually carry out a number of transactions with just a few clicks on the system.
2. Anytime banking- is available 24 hours and 7 days a week. Moreover the accounts of the customers are updated as soon as the transaction takes place.
3. As ATM facility is available, cash withdrawal is possible from any branch.
4. On-line marketing as well as payment is possible.
5. It saves time because it avoids physical presence in the branch and minimizes psychological tension.
6. A customer can increase his business. He can purchase goods from anywhere any time with the help of a credit card. He can avoid all risks involved in handling cash.

#### **2. To the Bank:**

1. As customer's physical presence is not necessary to manage the account, employee can save time and can utilize that time for other operations.
2. Banks can easily pass the information about their new avenues/schemes very speedily. Customer interested in the schemes reverts back and can be attended later.
3. Reduces chances of fraud and misappropriation.
4. Helps to establish better customer relationship and also helps to retain and attract customers.

#### **3. To the Government:**

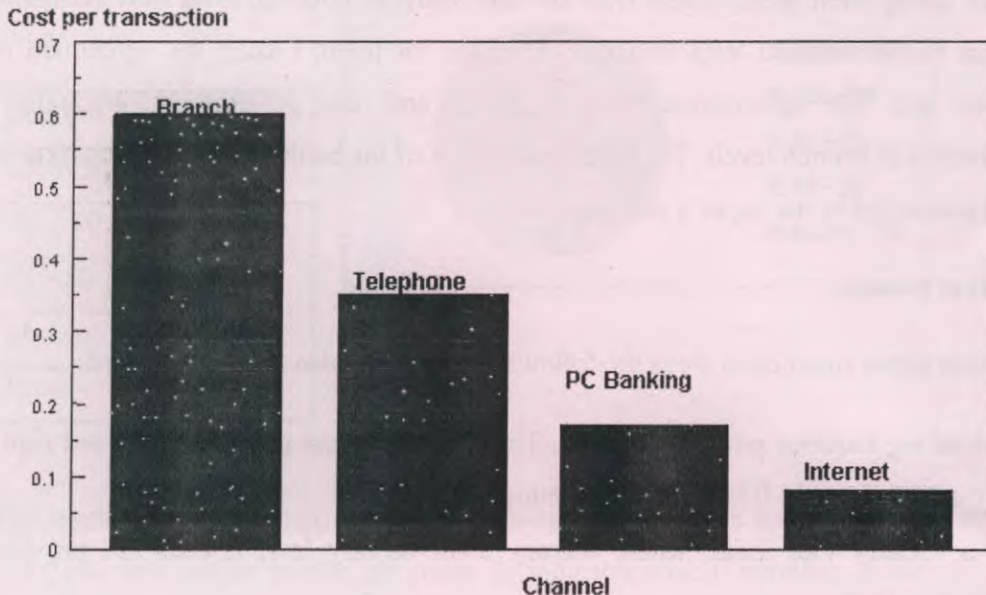
1. Provides a global market to national products and services.



2. Encourages e-marketing, promotes exports and increases foreign exchange.

3. Helpful in economic development.

In short this is a win-win situation for all: for banks it reduces cost, for the government it is better services, for business it is fast & secure and for citizens it is transparent & efficient.



(Source: IBM global services consulting group)

Technology has its own limitations. Moreover, there are some areas where special attention is needed.

### **1. Legislation:**

In India ICT has been adopted with old legislations. Hence, to prevent the misuse of ICT there should be provision of special legal regulations. It is high time to change them and to make new provisions according to modern requirements.

### **2. Internal Regulations and Guidelines:**

There must be well defined and well-designed internal regulations and guidelines for service providers as well as users. Many times, in our country the service charges and guidelines vary

from bank to bank. It is also noticed that in nationalized banks they are different. RBI has to take care of all these issues.

### **3. Misaligned Mindset:**

Various bank employees' associations agitate against the use of ICT in banking industry due to the fear of losing their jobs. Those who are not ready to cope up with new technology, the government has introduced VRS and ERS schemes for them. Lastly, the agreement between associations and the government was finalized and the government gradually started computerization at branch levels. Till date the old staff of the bank has a seller's market mindset. It must be converted to the buyer's market mindset.

### **3. Other points:**

Besides these above mentioned areas the following points are also to be considered:

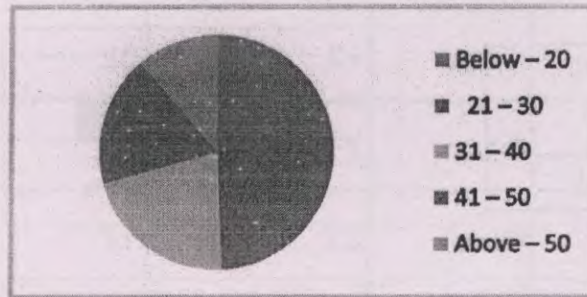
- E-banking requires prior registration. The customer must provide an ID and sign a form at the bank branch. It is a time consuming process.
- In a country like India, where literacy level is very low, it does not provide much incentive to the customer.
- Online banking always creates a fear in the mind of the customer regarding the security of transaction.

## PRIMARY DATA ANALYSIS

Total 150 samples were selected on a random basis for the study. Out of them 114 were male and 36 were female.

### 1. Age group classification:

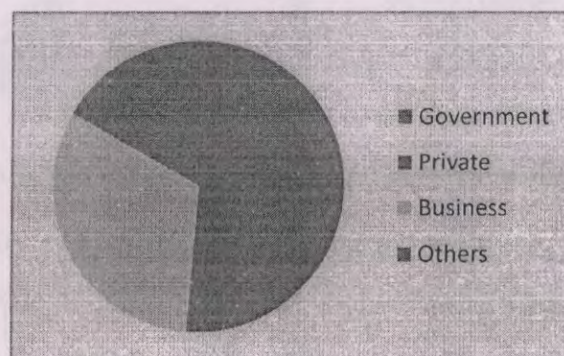
Age	No
Below – 20	34
21 – 30	40
31 – 40	32
41 – 50	27
Above – 50	17
Total	150



The result shows that majority of respondents i.e. 27% falls under the category of 21-30 years and 23% falls under below 20 years. It indicates that E-banking is largely popular among youngsters as they are the major users of E-banking.

### 2. Occupation wise classification:

Occupation	No
Government	37
Private	40
Business	48
Others	25
Total	150

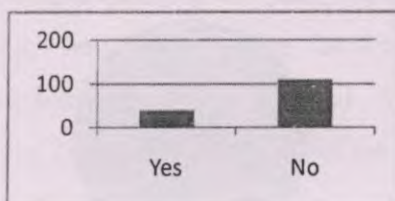


The result shows that majority of respondents using E-banking are Businessmen i.e. 32% are using E-banking services because it is time saving. 27% respondents are working in private

sector and 24% respondents are working in government organizations and 17% are others which include students and housewives. They are using E-banking because it saves time. Students prefer E-banking because they have complete knowledge of the internet and it is also very convenient for them.

### 3. Awareness of E-banking at the time of opening an account:

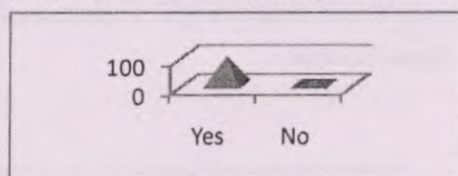
Options	No
Yes	40
No	110



Majority of respondents, i.e., 73% were not aware about E-banking services provided by their bank and 27% of respondents were aware about the E-banking services at the time of opening their accounts. Majority of the account holders have been using banking services for a long time. It can be assumed that, long back when a large number of customers started transactions with the bank, E-banking services were not available. However, as and when they came to know about these facilities, they started to use them.

### 4. Present status of the awareness of E-banking facilities:

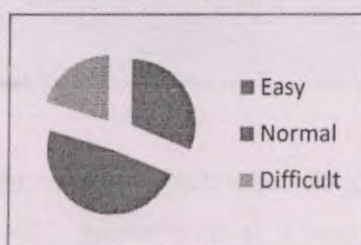
Options	No
Yes	96
No	13



The results show that 88% respondents who are aware of E-banking, avail of the E-banking services and 12% do not prefer these services. In many cases account holders have the knowledge of modern facilities provided by banks, yet they prefer traditional banking.

### 5. Whether or not E-banking is more convenient:

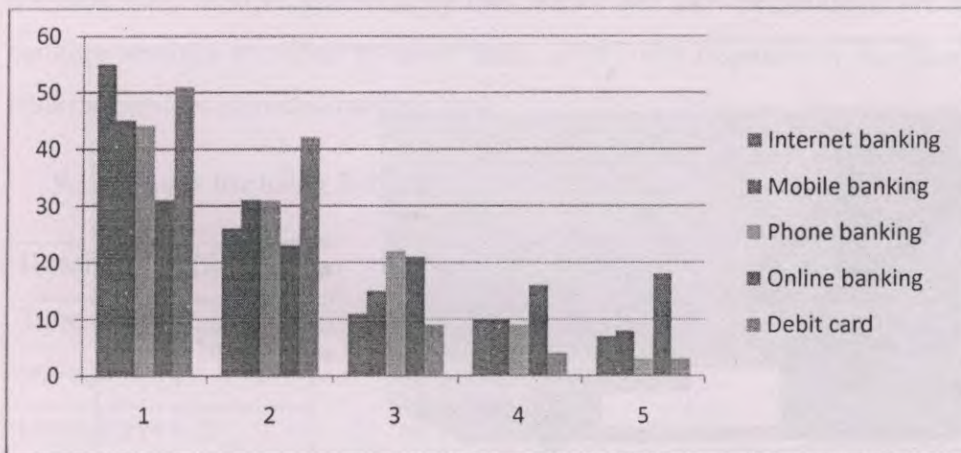
Options	No
Easy	34
Normal	53
Difficult	22



The results shows that 40% respondents found it normal when they access their bank online and 31% respondents found it easy in accessing their bank online, 20% respondents found it difficult to access their bank online because of lack of internet knowledge and connectivity.

6. If yes, frequency of usage:

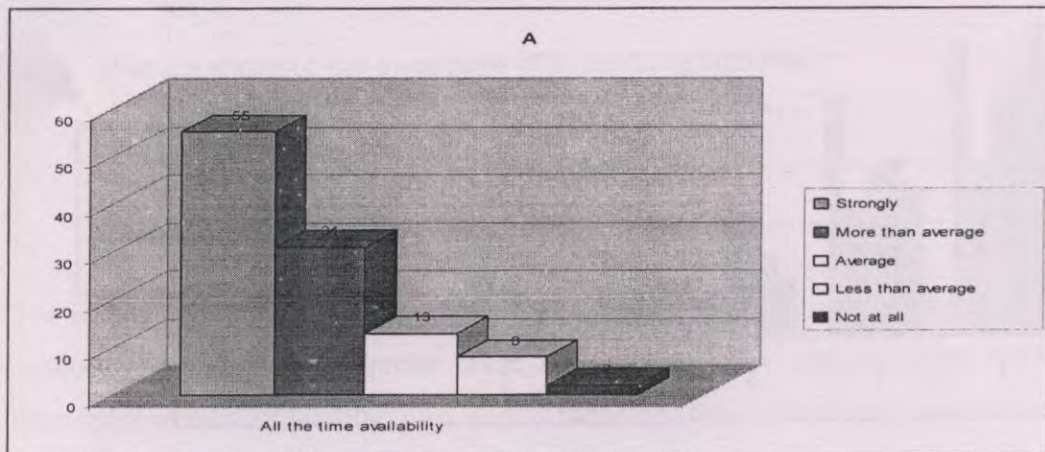
Factors	Daily	Weekly	Fortnightly	Monthly	Frequently
Internet banking	55	26	11	10	7
Mobile banking	45	31	15	10	8
Phone banking	44	31	22	9	3
Online banking	31	23	21	16	18
Debit card	51	42	9	4	3



The results show that majority of the respondents' use internet banking. 55 respondents prefer internet banking as it is easily accessible and easy to operate. They can use this any time anywhere.

7. Factors influencing the use of E-banking services:

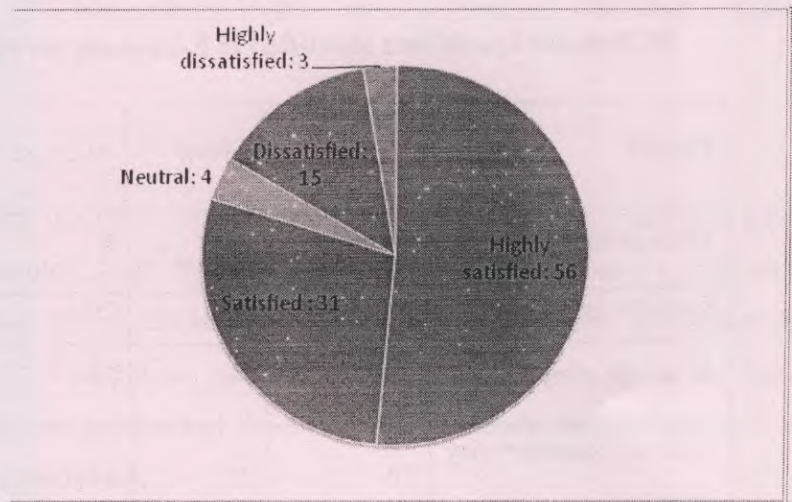
	Factors	Strongly	More than average	Average	Less than average	Not at all
A	All the time availability	55	31	13	8	2
B	Ease of use	49	27	17	11	5
C	Nearness	45	33	25	4	2
D	Security	43	25	19	14	8
E	Direct access	49	31	19	8	2
F	Friends/Relatives	51	27	17	10	4
G	Status symbol	57	31	13	6	2



The results show that all time availability of E-banking facilities positively influences the respondents (50%). While only 7% of the respondents are of the opinion that other factors also affect the usage of E-banking services.

### 8. Satisfaction level of E-banking

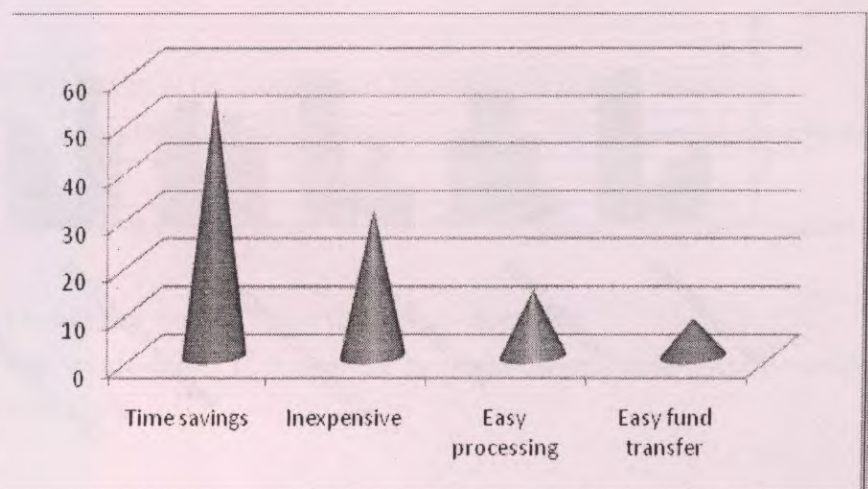
E-Banking services	No
Highly satisfied	56
Satisfied	31
Neutral	4
Dissatisfied	15
Highly dissatisfied	3
Total	109



Most of the customers really liked the facilities provided by banks as they strongly believe that the facilities are convenient for them. Result shows that 48% respondents are highly satisfied with the e-banking services provided by their banks and 28% respondents are satisfied with the e-banking services provided by their bank while 14% respondents are dissatisfied with the e-banking services provided by their bank.

### 9. Reasons for using E-banking:

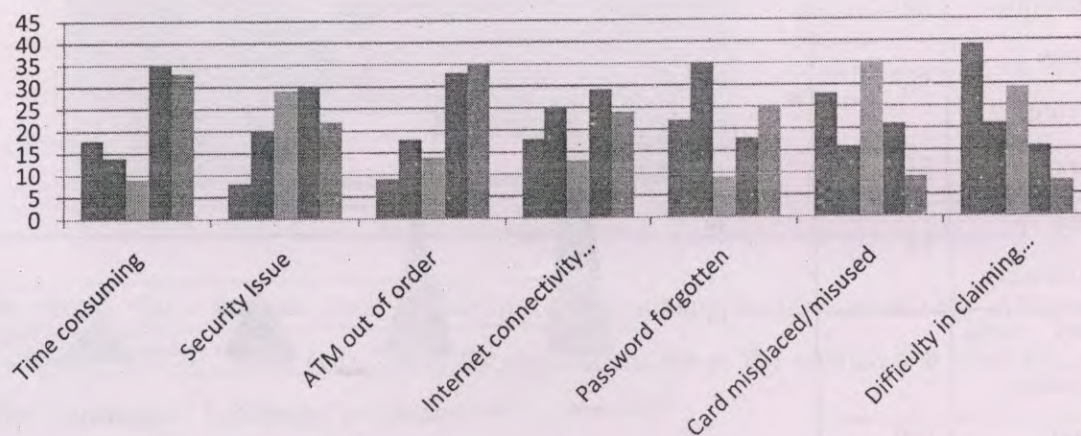
Benefits	No
Time savings	56
Inexpensive	31
Easy processing	14
Easy fund transfer	8
Total	109



Most of the respondents think that the major benefit from E-banking services is its time saving factor.

### 10. Potential problems identified in E-banking services:

Factors	Highly considered	Major	Average	Minor	Ignorable
Time consuming	18	14	9	35	33
Security Issue	8	20	29	30	22
ATM out of order	9	18	14	33	35
Internet connectivity issue	18	25	13	29	24
Password forgotten	22	35	9	18	25
Card misplaced/misused	28	16	35	21	9
Difficulty in claiming false transaction	39	21	29	16	8





The results show that 32% respondents have minor identified potential problems in time for E-banking services and 30% respondents consider time as ignorable identified potential problems in E-banking services, only 17% respondents highly consider time as identified potential problems in E-banking services.

### **Conclusions**

Since 1990, the banking industry has been experimenting with new technology and ICT based work patterns. It has been accepted, both, by bank employees as well as users of the bank services that adoption of ICT has completely changed the scenario of the banking industry. By adopting this technology branches take time on back office work and can focus on better customer service and marketing new products of the bank. ICT has made the banking services faster, more efficient and more economical.

It has been observed that the young generation prefers modern banking system while the people around 50 and above are still more comfortable with the traditional system of banking. Business community is also more comfortable with ICT driven banking. It is also concluded that those customers who were not aware of modern mechanized system were not initially ready to use them. However, with the passage of time they have realized the merits of the new technology and have started using these services with a high level of satisfaction.

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## **Interpersonal Skills and Management**

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### **Introduction**

Interpersonal skills are sometimes known as people skills or communication skills. They are those skills that one uses to interact with others (Caroselli, 2003, p. 17). They involve active listening and highness of the tone one uses as he or she communicates with others. Good communication skills are of great significance in several aspects of life and generally in the business world. One can be very talented but without this skill, which is important in promoting the converting of thoughts into useful contributions, a manager can be a disaster to a firm (Smithson, 1990, p. 9). In today's global and competitive business environment, organizations are struggling to keep several steps ahead of their rivals in an attempt to garner an additional segment of clients.

Among other approaches, organizations have ventured into using consistent and reliable customer service in their differentiation strategies. However, for this to happen organizations must have employees with some set of interpersonal skills that collectively encompass their business, social, and personal lives (Smithson, 1990, p. 53). For instance, an employee can take days producing the most brilliant presentation that has ever been created in order to win a contract from a client, but lack of interpersonal skills to do the presentation effectively and confidently, is likely to deny this employee a chance of winning a client's confidence; hence, resulting in failure to seal a deal. This paper explains the rewards that come along with having good communication and interpersonal skills, more so for firm managers.

### **Benefits of Good Interpersonal skills**

#### ***They Help Individuals to Discover Themselves***

As much as it sounds simple and easy, having self-knowledge is a very challenging fact to many executives and managers. For one to know individuals they need to know themselves first, they must be aware of any blind spots that surround them, which are those situations that they cannot handle, and their optimal business performance (Caroselli, 2003, p. 71). To some managers, this may involve failure to listen to others as they express their views, while to others it is avoiding to involve others in the decision making process, more so on very tough decisions that are of dire urgency. On the other hand, to others it may concern difficulties in coming up with appropriate methods of motivating their staff. As a matter of fact, numerous managers have a tendency of sweeping their weaknesses under the rug instead of accepting them and finding the best solutions to them. In most scenarios, unless this is dealt with, a majority of such managers' efforts are likely to backfire; in most cases, when it is too late (Levy, 2009, p. 50). Therefore, it is important for individuals to understand

themselves, because by understanding their weaknesses and strengths, they can find better ways of improving their general performance.

#### ***They Are Important Tools for Maintaining Control***

In most cases, managers believe that they have control of everything going on in the firm; something which most staff and employees hold contrary because most of them watch in silence. The main remedy to this kind of scenario is, to know when you are losing control and how to fix things. It is very important for managers at one point to pause and reflect when they are in territories that need a lot of commitment. A manager's control strategy tends to make such a manager overreact; although it is a human phenomenon as Caroselli (2003, p. 11) says, it is necessary to control it (emotionality). But, if one's rein is more extreme, especially when it leads to excess stress or shutting down one's leadership abilities, then it is necessary for such an individual to learn how to avoid that through formulating better strategies of understanding themselves.

#### ***They Encourage and Maintain Motivation***

Motivation is not just being optimistic, but rather it must embrace perseverance. As Wright (2007, pp. 27- 29) argues, it is a biological-based connection with a set of points for optimism that makes some individuals look at a glass as half empty and others as half full. Neither of this group is wrong because reality encompasses both extremes (negative and positive sides). Managers with good interpersonal skills directly or indirectly encourage their employees and maintain a motivating environment in them because of the good relationship that they establish (Sommers, 1998, p. 93). On the other hand, although most leaders without this skill can do their jobs perfectly, lack of interpersonal skills may de-motivate their juniors. This is because optimism runs down from managers to employees. If managers have great dreams then their teams will stay motivated and they will always struggle towards better outcomes. On the contrary, if leaders are pessimistic and generally critical, their entire team will become less innovative and more risk-averse (Levy, 2009, p. 66).

On the other hand, perseverance goes hand in hand with motivation and the key player here is interpersonal skills (Johnson, 2002, p. 29). Leaders must always demonstrate the ability to stay on course whether they are in trouble or progressing well. Managers should set clear visions on where the firm is heading in the long run. In this kind of scenario, managers are supposed to make very crucial decisions that can lead the firm to high positions. To achieve this, one has to use interpersonal skills to seek help, more information, and advices from the right bodies (Kagan, 1994, p. 41).

#### ***They Facilitate Recognizing Other People's Interests***

Good managers will always listen to what their companions are saying by taking in every matter instead of taking sides even when they lack proper support (Janasz, 2011, p. 32). Through possessing good interpersonal skills, managers are able to choose a win or lose situation instead of a win or win situation. In other words, they should be open to ideas and ready to analyze every situation before making a decision. There is a need to take other people's perspectives, although such ideas are not always practical (Smithson, 1990, p. 62).

Good managers should just obtain them and put them behind their agendas or sometime make them as a backup plan in case they want to have proper control.

### ***They facilitate Communication flexibility***

Communication flexibility is the ultimate mark for any great and triumphant leader (Smithson, 1990, p. 68). The ability to alter a communication style according to the situation on the ground and taking necessary actions, while considering different effects of such actions is the only way of promoting stability and healthy competition (Smithson, 1990, p. 19). For instance, although a company may fear threats from other competitors who happen to have better strategies that seem to outshine theirs, the way that managers of a company will communicate their company's strategic goals and plans is always the primary determinant of the amount of market share that an organization will win (Kagan, 1994, p. 44).

### **How to Develop and Improve Interpersonal Skills**

Improving interpersonal skills is not an instant learning material but rather it is build over a lifetime, owing to the steps that must be taken in order to build these skills faster and more effectively (Levy, 2009, p. 79). The best way to learn methods of creating good interpersonal skills is through reading. This is the first thing that managers should do if they want to learn anything. There are many articles and books on developing good interpersonal skills and good emotional intelligence. A majority of these books and articles provide strategies for real world situations, ranging from conflicts to motivating concepts (Levy, 2009, p. 80). A second strategy of promoting the development of good interpersonal skills is talking to your team. It is of great significance for managers to teach those around them better methodologies of giving open and honest feedback about their management techniques. It is not degrading or compromising for managers to let their subordinates to know them, as this is one of the primary ways of procuring their help (Kagan, 1994, p. 54). This is important, because in the process, managers will improve their emotional intelligence, which can also help their staff to improve their performance.

Additionally, managers can improve their interpersonal skills by doing an official assessment. With the present improved technology, evaluation can be done using online tools or some interview process that will encourage their participation in a collaborative manner with other stakeholders (Janasz, 2011, p. 66). By doing this, other skills like awareness of blind spots and better opportunity developing strategies can emerge in the process. On the other hand, working with a coach can make managers develop perspectives that might not be clear to them or those around them. A coach can help a manager realize exactly what is happening. By using the help of coaches, individuals will also be able to know the direction their managerial policies are heading and ways of dealing with any shortcomings, which may occur in the process (Yancey, Clarkson, Baxa & Clarksonand, 2003, pp. 1-4 and Hayes, 2002, 91-93).

## Conclusion

In conclusion, in the current business environment, all managers should possess these soft skills in order to competitively compete with the rest of the world (Yancey, Clarkson, Baxa & Clarkson, 2003, pp. 2-4). Success in developing good interpersonal competence is ultimately determined by the experience of stakeholders. It does not matter how effectively a communicator believes in his or her abilities to deliver, because delivery of the required results primarily depends on what a communicator is able to achieve. If the team that a manager leads is not content or do not appreciate how a manager controls an organization's system, then to a larger extent, such a manager is a failure, because such a leader is far from maximizing any inherent and learnt leadership abilities (Kagan, 1994, p. 49). Possessing positive interpersonal skills increase productivity in the firm, because of reduction in the number of conflicts. Furthermore, it allows communication to be easy and comfortable. This is very crucial to the wellbeing of any organization because if there is a communication breakdown in an entity, the level of motivation and the general performance of an organization will be at stake, and also, because likelihood of revolts and disharmony occurring is high.

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# **THE FOOD RETAIL SECTOR DEVELOPMENT AND ITS IMPLICATIONS TO THE SMALL SCALE PRODUCERS IN ASIA: FOCUS ON THE LIVESTOCK SECTOR WITH REFERENCE TO INDIA**

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**INTRODUCTION:** Dynamic is the word that best describes the Asian food market, as it is fast changing face and structure. This market dynamism in the region is mirrored through the advent of borderless trade, mobility of factors of production highly aided by breakthroughs in information and communication technology (ICT), new and better equipped market players (entry of modern retailers) who are seen coexisting with the still popular traditional retailers and the increasingly discriminating consumers who are becoming more and more health, safety and price conscious.

The market dynamism is attributed firstly to expanding income that brings about diversity in food demanded, from staples to high value food products such as fresh fruit and vegetables (FFV), meat and fish, among others and secondly to enhanced development in food sourcing and distribution through efficiency driven supply chains and the growth and expansion of modern retail system. In the Asian region, Vietnam is one of the fastest growing markets. In year 2000, it had been cited as the economy to watch in Asia and less than a decade after, the fastest growing economy in the region, given its average steady annual growth rate of 7 percent. It currently ranks as the world's fourth most attractive market (next only to India, Russia and China). The development of Asia's agricultural sector is best viewed within the market which consists of two successive reforms: the allocation of means of production (especially land) to individual households, followed by economic liberalization and the opening to external markets. This resulted in the inflow of foreign direct investments (FDI), among others.

**THE FOOD MARKET TRENDS AND STATUS IN ASIA:** The development in the agricultural sector is a contributory factor to the growth of the retail sector in Asia. In addition, the consistently strong economic growth and improved per capita income have contributed to the robust expansion of Asia's retail trade, according to the USDA GAIN Report of 2007. Nationwide retail sales of goods and services, estimated at \$23 billion per year with a high growth rate of over 10% per year for the last five years has been posted by this sector.

## **A. The Agri-food Sector**

The high-value food subsector has become the engine of growth in Asia's agricultural sector (World Bank, 2006) with its main agricultural products exported such as rice (20percent), fisheries (20percent), coffee (95 percent), cashew nuts (90percent) pepper (98 percent) and

tea (75 percent). Agricultural exports on the average grew 14.6 percent annually accounting to 27 percent of the total export as of 2005. Short subsector performances of selected commodities are described in the succeeding boxes. Fruit and vegetables represent the largest import and export foods with an estimated value of about US\$103bn per year, with China as the major destination (after the collapse of Russia). While the performance of emerging high value commodities are exceptional, the same cannot be said with traditional crops as rice, together with coffee with each commodity sector posting a decline of an estimated US 10B per year. Other agricultural products like tea, cashew nuts and pepper have even been the worst hit of declining export performance, currently worth about US\$3 billion per annum.

Fishery is another potential sector of Asia but potentials remain untapped due to the sector's inability to meet quality standard requirements of the export market.

The livestock sector is likewise another bright spot for Asia having contributed 20 percent to the GDP and this is expected to reach a 30 percent level by 2010. An average annual growth rate of 6 percent has been posted by the sector during the last five years and this is expected to accelerate to 8% in the next five years. Pork is the biggest contributor as it accounted for nearly two-thirds of total livestock production. India is the second largest producer of pork in the region after China, with an output of 2.3 MT in 2005. Poultry (including eggs) is the second largest in terms of contribution to total livestock production, although it is the largest in terms of size of population. Smallholder poultry production is predominant in rural areas; some 80% of rural households raise poultry.

Recent bouts of avian influenza have dissipated poultry stocks in the country, resulting in lower than average levels of output and exhibiting negative growth in 2000-2005, although it is slowly recovering. Beef cattle and buffalo have remained at low levels of growth, while goats have increased in numbers during the recent years, albeit starting at a low base. In terms of the packaged food category, the dairy subsector is one of the fastest growing, with an estimated 2006 sales (in current value terms) of VND 5375.1 billion (€267 million) with Milk accounting for the majority share (Euromonitor). The dairy market is forecast to reach VND9560.7 billion in 2010. Distribution improvement and economic growth will also contribute to growth in dairy consumption. However, milk production is still very low and Asia imports about 80% of its requirements.

#### **B. The Retail Sector:**

Retail sales of goods and services were valued at VND726 trillion (\$45 billion) in 2007, or 63% of the gross domestic product (GDP). As per the country's Ministry of Industry and Trade (MIT) projection, this is expected to grow 20.5% this year to 875 trillion (US\$54.3 billion), after a 23.3% rise last year. For the year 2010, a retail sales target of VND1, 024 trillion (\$63.9 billion) has been set by the government. The retail sub sector which has the highest growth opportunities, has been identified as that of food and groceries, though demand for durable and semi durable goods have likewise been reportedly increasing.

Though growing, India's retail sector as a percentage of GDP is still one of the lowest in Asia (63 percent). It belongs to the 3<sup>rd</sup> wave of supermarket revolution where the take off started in the late 1990's or early 2000 and where the food retail percentage is 1-15 percent of total (Reardon and Timmer, 2007). The country's Food and beverage (F&B) retail sale is about 11-12 percent of total retail sales, of which 18-20 percent are imported.

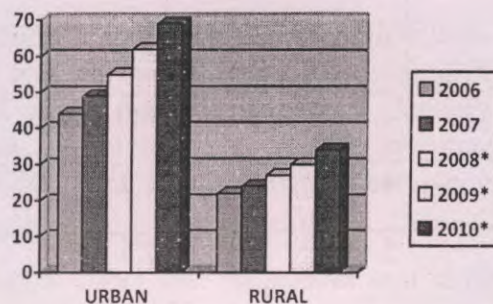


The retail food market in Southeast India, Asia included is of dual face characterized by modern retail markets existing side by side with wet markets. It is still dominated by traditional wet markets and small household-owned “mom and pop” shops, with modern retailers still only a small share of the market, though their numbers are growing USDA 2007. Recent estimates in India of traditional retailers, on one hand reflect about 9,000 wet markets and hundreds of thousands of food shops. Latest count of modern retailers, on the other hand, yielded about 115 in the supermarket, hypermarket and wholesale center grouping, 100 mini marts and 25 shopping centers.

As per consumer preference, modern retailers tend to pull wet market frequenters in terms of its health and food safety promotion. Convenience shopping and the increasing household ownership of refrigerators are factors that gradually pull the daily wet market in Asia’s shoppers to the modern retailers. In general, changes in the global food markets are greatly attributed to economic growth, increasing urbanization, growing middle class with accompanying income enhancement as well as information, communication and technological (ICT) related improvement. Trade liberalization and government initiatives in enhancing business climates are likewise known drivers of restructuring in the retail food sector.

In India, it is the increasing disposable income which has been identified as the core driver for consumer spending, aided by increasing population, rising middle class and overseas remittances. This enhanced consumer spending is a recent development in India. The trend is expected to continue with the retail sector growing at a moderate rate in the near future. In the 2005 study, it was cited that while income, particularly of the middle class, increased, it had not yet translated into a corresponding level of consumer spending. Recent statistics, however, prove that this no longer holds as consumer spending per capita have been increasing and is projected to continue to grow at an average rate of 6.25 and 3 percent at India’s urban and rural sector, respectively (Figure 1). In fact, India now has the highest consumer spending as a percentage of GDP (70) compared to neighboring Thailand (68), Malaysia (58) and Singapore (56). It is even projected that retail goods as a percentage of consumer spending will be 80 percent by 2010.

Fig 1. Consumer Spending in Asia  
Ave. Consumer Spending Per Capita



Source: MOF (projected)

In the same manner, overseas remittance then, is still new and not a widely reported phenomenon in the country. Barely half a century later, India has already posted a US\$ 4 billion dollar remittance level, already a third of that of the Philippines which for years had posted one of the highest overseas remittance in the sub region. Increasing tourism subsector is another emerging driver of the retail sector's growth with an average rate of 10 percent annually or around 4.2 million tourists in year 2007 alone. Five years ago, India was just positioning itself as a safe tourist haven in the region; now its volume of tourist is almost half of that of Thailand, the long reigning tourist destination in the region. With India's accession to the World trade agreement and the opening up of the distribution service sector to foreign companies at a 100 percent ownership level (as against shared ownership before) the retail sector growth is expected to increase at a faster rate with the anticipated FDI inflow.

Given a remarkable and expectedly continuing economic growth, what are its implications to India in general, and to the various sectors particularly the domestic retailers and the smallholder producers? Specifically how has this changed the structure of agriculture, the food system, in particular and how has this restructuring created opportunities for the smallholder producers which comprised the greater majority of India's rural poor?

### C. The livestock sector:

The phenomenal growth in livestock products in the developing world in recent decades has been characterized as the "Livestock Revolution." The demand-led expansion of supply of livestock products is driven by more affluent urban consumers that are shifting their diet towards more animal protein and less of grain-based ones. Demand for livestock products has been increasing nearly 8% during the last five years in India (see Table 1) and this is driven by rising income and increasing urbanization in the country as earlier cited.

Table 1. Per capita meat consumption in India.

Livestock product	Growth per year (%)		
	1980-1990	1990-2000	2000-2005
Meat, total	7.9	6.0	7.8
Pigs	9.3	6.5	12.3
Poultry	5.9	8.0	-3.4
Beef/buffalo	4.8	1.2	1.0
Eggs, total	5.4	7.6	6.6
Milk, total	2.6	4.1	29.4

Source: Hall et al. 2006.

The nature of demand for livestock products is likewise changing in India. There is that increasing consumption pattern of processed meat and dairy products, the emerging importance of food safety concerns (disease free, antibiotic/chemical free, etc) and the growing awareness about health issues (lean meat vs. fat meat consumption). Despite these changes however, some culture related dimensions prevail such as the traditional penchant and preferences for fatty pork in some regions and more importantly, the still strong preference for fresh warm meat relative to chilled or frozen ones.

## **IMPLICATIONS OF THE FOOD RETAIL SECTOR'S GROWTH:**

Any development process usually brings with it opportunities and challenges and the growth of Asia's food retail sector is no different. The accompanying challenges when not appropriately addressed may erode the opportunities it brings to the country and varying sub sectors as well.

### **A. To India**

In general terms, the growth of the retail sector brings with it new opportunities for India, in terms of expanded markets both at the international and domestic levels. It likewise provides accompanying demand for higher volumes and value added products which spells more productive economic activity and consequent employment generation. However, these opportunities will only be maximized (if ever they materialize at all) if the country's domestic companies undergo competency enhancing changes, as most are currently ill equipped to compete head on with foreign counterparts in terms of quality, quantity, cost efficiencies and supply reliability, among others.

In the absence of matching investment in almost all relevant fronts, such as infrastructure, skills, technology and suitable policy environment, these opportunities will go to naught. In terms of providing a suitable environment to help small producers get a fair share of the benefits associated with the retail sector's growth, there is a need for government initiated credit programs. This will enable small farmers to produce quality fresh products like vegetables, fruits, and fresh meat products in the form, quality and volume required by the supermarkets.

### **B. On Different Sectors**

#### **1. Domestic Retailers**

Domestic retailers are already confronted with stiff competition given the high and better equipped multi-national giant retailers operating in India. Even stiffer competition is expected with the eventual entry of more foreign players by January 2010 (already making preparations this early) given the relaxation of foreign investment policy as part of the country's commitment to WTO. This implies that to survive competition a number of measures need to be adopted.

**Invest in appropriate technologies and structures and skills:** To prepare for greater competition, domestic retailers have to invest in appropriate technologies and facilities not only to meet food safety requirements but to enhance efficiency and lower costs as well.

Professional Logistics System like cold storage, equipment, and transportation system should be in place to ensure that good quality products will reach the consumers. The use of IT based Point of sales technology (POS) are product information enhancing systems that afford transaction accuracy and efficiency, as well, for example, hardware systems like barcode scanners, receipt printers, cash registers – information about the products and at the same time making the transaction accurate and efficient. It is also useful in tracking sales and inventory for decision making of managers. A trained human resource team particularly merchandisers, managers, and customer relations staff is essential in quality service provision, as customer service is a crucial feature of the retail business.

**Capitalize on core competencies:** Familiarity of local situation and the feel of what the local consumers prefer are advantages domestic retailers have over foreign competitors. Taking advantage of these core competencies (keeping close to their customers) and sustaining advantage will help them stay in competition.

## 2. The Smallholder producers

The small producers have to brace themselves with enhanced competition brought about by the global free trade, where they have to compete with imported farm products in their own domestic markets. For them to survive, they need to be made competitive and be linked to different markets.

**Increased production and more varietal options:** Since the reforms, national food consumption has more than doubled from US \$ 61 billion in 1998 to US\$ in 2004. While the typical Indian diet is still basically rice and vegetables, as income increases, so does the consumption of fresh fruit and vegetables (FFV) and animal based products. This together with a lot of growth drivers have led to increased production and more product options (high value crops, fresh fruit and vegetables (FFV) and nuts, etc) to smallholder producers. However, most of them are unable to tap these potentials given their inability to meet quality and safety requirements.

**Focus on market requirements:** More than production and quantity enhancements, smallholder producers need to focus on market requirements, foremost of which are quality, consistency and reliability. Farmers are unable to sell their produce to supermarkets because of quality and supply issues (Asia News, 2006). Supermarkets have strict food sanitations, quality standards, and tight delivery schedules. Farmer groups or clusters working together to meet volume and quality requirement are emerging to producer responses in this regard.

**Linking up with domestic retailers and farmer organizations:** There is no formal distribution network for Indian farmers (ADB, 2006). Farmers stand to get higher prices by selling directly to supermarkets but are, instead, forced to sell their produce to intermediaries. Supermarkets also offer farmers the advantage of stability in prices and volume. But due to the lack of formal distribution network, farmers are unable to capitalize on the growing trend of the supermarket. Tie-ups with farmer organizations like co-operatives to set up their own distribution channels to do processing; create farm trademarks so that they can directly deal with supermarkets.

### **3. The livestock retail markets and smallholder producer access**

As previously discussed, the ongoing restructuring of the agri-food retail markets, resulting to a bimodal structure presents various opportunities as well as challenges to small producers.

**Opportunities in the traditional market:** Small producers have the stronghold in supplying traditional retail markets like wet markets. Empirical evidence from India's neighboring countries in Southeast Asia confirm that traditional fresh markets will remain the main market outlet preferred by consumers for their fresh food purchases such as meat, fresh fruits and vegetables, despite increasing importance of supermarkets and accompanying demand for safe, uniform products. Smallholders will need to continue to capitalize on this comparative advantage in supplying meat with the preferred attributes by Indian consumers, e.g. fresh, warm meat as opposed to chilled or frozen meat that is usually sold by modern retail outlets. Personal relationships with retailers in traditional markets also count in sustaining this preferred market outlet, as opposed to the impersonal nature of services in modern retail outlets. Trust is built over time with regular retailers in traditional markets and this can supersede any formal certification and labeling that may be applied or used by modern retail outlets like supermarkets. In urban settings with more mobile urban population, this personal relationship may be difficult to sustain, however, some formal form of certification or truth in labeling may be more appreciated by consumers.

**Challenges posed by modern food retail markets:** Food safety and traceability standards demanded by modern food retail outlets are difficult to meet given smallholder resources and capacities. Food safety is not just a matter of medical suitability for human consumption; in the market place it is a demanded attribute that has much to do with the safety certification the product possesses, as it does with its actual safety. Smallholder produced livestock products that are not certified as having been produced and handled through safe processes cannot compete in these markets, even if they are perfectly safe. Food safety certification has a cost to deliver and requires a price premium to elicit supply for the marketplace. Food safety may not be scale-neutral to produce, and hence may continually be a barrier to smallholder inclusion in modern food retail markets.

Other smallholder conditions and circumstances that limit their ability to meet food safety standards include their location and corresponding lack of access to post-harvest facilities such as a cold chain. For example, smallholders are usually distantly located from urban markets and lack access to refrigerated cold chains needed to deliver perishable food products across long distances. Smallholder outputs are also often too small and unreliable to appeal to industrial food processors, who find it easier and cheaper to negotiate with a few large producers than many small ones.

Production related constraints that hinder smallholders' ability to realize high-quality; consistent supplies are also significant concerns. These include financial constraints, as well as difficulties in input markets, lack of technical and managerial capacities, etc. Specifically for high-standards products, smallholders might lack the expertise and have no access to

crucial inputs such as improved stock and/or feeds, etc. These constraints are further exacerbated by the lack of efficient institutions and infrastructure to assure consistent, reliable, quality, and timely supply through spot market arrangements.

Policy and institutional framework favor large scale farms, e.g., tariff and fiscal incentives such as preferential access to breeding animals and imported feed grain, easier access to subsidized credit, lower cost of mitigation per unit of waste produced, among others. Indian authorities strongly encourage the development of modern distribution outlets in cities in order to solve perceived problems of food, health and safety in the production and marketing system; accordingly traditional markets are being closed or replaced with modern ones. There are also production related biases towards large scale farms, e.g., economies of scale in investment for housing, feeding, breeding, animal health technology, concentration in input and processing sectors, among others. Likewise, vertical integration and formal contract farming arrangements tend to promote increasing farm size given the integrator's propensity to choose medium to large scale farms as participants in contract growing schemes.

Sustaining and enhancing competitiveness in the fresh meat market, be it in traditional or modern market, still remains a challenge among smallholder producers. Relative competitiveness can be defined as being able to produce at a lower unit cost of production than one's competitors. This boils down to remaining efficient as a production unit and will largely depend on access to improved technology and linkages with input and output markets. If large farms, on the other hand, can produce at lower unit cost of production than small farms, they will clearly drive small farms out of the market over time.

The market price that applies to both large and small units, by this reasoning, will fall as large producers expand and small ones get squeezed out. The only future for smallholders will be to stay in a few higher-priced niche markets not served by large farms, if these markets exist, and to cut costs by remunerating their family labor less than what a large farm pays to hired labor. It is unlikely that smallholders will be able to sustain production under this condition. However, if small farms can produce at lower per unit cost than large farms in the same markets, then they have a chance to remain competitive in that market. This will be feasible when small farms are more efficient users of farm resources, perhaps because they put more care per unit of input into what they do (i.e., highly motivated to do well in their own farms), then they have a market advantage over large farms that will be difficult to overcome.

#### **IV. Emerging Responses**

The growth of the food retail system has elicited a number of responses from economies and their different sub-sectors either to gain a fair share of the accompanying benefits or lessen the onslaught and negative impact to their varying sectors.

## **A. Government of India**

The Indian government's initiative has been seen as a rallying force in the growth of retailers in terms of modern retailer expansion and traditional market upgrading, planning of food distribution centralization and eradication of informal markets and street vending (and relaxation of FDI regulation). Food safety initiatives on safe vegetables, for instance was launched by the government in the 1990s and have similarly complemented supermarket requirements for control, labeling and safety.

Efforts to boost the retail sector likewise expanded to other sub-sectors. The Indian government has earmarked the tourism industry as a provider of further growth with the expected increase in the number of tourists, to boost retailing in India, as detailed in the country's foreign affairs plan. Also with the local populace growing in sophistication and increasing disposable incomes, industry experts view the forecast period as a good time to set up international-standard retailing outlets, especially in leading cities according to the same plan source. It was further reported that this continued development of the economic and social fabric of Indian society has spurred developers' interest in India. It has also accelerated the expansion of new retailing formats such as supermarkets, department stores and specialist retailers such as perfumeries and food specialists, which will further spearhead retailing development in the near future.

## **B. Responses by Sector**

### **1. Domestic retailers**

The domestic retailers' responses to the growth of the retail sector and the accompanying competition it poses converge on upgrading facilities and on expanding operation, as well as, forging strategic alliances between and among them. Currently, there are three major retailer types in India, as cited by the secretary general of the Indian Retailers Association, namely: 1) foreign retailers (usually world leaders) not yet present in India, yet already building their presence and linking up with local retailers, 2) those foreign retailers already operating in India (including new entrants) and 3) the domestic retailers.

Market entry and establishing foothold even prior to entry is a foremost strategy of type one retailers. This, they carry out through forging alliances with firms already in operation in India and who have established records in the business. Type 2 major retailers, like the first one may forge alliances with local distributors or build their own team depending upon desired reach and scale of operation.

### **2. Smallholder Producers**

While a number of smallholder responses have been observed in terms of forming groups (cooperatives, farmer organizations, etc) and seeking assistance from government and private sectors, still in general, smallholder producers are perceived to have been responding slowly to the fast evolving dynamic markets. Are they really slow in responding or are they just being rationale in their decisions? When small producers are asked why they do not produce more, the usual answer is that there are no markets to absorb their produce, or there are no distribution systems to bring their products to the appropriate markets. As to why they don't enhance their product quality, the typical response indicates that there is no incentive to

improve on quality, as more often than not at farm level, sorting and grading are not undertaken. These common answers are actually not reflective of slowness in response but actually logical decisions given the situations they are in. Maybe the focus of future assistance should be on developing an enabling environment that provides not only access but incentives as well, for small producers to undertake volume and quality enhancements as called for, by dynamic markets.

The growth of the retail sector is expected to continue and various sectors have roles to play to ensure that India as a country and its people by sector will benefit from the sector's growth.

#### **A. Government Sector**

The development of wholesale and traditional markets has initiatives already on ground, as far as India is concerned. However, continuous assessment on how market development policies (relocation, upgrading ) have enhanced (or not), abilities of smallholder farmers to find market and command better prices are needed to ensure that pro farmer and pro market objectives are equally met. In the same manner, government support in providing financial assistance is needed so that farmers can set-up systems to ensure quality that will allow them to sell to supermarkets.

As to affording smallholders access to modern retailers, a call for corporate social responsibility by local government units or farmer groups in terms of a gradually increasing percentage purchase from small producers with potentials may be resorted to. Promoting a "handholding " or big to small brother mode in helping certain groups of organized farmers and improve quality standards under a CSR program will benefit small producers a lot. Shouldering the bigger bulk of the risk, while quality enhancement initiatives are in progress, will be an added benefit provided to the small producers again in the name of CSR.

#### **B. Domestic Retailers**

Sticking to comparative advantage and core competencies are the observable strategies that domestic retailers are adopting to ward off competition, and to protect and sustain share of the retail market. Familiarity and knowledge of doing business in their home country context is the comparative advantage they have over the bigger and generally better equipped foreign competitors. To do business in partnership with foreign competitors (as offered to them) is to let go of the said advantage and head for potential takeovers.

Sticking to core competencies, on the other hand, is reflected in the domestic retailers strategies of maintaining networks of small stores, where they are more adept at rather than operating big ones, which they may not have the appropriate financial and managerial requirements. Developing networks of small scale, neighborhood supermarkets appear to be a better strategy given the financial conditions and managerial abilities of domestic companies. Similarly we need to keep close to their neighborhood customers to retain business patronage and loyalty, and be able to compete with foreign distributors. This strategy likewise caters to the buying habits of most Indians, that of, frequenting the market/retailer on a daily basis for purpose of freshness of food.



### **C. The Smallholder Producers**

Given all the restructuring in the agricultural and retail sector and sub sectors respectively, how many smallholder producers are assured of integration and inclusive businesses in the process? Firstly mapping and sub sector analysis of each commodity provides a comprehensive view of the potentials that abound and the challenges that beset each commodity sector, thus industry assessment on a per commodity basis will prove handy to guide farmers and organizations assisting them in formulating strategies that will enhance integration to sustainable markets.

Secondly, country evidences have shown that the household based production expansion on a per farming household basis (land reform of 1988) provided production options from staple to high value crops (fruit, vegetables and nuts) and expanded production in the process. However, potential gains are not maximized, given the inability to meet the grade, in terms of quality and safety of both global and domestic (modern retailers) markets. Initiatives on standard enhancement at the national level on re-gap are continuously pursued and efforts to enhance farmers' awareness and education on standards and quality be made a regular concern/activity, by both extension units of the local governments and farmer groups.

That not all farmers can supply modern retailers is an overused phrase, and yet efforts along this line are still expecting as, however, alternative options that will facilitate linking are not always available. That, India's domestic retailers' resolve to have a unified stance to brace them against foreign competition; shows how collective action can work for less endowed groups. Though small in operation and scale (compared with modern retailers), they can provide the smallholder producers regular markets for their produce and together can innovate in ways by which quality standards can be addressed, initially on a pilot scale (given flexibility of size and volume).

### **D. The Livestock Sector**

In order for the livestock sector to be competitive in the emerging political and economic environment, and rise up to the challenges while taking advantage of opportunities, there has to be an effort to improve productivity through modernization, and enhance product value and quality through regulations and a comprehensive investment strategy. This vision will need to be translated into clear policy statements and backed up by tangible programs. An enabling policy environment is essential for the development of the sector, and could pave the way for increased participation by smallholder livestock producers in the development process. This is where the government and everybody involved in the policymaking arena have an important role to play.

Specifically, it is envisioned that the government could play a regulatory role in ensuring that standards and regulations to produce high quality, safe meat and meat products will be enforced and sustained. Research into the development of alternative production models that are suitable for smallholder producers and at the same time capable of generating high quality and safe meat and meat products would be important in engendering more smallholder participation in emerging markets for livestock. Policies and institutions to enable the creation of an environment where this research could flourish and bear useful, tangible results will be very critical. Collective action to take advantage of economies of scale in input procurement, as well as, output marketing could potentially be developed and tested for replication on a wider scale. Government support for these initiatives would certainly be preferred. A detailed discussion of some key areas that need policy support follows.

**Pro-poor, pro-market policymaking:** This will target policy interventions that will enhance market inclusion of smallholder livestock producers and may involve defining a new set of incentives to engender smallholder participation in livestock markets, or enable smallholders to effectively respond to those incentives. Some examples here would include supportive policies to develop efficient livestock services delivery such as extension, veterinary services, good quality genetic material for improved breeding practices tailored to smallholder conditions including information on breed performance, market information, feed quality labeling or certification, and efficient access to affordable credit. Empirical evidence from ILRI research, in South Asia, indicates that constraints in accessing credit, limits ability of smallholder livestock farmers to adopt productivity enhancing technologies (and supportive investments in inputs, assets, etc. to maximize potential from the technology), resulting in low levels of marketable surplus. Credit constraints arise from inability to provide collateral that is acceptable to financial institutions.

**Collective action:** Strategies for collective action may lower transaction costs of input procurement and output marketing through collective negotiation by its members. These strategies also build capacity for entrepreneurship and effective management of agribusiness; with institutional and technical support. These producer groups can achieve economies of scale and meet the standards for food safety and quality that will allow them to match the market clout of large industrial operations.

The issue of economies of scale does not primarily emerge in production, but arises mostly in processing, marketing, and distribution. When several standards have to be adopted at the farm level, the necessary changes in production and post-production activities required for a modern agri-food system are more difficult to implement and monitor when a large number of farmers are involved. The complications arise from the coordination of a large number of people. Farmer organizations such as groups, cooperatives, and associations could take the lead in reducing the coordination problems faced by enterprises in dealing with farmers. It will also facilitate building a collective reputation that can generate price premia in the market or at the very least reduce the transaction cost from moral hazard due to lack of credible (and affordable) certification mechanisms that are suited to smallholder conditions. Despite some success, however, supportive policies to foster an enabling environment to propagate this organizational response to market opportunities are not yet effectively in place in India. There is a need to revisit the existing Cooperative Law for some adjustments tailored to the realities of markets in India and provide the appropriate incentives to engender the desired behavioral response by target farmers.

**Private-public partnership:** Harness private sector as an effective partner in development through appropriate incentives via regulatory framework for doing business. Private sector partners can facilitate technology transfer, thus enhancing prospects for productivity enhancement by its farmer-collaborators. Private sector partnerships can also enhance capacity building in the soft skills of management, as well as, in the technical aspects of production that are supportive of the adoption of new technology. In addition, private sector partners can open up markets for farmers that otherwise would not be accessible to them from lack of market information and/or market clout. Examples of this can be found in selected contract growing schemes offered by private feed companies (called integrators) to their contract grower (pig producers), although empirical evidence points to

the limitations of this scheme to bring in those who are at the lower end of the scale spectrum of smallholder producers. However, contract growing schemes with producer organizations or cooperatives may be an alternative option to overcome the scale barrier arising from requirements for participation imposed by integrators.

**CONCLUSION:** India is at the cusp of transition from a mono-crop economy, to one that is more diversified, and the livestock sector is becoming one of the key player in this transition process. In laying out the priorities for the development of the sector, an important point to consider is the extent to which smallholder producers are being carried into the development process instead of gradually being marginalized through inappropriate institutions and policies. In addition, it is important to note that a huge impetus of this development process should be anchored on the rapidly growing domestic market and the changing nature of its demand. The export market has huge potentials but in the near term it is the domestic market that will be driving the growth of the sector. This is also where opportunities for inclusion of smallholders may provide realizable returns alongside the ongoing transformation of the food retail market. Targeting the export market will have to be a long-term objective, after the conditions of the domestic market will have improved and set the stage for a more broad-based growth of the sector.

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## **Women Empowerment**

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### **Introduction**

The report lists some trends of human resources best practices, specific to diversity and inclusion. Titled "**Best Practices in Diversity and Inclusion**", the project is an attempt to understand the trends in fostering a diverse workforce and a culture of inclusivity in an organization, pertaining to women, disabled employees, culture, sexual orientation and veteran status. The report also encapsulates some emerging trends in companies in terms of recruitment of people without a proper technical background, staying in touch with employees gone on sabbaticals and corporate alumni networks.

The project spans a total of six sectors. An analysis of the practices across the sectors which includes: IT, ITES (BPOs and KPOs), Banking and financial services, Professional Services, Telecom and FMCG.

The study captures the various strategies adopted by a company pertaining to each aspect of diversity with relation to all its employees. These trends have been analyzed in depth to deduct how each organization has been successful in implementing its policies and initiatives. The most commonly adopted strategies are to increase the number of women in senior leadership position and ensure that the infrastructure of the company is disable friendly. Most organizations also provide all the necessary technological support to ensure that even the disabled employees can perform on par with the others.

The report also provides an overall view of some emerging trends in companies to encourage diversity and inclusion since it is becoming a buzzword in all companies irrespective of the sector they operate in.

### **Background on Diversity and Inclusion**

The general attitude of companies towards people today can be understood from the way American Express has expressed their support for employees from diverse backgrounds.

Diversity can be defined as a collective mixture of differences (both visible and non-visible) and similarities that exist between people. These differences can mean anything from height, weight, eye color and right hander vs. left hander, gender, physical ability,

age, ethnicity and religion to parental status, sexual orientation, veteran status or work style on a deeper level.

Critical core competencies related to diversity includes: cultural awareness and understanding, generational awareness and understanding, cross cultural communication, teamwork and conflict resolution.

Inclusion talks about respecting these similarities and differences. Inclusion harnesses these differences, creating a productive environment in which everyone feels valued, where talent is fully utilized and in which organizational goals are met. By combining the core competencies listed above a respectful and inclusive work environment can be developed.

This helps them educate their leaders and in turn propagate the message right down to the lowest levels.

Strategies to build diverse workplaces can start from the recruitment stage itself. And then to make inclusive, strategic initiatives can be adopted in the form of mentoring programs, diversity councils and flexible options.

### **Why Diversity and Inclusion?**

The intention of any organization is not to provide advantage through reservation or quotas, but to eliminate disadvantages.

A heterogeneous workforce brings out a variety of perspectives, which in turn helps to counter competition and serve customers in a more efficient way. It also presents new business opportunities in those segments that the organization was not able to tap before. Having a diverse but inclusive workforce makes good business sense in today's environment.

When there are differences within the workforce, it is important to harness these differences and create a work environment where employees are engaged, feel valued and respected so that they can collaborate effectively and, the performance of the combined team is not impacted negatively. An inclusive atmosphere creates a synergy in the output.

It is essential to garner the support of senior leaders. Once the leaders understand the need for this, they would be willing to adopt the necessary practices and also take the responsibility of training the managers who would in turn be responsible for building a diverse and inclusive environment.

### **Diversity and Inclusion in the Indian Context**

With the changing global scenario, this situation has been changing rapidly and has become a business. Companies in India are stressing on providing equal employment

opportunities to all irrespective of caste, creed, religion, disability, gender, veteran status etc. Many even go out of their way to train people with disabilities and even people from less privileged social backgrounds and keep their employees engaged thus helping companies reduce their recruitment and attrition costs and increase retention of their top talent: this in turn helps them to sustain their competitiveness.

#### **NASSCOM view on diversity**

NASSCOM believes that the increasing focus on women by the IT-BPO industry is an acknowledgement to their growing role in the economy. There is a direct correlation between the employment of women and the economic well being of nation. The number of women in this industry is on the rise as companies truly believe that women have the characteristics desired to be great performers on the job as they are able to seamlessly bring on board qualities like empathy and emotional intelligence in their decision-making process and are also capable of learning to manage conflict as an intrinsic skill.

#### **Some of these best practices in India :**

- Remaining open to accepting the different capabilities that women bring into the workplace and creation of a nurturing environment for them in the workplace to take leadership roles.
- Introducing policies and processes that support women.
- Making the security and dignity of female employees a priority.

#### **Objectives of the study**

To gain a meaningful insight into the best practices followed by organizations to encourage diversity and inclusion in the workforce in terms of recruitment, engagement and retention.

#### **Scope of the study**

The report is based on a brief study of fifteen companies spanning six sectors and captures how these organizations have instilled diversity into their culture and value systems. The methodology used is informal discussions with the randomly chosen representatives. On the assurance of maintaining anonymity, the concerned expressed information and their opinions. The methodology used is descriptive line of attack. The result is that there is no existence of either graphs or tables or tabulated statements. It is felt that, the above study will lead to further inquiry, questioning and intrusive learning in this area.



## **Assumptions**

The representatives of the participant companies were being completely honest about the D&I practices implemented and disclosed all the relevant information about the initiatives they had.

## **Methodology**

The entire project could be divided into three main stages: the preparatory stage, the intermediate stage and the final stage.

The preparatory stages of the project involved understanding what organization mean by diversity and inclusion.

The next stage involved preparing the questionnaire, seeking appointments with target companies, conducting interviews, collecting and compiling the information.

Finally, the information as available after these discussions was compiled and trends were analyzed for each strategy involved.

## **Difficulties Faced**

- Fear of releasing confidential data
- Incomplete and inaccurate answers to questions posed.
- Company policies which restricted the release of internal policies to outsiders.
- Mistrust of students and how they would handle confidential data
- Confidentiality of data which was critical.

An overview of workforce diversity in the sectors visited:

### **IT and ITES Sector:**

The IT and ITES sector in an organization are among the largest employers of women. The reason being, their belief in the ability of women to deliver just as a man would be able to.

ITES sector is becoming increasingly proactive in maintaining their gender ratios even in high end roles.

As a part of their CSR activities, companies in these sectors have also been active in the recruitment and engagement of people with disabilities. According to a survey of the IT

and ITES companies conducted by Deloitte for NASSCOM, at least 64% of the companies in these sectors employ people with disabilities. These companies have leveraged technology to enable a disabled person to function normally in his tasks. People with disabilities comprise 1% of the workforce.

Most of the IT and ITES companies have a global reach and to serve their customers better, they employ a number of foreign nationals but the costs involved make it infeasible to hire these foreign nationals in large numbers. These sectors are also hiring veterans and women who had taken long breaks in their careers. They are also actively training and hiring people from rural areas, as well as, testing new waters by creating employment opportunities for non-technical personnel.

To reduce their attrition costs, most of these organizations have also started focused efforts for both, keeping in touch with employees gone on sabbaticals and also on building strong alumni networks. They believe that if an employee returns to their organization, he would be unlikely to leave soon.

#### **Banking and Financial Services:**

Employee diversity has become a buzzword across the country's banking circuit. They are all increasingly unveiling HR initiatives which increase the number of women in their payrolls and even groom them for more challenging roles.

Close on the heels of the IT/ITES sectors, they also ensure that there are at least 30% women in their workforce and are also making conscious efforts in balancing their male female ratios.

The general approach is to encourage the entry of more women while not comprising on the merit of their employees.

Though there were not focused initiatives to hire people with disabilities. Several State owned banks, regularly employ people with disability through special recruitment drives, and offer them facilities such as postings at convenient locations and special conveyance allowances and such employees even serve managerial positions in these banks.

#### **Professional Services:**

Companies believes that women bring substantive diversity to company boards in terms of their composition, skill sets and experiences which for them meets the criteria with gender as a main area of focus.

They are yet to bring concentrated efforts in recruiting people with disabilities. However, they too have the infrastructural facilities necessary to support people with disabilities and also provide the necessary software applications required to facilitate the disabled.

They hire veterans as consultants for the sectors they operate in, especially based on their prior experience.

### **FMCG:**

All the FMCG giants have strong rules to have a diverse workforce. Others have opened their door to include more women in their workforce and are also looking to add more women in their senior management posts in the near future.

They also offer women a change to rebuild their careers despite long breaks due to any reason. To encourage their initiatives, they reward and recognize the people who have been instrumental in promoting diversity and inclusion in the company.

Hiring people with disabilities is a smaller area of focus and they are mostly hired for administrative roles or for support operations.

### **Telecom:**

Companies in the telecom sector are making focused attempts to foster gender diversity to match up with their counterparts in other sectors.

They have initiatives in place for recruiting and retaining women and also hire people with disabilities. But they have a long way to go before they can be called a truly diverse organization.

### **Gender Diversity:**

The best practices under gender diversity have been captured under three heads.

🕒 Recruitment

🕒 Engagement

🕒 Retention

### **Best Practices in Recruitment**

- Referrals
- Special Recruitment Drives
- Specific targets in general recruitment drive

- Return to work
- Equal opportunity for employers

### **Best Practices in Engagement**

Best practices adopted by companies to keep their employee engaged and have a good work-life balance are as follows.

Some of the flexible benefit programs put forth by the company is applicable to all employees irrespective of their gender. These programs have two benefits. They help keep the employee engaged which in turn helps reduce attrition.

#### **Work from Home:**

This option is most often utilized by women who have just completed their maternity leave so that they can spend more time with their babies. But, this option can be exercised only depending on the nature of the job and role of that employee.

#### **Flexible Options:**

Companies also ensure rotation of the employees, working in shifts so that all employees get a fair chance to spend quality time with their families and don't have to work on the same shifts continuously for long periods of time. Companies are also providing laptops and broadband connections so that employees do not have to install software programs in their PCs. This also helps to secure confidential information.

#### **Maternity Benefits:**

Women are provided maternity leaves. Along with maternity leaves, women are also allowed to avail a month's leave in case of a miscarriage.

#### **Day Care Centers:**

Onsite or near-site child care centers are both viewed as a boon for the younger generation of parents, especially when both the father and the onsite mother are working. These centers provide quality child care, and onsite child care centers often even have a psychologist at the location. These services are offered at subsidized rates to the employees.

#### **Location Centers:**

Most companies also have location centers which allow the women employees to nurse their babies even during office hours.

**Satellite Centers:**

Many companies especially those located on the outskirts of large and busy cities, often offer their employees and in particular the women, an option to work from an office in the heart of the city thus effectively reducing their commuting time. This office would be secured and well connected to all central networks and servers.

**Whistle blowing:**

Website to launch complaints on any issues are provided to women so that they do not hesitate to bring to the notice of the concerned personnel any issues they may be facing at the office. The employees can even lodge complaints on sexual harassment issues. These systems also support grievance handling.

**Other Emerging trends:**

Listed below are best practices in engagement which are not common across all companies surveyed and some of which are even unique to a particular company.

**Pre Maternity Benefits:****Post Maternity Benefits:****Day Care Centers for children and elders:**

This facility is made available, free of cost, to the employees who are also provided workstations with all the necessary connectivity. The employees can even bring in a maid to take care of the baby if required.

Recognizing the importance given to elders, some companies provide elder care centers for those employees where both the spouses are working and therefore are not available during the day.

**Internal Job Postings:**

Greater preference is given to women who request internal transfers. The employee can take a leave of three months and in the meanwhile, work with the local recruitment team to find another suitable role.

**Leave Systems:** Shared leave systems allow employees in need of leaves to borrow it from others.

**Allowances:**

Women are provided interest on housing loans and are allowed to nominate either their parents or their – in laws as dependants in a medical insurance policy.

Women are also allowed to take their children along on short onsite trips and a care taker is assigned for the child during those times of the day when the mother herself would not be available to take care of the child.

A conscious effort is being made nowadays to reduce the number of women working in US shifts which would grant them more time to spend with their families.

#### **Women Network and Diversity Councils:**

Companies have appointed diversity councils or networks catering to various categories of people. The main purpose of such networks or diversity councils is to promote networking among the employees, to ensure that the message of the company which values diversity is communicated to the people and to understand the perception of employees and barriers to their advancement. An exposure to different cultures and leadership positions is thus possible.

These forums can be in any of the following formats:

- Formal – Central
- Formal – Location Specific
- Informal

#### **Analysis of the type of network groups available for employees:**

The most common format for these forums is a central forum that plans all the activities on a quarterly basis and also makes the budget available for the quarterly. There would be diversity councils or sub-groups along the lines of the central forum attached to each geographic location that the company has a presence in.

There are also organizations having central committees. There are also informal forums where the activities are conducted in a very ad hoc manner. Companies ensure that there is diversity even in the composition of the leaders of their diversity councils to bring in an atmosphere of fairness and also as a representative for all groups.

These forums in general, are responsible for a variety of programs which includes conducting games both physical and online, quizzes, organizing the celebration of special events like women's day, arranging talks by external dignitaries often women who have broken the glass ceiling themselves and by senior women employees. Through these talks, these ladies share their experiences and serve as role models for the others. There are a number of awareness sessions, conducted on many issues of general interest ranging from health and fitness to sessions coaching women on how to do their financial planning.

The women's network is actively involved as facilitators, especially when there are exclusive leadership programs and mentoring programs for women. Sometimes the leadership programs are conducted as global events where women from different parts of the globe meet to share their experiences, network and also learn how to lead people from different cultures having different values.

They even organize fun programs for kids of employees, especially during holiday seasons. This could be in the form of summer camps, science and technology camps etc. the benefit of this being that the parents know that their children are in good hands and that their time would be utilized productively.

#### **Best Practices in Retention:**

- Tie-ups with external institutes
- Tie-ups with external colleges

Companies have started adopting various programs to ensure that this scenario is changed soon. Mentoring programs have been designed with the primary aim of helping employees in their transition from that of an individual contribution to a managerial role. The aim is to make the transition as smooth as possible and also supplement the employee's skill levels with attributes necessary. These programs also help the employees understand what it takes to grow in the organization, how to plan their careers and also gives them a good opportunity to network. These are considered as vital skills by many organizations, as the general belief is that women especially due to their cultural background and family pressures had far lesser opportunities to network than men.

The mentor is usually an employee, in a senior management level, who is well positioned to enhance the visibility of the employee in the organization. The mentor gets an insight from a lower level employee's perspective which helps enrich the mentor's knowledge and also aids in making more informed decisions in the future.

#### **Analysis of the mentoring program:**

The relationship between mentor and mentee varies according to the methodology adopted by the organization. Peer mentoring could be employed as a method providing mentoring. Here, a few employees, all volunteers at different levels of the organizational hierarchy are trained to counsel fellow employees to manage stress. The others can approach these employees with any issues that they are facing in their day to day work environment. This would encourage more openness in the organization and also helps address any problems or issues faced in its earliest stages itself. A one-on-one relationship is encouraged between the mentor and the mentee.

Some amount of compatibility is ensured between the mentor and mentee by obtaining feedback on the relationship. Organizations facilitate meeting the mentor and mentee at least twice a month (could be as extended lunch to save time), budgets are also allocated by the organization and this can include the lunch or any material that the mentor would desire to present to his/her mentee.

#### **Other Leadership Development Programs:**

Apart from mentoring programs, companies also have a number of training programs to help their employees make a smooth transition into senior leadership positions.

The leadership skill development programs are typically conducted in, at least, any one of the following modes, though some companies implement more than one type of leadership development program.

#### **Workshops:**

These are conducted mostly for durations ranging between three to four days or over a staggered period of time which could range from a few hours of training a week, for a few weeks to a few days every month through the year.

Sensitization training is an integral part of all leadership workshops. Managers are even trained on recruiting without any bias or stereotypes.

#### **Tip-ups with external institutes:**

These are covered programs and are offered to very few and select participants.

#### **Tie ups with other organizations:**

Certain companies partner with well recognized international organizations that specialize in providing leadership training.

#### **E - Learning:**

E-learning material is made available on all topics of general interest and are accessible by employees at all levels in the organization.

#### **Counseling Sessions:**

In some cases, this benefit even extends to the employee's immediate family. Employees are encouraged to utilize this service and strict confidentiality is maintained of the information shared.



For every vacancy, some companies first check whether that particular role can be handled by a woman employee, thereby providing more opportunities for woman to occupy roles.

During promotion, a high potential woman having a slightly lesser experience is favored over a man with the number of years of work experience and performance level for a post to a senior management level.

Sensitization of the managers towards gender and disability related issues form an important part of the agenda of any leadership program.

### **Disability:**

Inclusion of people with disabilities (PWD) in the workforce is an area gaining prominence in India in recent times.

Leaders, line managers and even the recruitment team are trained to be sensitive while hiring and to disallow any personal biases or stereotypes to impact hiring decisions.

Previously, all initiatives towards people with disabilities were only as a part of CSR activities. But today, the scenario has undergone a sea change. Organizations, especially those in the ITES sector have gone out of their way in reaching out to these people and are tying up their CSR efforts with their strategic objectives. This may be because in most companies today, the attrition rates are extremely high and they have realized that the attrition rate of employee with disabilities is much less as compared to those without any disability.

Best Practices in recruitment of People with Disabilities:

- Special Recruitment Drives
- Referrals
- Target Based Recruitment of PWD
- Tie-ups with NGO's
- Equal Opportunity Employers

In India, disability has very often been associated with poverty. And these attributes together have deprived many people of a fair chance to a good education.

Today, NGO's are the most often used source for people with disabilities. Equal opportunity employers also have tie-ups with NGO's to source their candidates, the only difference being that they do not make any special allowances to these candidates just to increase their number of hires, as they believe in the importance of the quality of their hires over the quantity being hired. However, on a case to case basis some accommodations are made for people with disabilities.

In order to ensure that biases and stereotypes have not impacted decisions made on the roles offered to people with disabilities, some companies do skill mapping to obtain a better understanding of the skills required to perform a certain role.

### **Benefit and support Systems provided to people with disabilities (PWD)**

The requirement in people for their educational qualification is not as stringent, for people with disabilities, as that for others. All the organizations have worked hard to make their facilities accessible.

Many companies are making the most of the existing technology and at the same time coming up with new and innovates ones as well. Companies also provide their employees medical loans at subsidized rates especially in case of emergencies and also have additional insurance covers for such employees.

### **Discussion and Analysis:**

To hire more people with disabilities and to be assured of the quality of their hires, companies have partnered with a number of NGO's who provide training in various vocational skills. Helplessness, disability and poverty have often been linked together. Children born with disabilities into poor families, seldom get a fair chance to education and then they are forced to spend the rest of their lives at another person's mercy.

CSR and strategic objectives are viewed as separate entities in many companies. There are also companies who offer their employees, a day off for community services and many of them even pay their employees for the time they spend volunteering.

### **Cultural Diversity:**

#### **Best practices in hiring people from different nationalities**

The most common explanation provided by companies for not employing people from different nationalities is the cost factor. It is cheaper to hire an Indian to work in the country than to have an expatriate doing the same job. Even overtime expenses are greater in case of foreign nationals.

The initiatives taken by companies to create a culturally inclusive work environment are centered on the following.

- Leader's role in promoting cultural sensitivity.
- Emphasis on cultural sensitivity in the induction stage.
- Cross cultural adaptation training.
- Portals with information on different countries the organization has a presence in.
- Self assessment tools to assess how an employee fits into a different culture.

### **Recruitment – Non technical educational background**

Organizations are experimenting with new and expensive means of employment. The minimum criterion for recruitment today, is a 10<sup>th</sup> or 12<sup>th</sup> pass and the person being above the legal age for work which is eighteen years.

### **Recruitment – Veterans**

Veterans are most often employed by companies in the manufacturing sector. Recognizing the variety of skills they bring to the office, recently many companies, especially those in the IT sector, where they are not a part of the payroll for full time employees.

Veterans are considered as valuable resources because of the wealth of experience and knowledge they bring into the organization. When hired as permanent employee's they are most often employed in senior roles, mainly because they are expected to have all the necessary leadership skills.

Many ITES companies have shown an interest in hiring the family members of their employees so that they are able to spend some time with their families even when the work pressures are really high. There have been many cases where both the mother and daughter work in the same company. In such cases, the members are mostly offered part time roles. Even many elderly qualified housewives have been hired by ITES companies.

### **Sabbaticals networks for employees:**

Most companies allow their employee to take a sabbatical from work. Sabbaticals are leaves for a period of around a year which provides employees an opportunity to avail leave for a variety of reasons without any fear of losing the job.

### **Corporate Alumni Networks**

The need and importance of alumni networks was recognized by educational institutions a lot earlier, but of late, even corporates are viewing their alumni networks very seriously. Companies have started scrambling to reconnect with ex-employees as they form the most valuable recruitment pool.

- Formal Networks
- HR lists containing names of top performers
- No formal contact

A number of methods have been adopted by companies to stay in touch with their former employees, which are listed below.

- Newsletters
- Blogs
- Invite for chat sessions annually or bi-annually
- Online chat sessions (both present and former employees can access)
- Updates on latest events
- Helpdesks

### **Creating an Organization Wide Awareness about Diversity and Inclusion Initiatives:**

Creating awareness about the various initiatives among the employees is the most crucial task in any diversity and inclusion (D&I) initiative. Unless they understand the reason for and accept these initiatives, the very meaning of having introduced it is lost. Companies bring about this awareness in four stages as listed below.

- Building the atmosphere
- Increasing Awareness
- Creating Acceptance
- Creating a bond among the employee

The most frequently adopted method is to continuously educate employees about the importance of diversity in an organization, by circulating articles with options for people to post their views or comments, if it's in the online format.

Management by wandering about is what the gurus of management teach and it is put into practice even today by the HR's who do floor walks to understand their employees better, clear any queries, judge how respective employees are to a new idea and also make announcements about any new initiatives directly thereby encouraging more participation. Meetings with cross functional teams where the teams exchange best practices are also encouraged as they promote accountability and help align individual diversity initiatives with corporate objectives across the country.

### **Increasing Awareness:**

Some companies make their leaders take self – tests to make them aware of their hidden biases. Organizations believe that it is very essential, to not let the employees lose focus on the various initiatives targeted at demonstrating the importance of diversity and inclusion to the organization or consider those to be onetime events.

### **Creating Acceptance:**

Many companies have developed e-learning tools to help new hires gain an experiential learning on organization values. Others assign buddies to the new hires. To ensure the quality of workshop or training sessions they conduct, companies provide certifications to trainers conducting sensitization workshops.

Celebration of special events and days also serve to include a particular crowd and make them feel special.

### **Creating a bond among employees:**

The success of an initiative depends on how fast the employees accept it and it gets ingrained in the system.

### **Key Findings:**

The best practices implanted in most companies, in each realm of diversity, includes the followings. These practices can become a success only if the communication is effective and permeates through all levels.

### **Conclusion**

The study of Best Practices in Diversity and Inclusion based on gender, disability, nationality and sexual orientation; and new recruitment practices including recruitment of veterans, people without proper technical education, staying connected with people gone on sabbaticals and corporate alumni networks brought out a number of interesting facts about the practices in various industries in India.

Diversity is now being considered as more than just good deeds; it's about good business! Almost all Fortune 500 companies now have diversity programs. This clearly demonstrates that diversity is an important competitive advantage. This could offer an explanation as to why companies in India are scrambling to include more women in their workforce particularly in senior management levels. Be it 'Stree' at Symphony Services or women's Action Network or WAN in networking companies like Cisco or DAWN at TCS, or Winning Women at Ernst and Young, all companies have well defined women's networks to keep the flag flying high.

Companies have also started taking proactive measures to reduce their attrition rates. This is one of the reasons why most of the leading business have started hiring PWD's, another step towards this end is the improved effort at staying in touch with employees who have gone on sabbaticals. Companies have dropped all conventional barriers to recruitment and are now in an experimenting phase trying to create room for even those people who do not have any technical education, older people including mothers of

employees, people with criminal background etc. corporate alumni network are today being given an importance that never existed before as companies have recognized this as an opportunity to rehire their best talent.

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**FUNDAMMENTAL & TECHNICAL ANALYSIS OF EQUITY SHARES  
(A STUDY OF SELECTED COMPANIES)**

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**Introduction**

Investors have many alternatives to invest their money. According to their nature and risk bearing capacity they select any one of the alternative or a proper mix of them. Investment in equity markets is one of the best investment alternatives, but the risk is comparatively higher than government securities.

Many investors invest their money in the stock market on a random basis and their aim is to minimize the risk and maximize returns, but many a times they suffer a big loss. A fundamental and technical analysis gives the guidelines to investor about 'What to buy? When to buy? What to sell? and when to sell?', so that they can minimize the risk and maximize their returns.

**Objectives of the study**

The main objectives of the study are as follows

1. To check the fundamental soundness of the company.
2. To decide direction of price movement and to predict the future trend of the equity so that the investor can take the decision either for sale or to buy the stock.
3. To give a guideline to the investors regarding 'What to buy? When to buy? What to sell? and When to sell?'
4. To highlight the risk and return relationship of the securities.
5. To show the techniques for minimization of risks and maximization of returns.
6. To find out the best investment opportunity from the selected companies.

### **Methodology:**

The study is based on secondary data. Mainly two different techniques are used to analyze and to interpret data namely:

1. Fundamental analysis
2. Technical analysis

Fundamental analysis is based on 12 different tools to check the fundamental soundness of the selected company such as EPS, P/E ratio, Dividend per share, Book value per share, Operating margin, Gross profit margin, Net profit margin, Return on net-worth, Total debt equity ratio, Current ratio, Quick ratio, Dividend payout ratio and Earning retention ratio while Technical analysis covers 7 different tools for analysis such as Charting, Moving Averages, Market Volume, Bollinger Band, Relative Strength Index, Moving Average convergence and Divergence and Stochastic.

### **Scope of the study**

The study is restricted to three different sectors for analysis i.e. banking industries, infrastructure and power industries and FMCG sector. Companies are selected on random basis i.e. in banking industry, banks are SBI, ICICI bank, UCO bank, Yes bank and AXIS bank, and the techniques used for Fundamental analysis is Ratio analysis and for Technical analysis seven different indicators are used for analysis.

### **Data Presentation and Analysis**

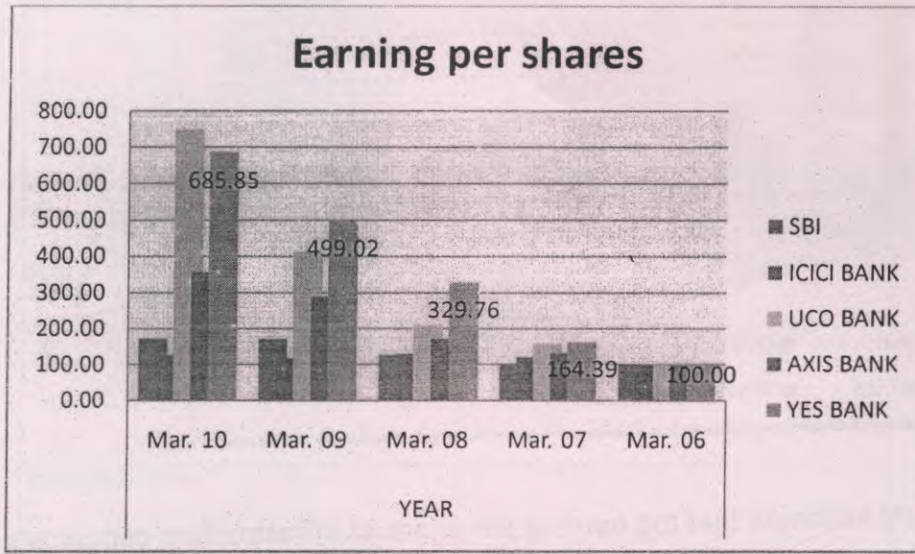
Generally company's stock prices are driven by Fundamental analysis for the long term and driven by Technical analysis for the short term. So, to get a holistic view of the fluctuation of the company's share price, Fundamental analysis and Technical Analysis is an important factor which helps in the analysis of the company's share price. In addition it gives a broad view of the company's soundness, future earnings perspective etc...

For abstract purpose, one tool of fundamental analysis i.e. EPA is given and for technical analysis three samples are given.

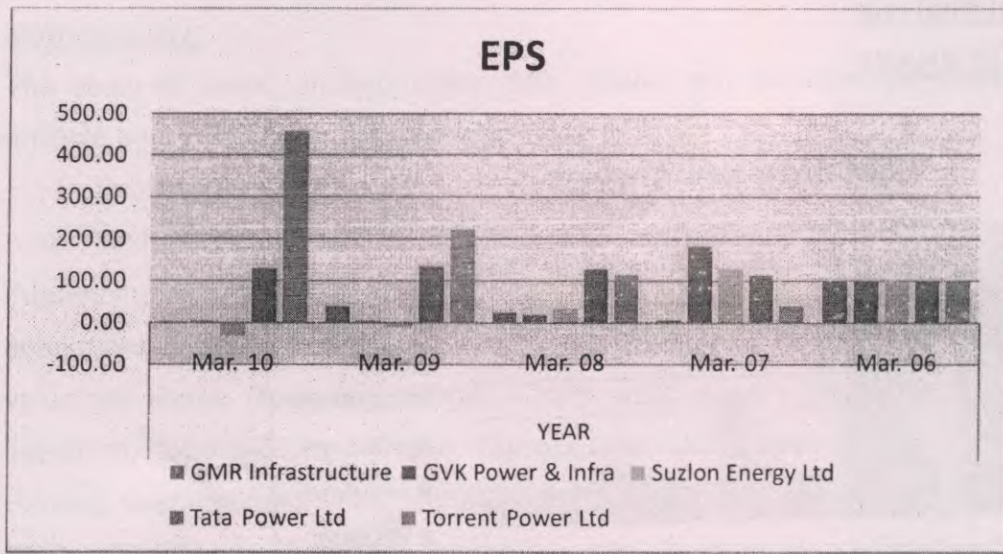


**Fundamental Analysis**

**EARNING PER SHARE**



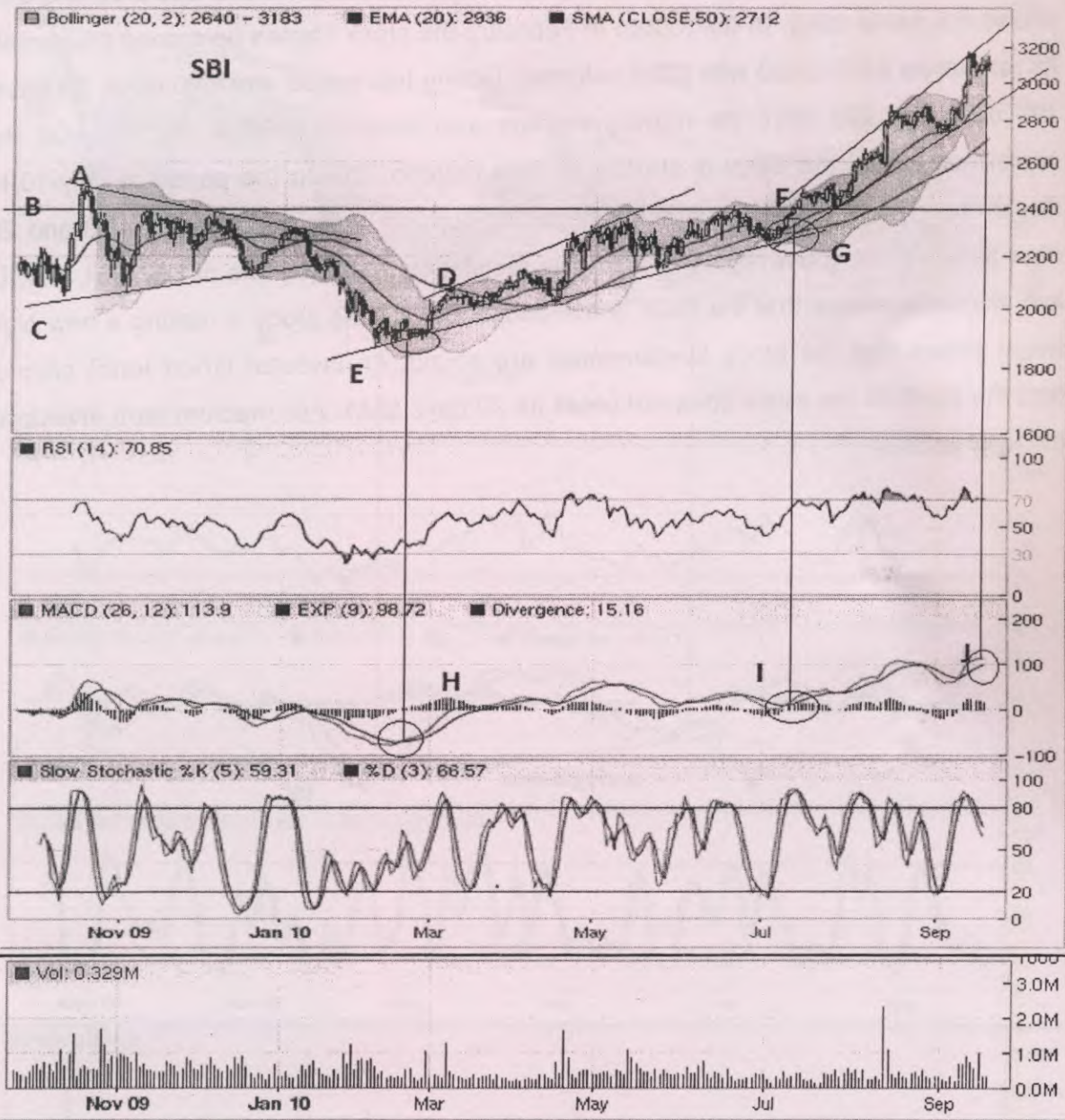
All the banks recorded continuous up trend in case of EPS, UCO bank showed the highest growth in EPS which was 748% growth in March-10 as compared to the base year March-06. Yes bank showed the second highest growth in EPS which was 685% on March-10 compared to the base year March-06 during the research period. On the other hand ICICI bank showed the lowest growth in EPS on March-10 which was 126%; SBI recorded second lowest EPS & AXIS bank recorded third lowest EPS which were 172% & 356% respectively during the research period.



The above table clearly indicates that the earning per share of Infrastructure companies is reducing every year. Earnings per shares of GMR infrastructure and GTL infrastructure were reducing during the research period. In 2010 it was 0.03% and 0.13% respectively compared to the base year 2006. On the other hand, in GVK Power & Infra company the earnings per share was increasing except Suzlon energy. TATA power and Torrent power EPS in 2010 was 39.33% and 17.71% respectively. SUZLON energy was highly leveraged so whatever company has earned has gone in installments.

## Technical Analysis

### STATE BANK OF INDIA



The above chart is the one year candlestick chart of SBI bank where during October-09 February- 10 the stock passes through a consolidation period. At the down side, on date 16 February, 2010 the stock made a low of 1896 and during this period the RSI shows that the stock is oversold and the stock is continuously trading at a lower band of BB which is the second indicator that the stock is oversold, MACD is also significantly away

from the "0" line, after that MACD red line crosses the blue line which probably indicates that stock is bottomed out or has made its base. Stochastic red line and blue line also shows the same thing. In the month of February-the stock started up moves and breaks its resistance 2300-2400 with good volumes. During this period stock 20 days, 50 days, 100 days and 200 days the moving average also becomes positive which is just the conformation that the stock is starting its new uptrend. During the period of July-10 to September-10 the stock is continuously getting support on its middle line of BB and 20 days simple moving average and also gets resistance at the top line of BB. RSI, MACD and stochastic shows that the stock is overbought but still the stock is making a new high which shows that the stock fundamentals are sound. An investor (short term) should hold the stock till the stock does not break its 20 days SMA. For medium term investors the level is 2800.

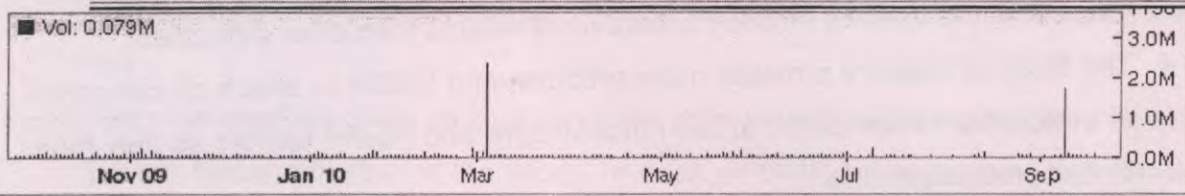
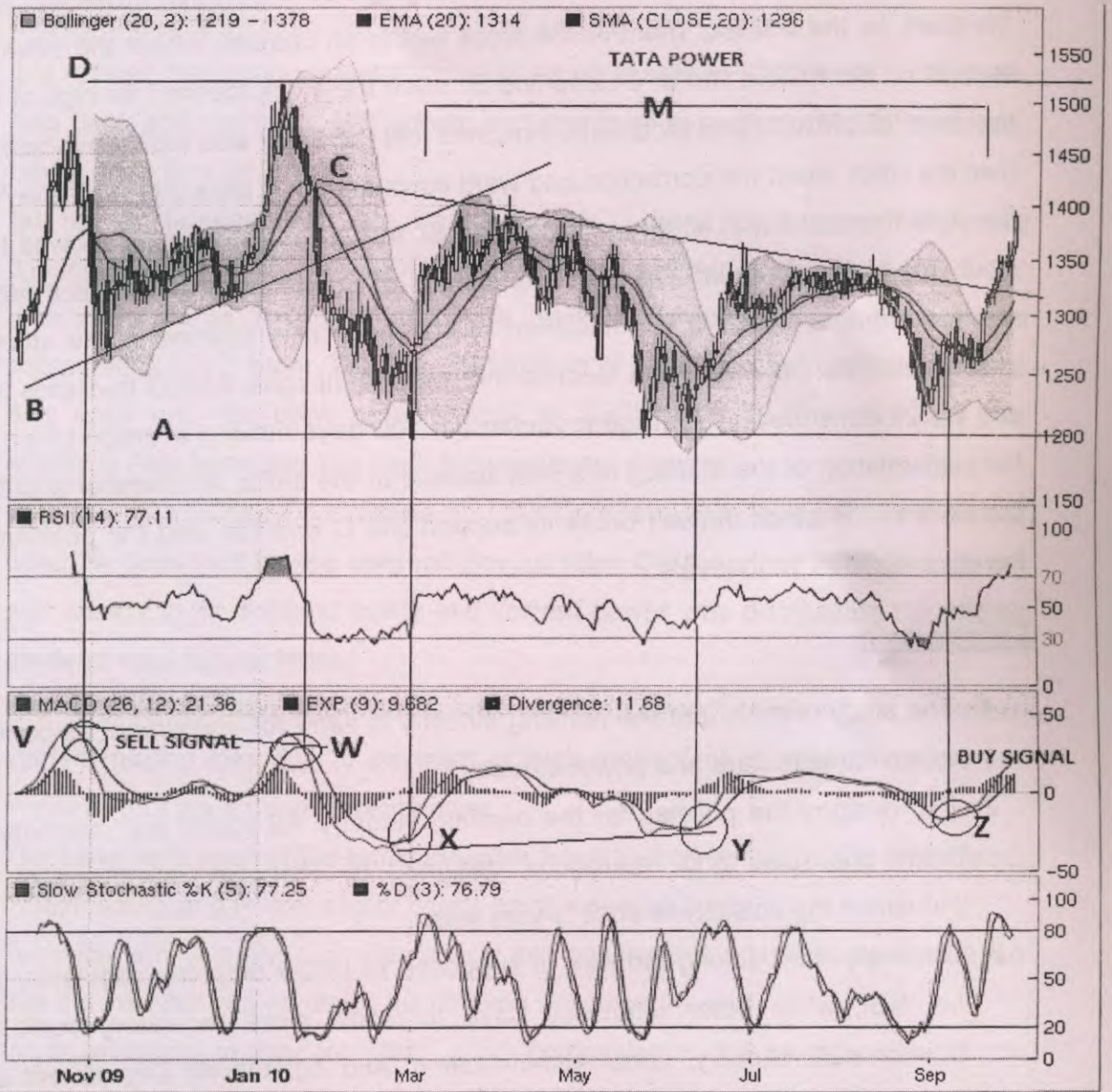
# GMR INFRA



The above chart is the one year candlestick chart of GMR Infrastructure, where the first four months sock made the head and shoulder pattern which is a strong trend of

the reversal pattern, after which the stock gets down and takes the support of 55 but the stock again gets the resistance on line A, which it touched. During the period of May-10 RSI touched the oversold line a couple of times and in May-10. MACD red and blue lines also made the huge difference with the zero line and at that time the red line crossed the blue line and the stock took the support at line B. during this period, stochastic shows that the stock was highly volatile. The stock is a range bound stock and again touched its support line B'. During the last three months period the stock again made the head and shoulder pattern. During this period the RSI remained average and MACD also moved around zero line and stochastic did not show any high volatility. All indicators are demonstrating that the stock is consolidating at this level. One should hold the stock till it's not breaking the support line B and one can buy the stock when it breaks the main resistance line A.

# TATA POWER



The one year chart of Tata power is basically a consolidation chart, where the stock doesn't have a clear direction. The stock has strong resistance at 1525 levels and strong support at 1220 levels. The stock is ranging bound between these two lines. On the chart, for the first four months, the stock was in an uptrend, where the stock got the support on the middle line of bb and line B. when the stock touched its high of 1550 at that time RSI, MACD and stochastic indicated that the stock was highly overbought and then the stock faced the correction and went down and took the support on line A, when the stock touched line A all three indicators RSI, MACD and stochastic showed that the stock was highly oversold. On the second week of September-10, the stock breaks its resistance line C which is an indication of starting a new uptrend in the stock for a medium term period. RSI again touched the overbought zone, MACD becomes positive and the 20 days moving average is above the 100 days moving average which is just the conformation of the starting of a new uptrend in the stock. An investor should hold the stock till the stock doesn't break its support line C and can add the position when the stock reaches 1200 levels.

### **Conclusions:**

1. The study reveals that the banking industry is safer for investment as compared to the infrastructure and power industry.
2. RBI designs the policies for the banking industry. All banks are supposed to follow the rules and regulations designed by RBI. So, compared to other industries the volatility of price is very less.
3. Generally the banking industry is supposed to follow only one regulatory body, i.e. RBI, while other industries have to follow more regulatory bodies like Environment Ministry, Local Administration, and Agricultural Department etc... Obviously, the banking industry enjoys more returns than other industries.
4. The Banking industry provides more products and is able to attach all categories of customers as compared to the Infrastructure and Power sectors as they have limited products to offer.
5. After the sub-prime problem of 2007, the Banking industry recovered faster than the other two industries.



6. It is found that all the banks which were studied have maintained their Current Ratio, Quick Ratio, Gross Profit Ratio, Net Profit Ratio and Debt-Equity Ratio. So it can be said that all are financially worthy and an investor can invest his/her money in any of them for the long as well as short term duration.
7. It is noticed that during the study period, as compared to ICICI bank, UCO bank, Axis bank and Yes bank, SBI growth is stable in all aspects i.e. No. of branches, ratios, cash flow etc...
8. So far as fundamentals are concerned UCO bank is comparatively more financially sound than SBI, ICICI bank, Axis bank and Yes bank.
9. It is noticed that Yes bank and Axis bank fundamentals were more sound compared to ICICI bank. The speed of growth of gross and net profit was high in Axis bank and Yes bank as compared to ICICI bank. The investor can give priority to Axis bank and Yes bank for investment purpose.
10. Both the Infrastructure companies and Suzlon energy are facing financial stress, which is confirmed by the dividend payout ratio. On the other hand Tata power was steady in its dividend policy and Torrent power was decreasing the rate of dividend on a regular basis.
11. The Debt-equity ratio of Suzlon energy was dangerously higher. The company started making loss due to payment of high amount of interest. Investors can invest in Tata power and Torrent power.
12. The Long term chart of the banking sector has a bullish trend. On the other hand, Infrastructure and Power sector charts have a bearish trend.
13. Technical analysis gives an idea to buy and sell the security at its right price, so that the investor can minimize his risk and maximize returns.
14. While investing in fundamentally good companies if the investor checks the technicalities of the companies then he/she can enjoy handsome returns at a low risk.
15. Technical analysis gives an idea about the price pattern of the stock, i.e. what will be the future direction of the stock. In case of GMR Infrastructure, their stock made the head & shoulder pattern which is a strong trend reversal pattern

indicating that there is higher possibility that the stock will go down in the near future.

16. If four to five indicators are suggesting the same thing about the security, there is a higher possibility that the stock will go in the same direction, e.g. combined use of Charting, Volume, RSI, MACD, Bollinger Band gives the perfect idea about the stocks future moves.

17. Technical analysis gives the perfect idea about the stock trend and its support and resistance levels, e.g. in the case of Axis bank, it is clearly indicating that the stock has an uptrend and is getting support and resistance at lines A and B.

18. MACD is one of the most reliable indicators in technical analysis which gives the perfect idea about the 'up move' and 'down move' in a security i.e. in the chart of SBI, ICICI bank, GTL infrastructure and Suzlon energy.

19. Before investing money in any company it is better to check the fundamentals of the company. If the investor finds that fundamentally the company is sound then the investor has to analyze the script technically for getting better yield.

### **Suggestions:**

1. Investors must not purchase low quality stocks at low prices.
2. Set the system for trading, make the rules for that and follow the rules strictly i.e. stop loss policy.
3. Never trade with emotions or ego. The stock is not your friend.
4. Invest in the equity market for long term not for short term.
5. Before entering in the equity market an investor must have a plan and clear investment objective and time frame for the investment, never make unplanned investments.
6. Be patient for the stock to reap rewards.
7. Always be aware of the market and happening around the market. Knowledge is power in the market.
8. Never invest money in one stock. Diversified portfolio is ideal.
9. Never invest borrowed money in the market.
10. Never show greed. As it is dangerous. Once a reasonable profit is made, the investor should get out of the stock.
11. A trend is your friend; always invest money with the trend.

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**(Abstract of Master of Philosophy Dissertation)**

**“A STUDY OF CONSUMER BEHAVIOUR  
WITH REFERENCE TO BRAND PREFERENCE  
OF CELLULAR PHONES IN PUNE CITY”**

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Camp, Pune.

**INTRODUCTION**

The Indian telecom industry opened its doors for the private players in 1994 after globalization. Fourteen years down the line mobile market has grown tremendously and all the organizations are formulating strategies to gain brand equity and preference. This is quite difficult in case of mobile market because the operators are concentrating on price differentiation. But for a customer, price is not the only parameter to be loyal to a particular brand.

The Indian consumers are living in an age of brands. Today brands have become a vital tool and the most important element of the total product personality. The ever increasing number of consumers, who are making India and many other developing countries the fastest growing markets, want brands not anonymous products. The branding phenomenon has taken the Indian market by storm, many non-branded products for example – salt, pulses, rice, wheat flour have begun taking branding route and have joined the “brandwagon”.

Consumer Behaviour is the entire behaviour of a consumer encompassing all of the behaviours that the consumer displays in searching for, purchasing, using, evaluating, and disposing of products and services. With increasing disposable incomes, today's young consumers are inclined more towards leading a comfortable and hassle-free life. They have come in possession of money and wish to spend it on trusted goods and services, which are well worth the money that they would pay. 'Brands' cost them dearly and yet, they prefer the same, as they are conscious of the fact that branded products give them their money's worth. This generation of consumers may, therefore, be labeled as 'the brand conscious generation'.

A big strong brand has been, currently is and will always be the best protection a manufacturer has to protect his franchise. To understand why brands have a future, is to understand what a brand is and what it does. To brand is to name or mark as a proof of ownership, it means a sign or symbol of quality and is the best means of advertising and positioning in the market. Branding is the best means to capture and retain the consumer demand in a competitive market. The marketer can create brand equity, brand loyalty and brand image for his products only through branding.

The brand name is the centre around which the entire marketing mix is built up. The brand name can incorporate all marketing efforts together either in the consumer mind or in the marketing programme. To the consumer, a brand name is a means of identification of the product as well as means of differentiation of the branded product from its rivals.

Hence it is very essential for the manufacturers and marketers to study consumer behaviour if they have to survive and compete in a highly competitive society like ours. A comprehensive knowledge of consumer behaviour helps the marketer to recognize why and how individuals make their consumption decisions. This will further facilitate them to make better marketing decisions.

### **PURPOSE OF THE STUDY**

The main objective of this study is to find out the preference of the consumers with regards to the cellular phones. However the study also focuses on the following objectives:-

1. To study the growth of telecommunication industry in India with special reference to Cellular Phones.
2. To examine the changes in consumer preferences of Cellular Phones in India.
3. To study the buying habits and factors influencing the purchase decision.
4. To evaluate the upcoming trends with respect to the consumption pattern of Cellular Phones.

### **Scope of the Study**

1. This study was restricted to the consumers of cellular phones in Pune City.
2. The research undertaken was restricted to the use of 5 brands i.e. Nokia, Motorola, Samsung, LG and Sony Ericsson.
3. The study undertaken reflects the consumer behaviour with respect to Brand Preference of cellular phones.

### **Significance of the Study**

This study is important from the point of view of the marketers as well as consumers. It is important as it aims to point out to the marketers how effective their marketing strategies are, which factors influence the consumers purchasing decision, it also helps to identify how aware are the consumers with respect to the various brands available and what strategies should be adopted in order to create more brand loyal consumers, it will also help to gauge what does a consumer actually look for in a brand.

This study will enable the consumer to identify the services rendered by the different brands in terms of availability, promotional offers, promptness in after sales services, it will further help them to understand which is the most popular and reliable brand amongst the plethora of cellular phone.

## **Hypothesis**

With the increase in disposable income and changes in consumer behaviour, price is not the only element to build brand preference, the other elements like quality, technology, features and ease of use are also equally important.

## **Research Methodology**

The following research methodology was adopted for the study.

### **Literature Survey**

A literature survey was conducted on consumer behaviour and brands, for this purpose various books, journals, magazines was referred to know the findings and conclusions arrived at through various research work.

### **Method of Data Collection**

The research study is based on the data collected from different Primary and Secondary sources.

#### **(A) Primary Data**

The primary data was collected from 100 consumers using a cellular phone in Pune city. Information was gathered also through an interaction with the different dealers and consumers of cellular phone. The following methods of Primary data collection were adopted.

##### **1. Questionnaires**

A structured questionnaire was prepared and administered to all the respondents residing in different parts of the city using a cellular phone. Before using this method a 'Pilot Survey' was conducted on few respondents from the main sample to highlight lacunae if any in the research and to test the effectiveness and correctness of the Questionnaire. Once the pilot study was conducted there was a need felt to alter the questionnaire to arrive at specific data. After gaining the responses from these selective respondents, the main questionnaire was then finalised and was personally filled from the various respondents, also in case where the respondents were unable to be contacted personally, the questionnaire was e-mailed to them in order to assess their preferences. The questionnaire is attested in annexure – 1.

The questionnaire was divided into three main sections:-

- The first part elicited personal information like age, gender, marital status, educational qualification and the socio-economic background like occupation, income of the respondents. This part consisted of multiple choice questions, where the respondent has to select one of the alternative answer.
- The second part of the questionnaire consisted of more specific information about the brand of cellular phone used, in order to gain better insight, the questionnaire consisted of both the closed ended and open ended questions. These questions were based on the knowledge, awareness, preferences, buying habits, attitudes and previous experiences of the respondents towards their brand of cell phone. The latter part of the questionnaire consisted of questions pertaining to their decision making ability, with a question based on a 5 – point scale, where the respondents had to rate their brands on this scale based on the experiences with their cellular phone.
- The third part completely consisted of open ended questions, where the respondents views, complaints and suggestions pertaining to their brands, promotional strategies, brand usage and brand experience was analysed.

## **2. Interviews:**

In this study both structured and unstructured interview technique was adopted to collect information. Interviews with the different respondents and dealers of brands dealing in different brands was conducted during the months of December 2008, January, February 2009. Interviews were conducted at the residence, near rickshaw stands, business premise, college premises of various respondents. The Objectives of the study was briefly explained to the respondents before commencement of the interview and except for two to three retailers of cellular phones, others freely gave the information asked for.

## **3. Observation:**

The technique of Observation was also used for data collection. During the visit to the different dealer outlets, the buyers of cellular phones were observed quietly, the kind of questions they ask for, before purchasing a cell phone, knowledge and awareness they have pertaining to the different brands in the market. This Observation helped in gaining an insight into the consumer behaviour of the respondents.



## **(B) Secondary Data**

The secondary data for the study was collected from various books on "Consumer Behaviour" and on "Brand". Magazines like Digit based on the modern gizmic gadgets, Journal like Icfai's Marketing Mastermind, Indian Journal of Commerce, Research Publications were studied. Pamphlets and leaflets of various schemes as well as brochures of various brands of cellular phones were also used.

The internet proved very useful for collecting information about the Companies profile, the different websites were also surfed extensively to collect detail information about the various new models of cellular phones launched and its upgraded features.

## **Sample Design**

For the purpose of the study, five different brands in terms of highly preferred and least preferred having different credibility, usage, preference were selected, the brands selected were featured as the top 10 gainers, out of which the highest top 10 gainer in the handset was Nokia which is widely used across the city, followed by Motorola, Samsung, Sony Ericsson, and LG was selected to assess the views of different consumers belonging to the different strata of society.

The area sampling method was selected for the purpose of this study. Since the universe that is the number of cellular phone users was quite large only 100 consumers of cellular phones were selected based on their location, due to the limitation of cost and time. These respondents were selected from the different parts of the Pune city. The respondents belonged to different income groups and occupations like rickshaw drivers, domestic servants, peon of colleges, students, housewives, business person, salaried and professionals from the above mentioned parts of the city. These respondents were selected so as to understand the buying behaviour of different income groups, their preferences, attitudes and purchase pattern.

## **Assumption of the Study**

It is assumed that the respondents involved in the study have given reliable and accurate information. Their views and preferences may differ with the changes in disposable income and lifestyle in the future.

## **Limitation of the Study**

All research studies have their limitations and the researcher recognizes the need to judge the validity of the study, however, the current research study undertaken is restricted to the use of five brands of cellular phones, the preferences and buying habits is reflected in terms of the above five brands only,

the study is restricted to Pune city. However the taste and preferences of the consumers is likely to change in the future with the change in the income and lifestyle of the respondents.

### **Organisation of the Study**

The study is presented in the form of Seven Chapters.

**Chapter One :** This chapter deals with the introduction of branding, the objectives, scope, importance, significance of the study undertaken, hypothesis, research methodology adopted, assumptions, limitations of the study and review of literature.

**Chapter two:** This chapter deals with the historical background, growth of the Telecom Industry in India, it highlights the impact of liberalization on the Telecom Industry and focuses on the different trends followed by the cellular phone companies in today's competitive world.

**Chapter three:** This chapter deals with the meaning of brands, discusses the different types of brands, importance of branding, the growth of five brands selected, the marketing strategies adopted by each of the five brands to create brand loyal consumers.

**Chapter four:** This chapter deals with consumer behaviour and focuses on: historical perspective of consumer behaviour, theories of consumer behaviour as well as definitions on related topics and concepts.

**Chapter five:** This chapter deals with the research methodology adopted, the research design, the sample design, the different methods of data collection adopted for the study.

**Chapter six:** This chapter is divided into two sections: the first section deals with the analysis of the primary data and the second part deals with the interpretation of the findings.

**Chapter seven:** This chapter deals with the overall summary, conclusion, suggestions and scope for further study.

### **Findings and Suggestions**

#### **Purchase Pattern -- A Paradigm Shift**

The consumers today are in a different paradigm today. With loads of money, new generation consumers are looking for products that are image enhancing, status elevating and so on. They don't look for mere satisfaction only, they look beyond that. The consumer is the core of the business. And the creation of consumer as evangelist is the biggest challenge for today's marketers. Hence, understanding customer requirements and expectations and enhancing the value offerings and relationship would work better for the marketers.

India has become the most happening place in the world and has become a global shopping destination.

Every global company is eyeing India for making their fortunes. This is the reason why there are so many international players of cellular phones seen in consumer market, because India has a huge consumer base with high disposable income and moreover with a high economic growth rate.

Rich have more money and they often indulge in binge shopping. Brand like Blackberry mobile phone has a very 'niche' market, with limited number of buyers and high price range its target group is generally the higher and higher middle class. Middle class, with their disposable incomes also shop more. This is reflected from the study with maximum number of respondent being salaried class belonging to the income group between Rs,5000 – Rs.15,000. Even the lower income groups definitely spend more than their basic needs. As it is seen that 11% of the respondents falling in the lowest income groups nowadays can own a cellular phone. The marketers display glitzy ads, brings persona in the form of alluring smoky eyed beauties, shoot ads in alien and exotic locations and create a bizarre attraction for the millions of consumers and they get swayed. These ads are so irresistible that consumers keep on journeying from one brand to another for their societal upgrade and to keep pace with peers and friends.

#### **Classification of data according to Brand Preference and income level of respondent**

<b>Brands Preferred</b>	<b>Income Level</b>
Nokia	Below Rs,5,000 & Rs. 5,000 – 15,000
Sony Ericsson	Rs. 25,000 – 50,000 and Above Rs.75,000
LG	Rs.5,000 – 15,000 & Rs.15,000 – 25,000
Samsung	Rs. 15,000 – 25,000
Motorola	Rs. 5,000 – 15,000 & Rs. 15,000 – 25,000

Maximum number of respondents using brands like Nokia and Motorola belonged to the income group of Rs.5,000 – 15,000. However, Nokia was used widely by different income group, beginning with respondents earning below Rs.5,000. Sony Ericsson users belonged to the different income group including consumers earning above Rs. 75,000 this shows that this brand has the potential to tap the consumers from the higher income groups. LG was preferred by the respondents from the income group between Rs.15,000 – 25,000.

An overwhelming number of respondents with 68% own a Nokia handset, with a very low price for its basic model, it is affordable by even the low income group. Nokia was considered to be the most economical brand and was widely selected by all the different income groups. It is also very sturdy, easy to use and durable which makes it the first choice of the consumers.

From the above table, a whopping number of 98% of respondents said they were aware of the brand Nokia, followed by Samsung with 71%, Motorola and Sony Ericsson with 69% each, Blackberry with 52%, LG 53%, Spice 33%, iPhone from Apple with 36%, iMate 6%, Asus 5% and others with 2%. It includes brand like Virgin, Reliance and Vodafone. Nokia topped among awareness, this reflects that the company does not have to spend on creating awareness, instead it has to keep updating the consumers about the changes and modifications in the cellular phones. Brand like Asus, iMate need to market their product and create more awareness about their brands, as many respondents are not aware of these brands.

- ❖ Even today the society is still male dominant, since a higher percentage of cellular phone users are male with 61% owning a cellphone.
- ❖ It has been observed Nokia is widely used by all the age groups, it is generally preferred by the age group of 24 – 35 years, which means the Company should tap this target group while planning its marketing strategies. A further study of their demographic feature of this age group is very important for attracting the consumers.

Motorola is used maximum by the respondents falling in the age group between 36 – 45 years, this group comprises of cautious buyers and so the marketing strategies should be framed accordingly.

The users of Samsung belong to the age group of 36 – 45 years and 46 – 60 years, this is the higher middle age group.

Sony Ericsson is preferred by the age group of 24 – 35 years, and LG is preferred maximum by the younger and middle age group of 18 – 23 years and 24 – 35 years.

- ❖ 98% of the cellular phone users are literate which means that the companies need to be very transparent in their operations as the consumers are educated, aware and conscious about their purchase decision, the companies cannot exploit them by making false promises and claims.
- ❖ It has been observed that maximum number of respondents are married with their spouses also using a cellular phone, the companies need to frame some good promotional packages to endorse their product to get dual benefit.
- ❖ It has been observed that the maximum number of Nokia users are salaried, consumers like rickshaw drivers, peons, mechanics and housewives favoured this brand, as it was very economical with most of the respondents using this brand to stay connected. The government respondents used Nokia and Samsung brands. Sony Ericsson and LG was preferred more by the respondents belonging to the salaried class, business and to the professional class. However Nokia was preferred by all the occupational group.
- ❖ It has been observed that there has been a considerable rise in the household income, even the domestic servants now earn a minimum of Rs.3,000 and above, with more women working, the dual earnings have led to more disposable income and so a cellular phone has become a necessity today. It has been further observed that maximum number of respondents using brands like Nokia and Motorola belonged to the income group of Rs.5,000 – 15,000. However, Nokia was used widely by different income group, beginning with respondents earning below Rs.5,000. Sony Ericsson users belonged to the different income group including consumers earning above Rs.75,000 this shows that this brand has the potential to tap the consumers from the higher income groups. LG was preferred by the respondents from the income group between Rs.15,000 – 25,000.
- ❖ It was observed that an overwhelming number of respondents owned Nokia as it was found to be affordable by all income groups, followed by Motorola. The respondents spend an average of Rs.8,000 on cellular phone, many of the respondents did not feel the need to spend extensively on the cellular phone with a fear of losing it.
- ❖ The objective of purchasing the cellular phone for maximum number of respondents was to stay connected with the family, for business purpose. The consumers selected Nokia, due to its durability, sturdiness, affordability and ease of use. Sony Ericsson was selected because of its sleek look and good features. Samsung, Motorola and LG were selected because of its

good sound quality and good features.

- ❖ It has been observed that cellular phones have become a necessity, which was once considered to be a luxury, due to liberalisation, many foreign players have entered the market, and the rates of the cellular phones are being slashed down day by day making it more affordable to the different class of consumers. Thus there has been a rise in the number of cellular phone users within a period of 3 years.
- ❖ Maximum number of respondents are brand loyal, as they have never switched their brand, however they have upgraded from one model to another within the same brand. Thus the companies need to concentrate more on maintaining their brand loyalty.
- ❖ Maximum number of respondents knew about their brands from their reference group or through Television advertisements, thus the companies need to create more awareness and concentrate more on the television media of advertising.
- ❖ Maximum number of respondents were aware of brands like Nokia, followed by Samsung, Motorola, Sony Ericsson and LG, however other brands like iPhone, Asus, iMate were not known much by the respondents.
- ❖ It has been observed that Price is the secondary element while purchasing a cellular phone, ease of use is the most preferred element followed by features like sound quality, internet, high resolution built technology, camera, whereas promotional offers were least preferred, as the respondents found them to be deceptive at times.
- ❖ Nokia was easily available, with exclusive dealer outlets seen at prominent places, where repairing services were also undertaken, Brands like Blackberry was not easily available. Hence in terms of awareness and availability Nokia once again topped the list.
- ❖ As our Indian society is very cultural bound, even today parents play a very important part in the decision making process, as it can be seen that parents are the major influencer in the decision making process of the respondent scoring the highest percentage. Thus the marketers need to understand the importance of the different elements that affect the decision making process as they can plan their marketing strategies accordingly to influence their target group.

- ❖ It has been observed that brands like Nokia are very popular and have strong brand preference, Nokia has scored the highest ratings in terms of ease of use, this is one of the important element which is preferred by the respondents while selecting a brand, other Companies need to bear this in mind and try to make their brand user friendly. Sony Ericsson was rated highest for its look and design, as well as for its different features, like mega pixel camera, good sound and voice quality, however in terms of ease of use it was rated poorly. Brands like LG and Samsung was rated highest for its durability, Motorola for its style and design.

### **VIEWS OF THE RESPONDENTS**

The third part of the questionnaire consisted completely of open-ended questions to ascertain the views and opinions of the respondents based on the brand experience, the questions were interpreted as follows:

#### **Question 3.1**

The basic objective for purchasing a cellular phone for 75% of the respondents was to stay connected with their family and friends, to stay in touch with their business associates, and customers and for their official use, the remaining 25% said their basic intention for purchasing a cell phone was that it provided the convenience of easy portability, which was a limitation in terms of landline phone as well as to listen to music, to use internet, and for its multi – purpose benefit. For most of the respondents the cellular phone is a very important device in their life as they cannot do without it.

#### **Question 3.2**

Promotional Offers are found by most of the respondents as deceptive and not authentic, they believe it comes with a hidden cost, however, the promotional offer by Nokia at one of its retail outlet at Salunke Vihar Road was the exchange offer of buying a new cellphone in return of the old one, which had a great impact on the customers. Other offers like some Bonus packs, free sim card with the handset, free accessories, price off pack, and to provide long term guarantee are the various offers preferred by the consumers. Nokia has also come up with loan facility available for the cellular phone which is receiving a good response from the consumers.

#### **Question 3.3**

The Indian market for cellular phone is very lucrative, with liberalisation and growing income, there is stiff competition among various brands to sustain their position in the market and maintain their brand loyalty. 'Survival of the fittest' is the catch word, that brand which tends to be fulfilling the growing

expectations of the consumer which is user friendly, durable, economical, and sturdy, who fulfils the growing technological expectations will be able to survive in the market for a long time.

#### Question 3.4

Many suggestions have emerged from the respondents, like many of them expect the company to be transparent when it comes to offers and promises, the respondents expect the companies to communicate to them clearly, the features presented should not be discerning, as brand satisfaction is achieved only after the brand experience. The consumers expect good and prompt after sale services, easy availability of the brand is another grave problem which the companies need to consider. Durability of the product is another important element while purchasing a cellular phone.

### **B) Suggestions**

The following suggestions emerged from the main findings of the study:

#### **1. Suggestions to the Companies**

- In order to sustain in the market, the companies need to start sub-branding, before the market becomes saturated, sub-branding allows a cost-effective and a flexible alternative to marketers as far as handling brand portfolios are concerned. Motorola has introduced various sub-brands since 2005. However, it has been Moto Razr that has proved to be a major hit with the youth brigade and hence, further investments have been pumped into the sub-brand to develop its variants. Flip Moto, MP3 Moto and Foto Moto have, with the passage of time, faded out of the market without actually causing any major impact on the core brand, Motorola. In the present context, where brand and communication clutter is highly in vogue and newer niches are being discovered and being catered by marketers every other day, sub-branding strategies are an effective alternative. It imparts flexibility to a company's brand-building strategies and generates higher recall for the products of a company among its customer thus building high brand preference.
- In order to create Brand Preference, it is important to first create awareness, from the study it is observed that Nokia scored the highest in terms of awareness, with 98% of respondents being aware of this brand, it has also been observed that there are a number of exclusive dealer outlets of Nokia spread across the Pune city where the repairing services are also provided for this brand. Thus in terms of brand preference Nokia scores the top most position amongst all the other brands available. Brands like Asus, Spice, are owned by very few respondents with low awareness amongst the consumer groups. Thus it is suggested for the companies to create more



awareness through advertising, print media amongst its target groups about the different model of products and series launched.

- It is important for the companies to understand the factors which influence the decision making process of the consumers, so as to tap the right target groups. Price is not the only element, the companies need to concentrate more on providing ease of use, to its consumers since it is preferred by a majority of 71% of respondents, though price comes next it is secondary for opting or selecting a particular brand. Specially in case of cellular phones it is not the only element, others features like ease of use, good user interface, good sound quality, are the elements which are generally preferred by the consumers before purchasing a cellphone.
- The Television medium of advertising is a very effective way of reaching to the masses, as 25% of respondents have learnt about their brands from the T.V. advertisements, thus the companies need to focus more on this medium of advertising.

## 2. Suggestions to the Consumers

The main suggestion to the consumers who wish to purchase a particular brand of cellphone is - they should be aware of the various brands available in the market, they must understand their basic need or objective of purchasing a cellular phone and then they must assess the after sale service, look out for a durable and sturdy brand, which will be easy to use as well as economical too. If they are looking out for fulfilment of their basic need with just ease of use feature then Nokia is the most suggested brand, if they would want multiple feature with a sleek and trendy look, Sony Ericsson and Motorola is suggested, if the consumer wants an economical brand then Nokia and LG is suggested. If the consumer wants a cellular phone which is high in terms of technology then Samsung and Blackberry is recommended. However all the brands have various series and models to suite the taste and preference of different consumers, hence it is prudent to check out all the brands so as to avoid dissatisfaction, disappointment and extra costs later on.

## CONCLUSION

Today's market has become more complex and has witnessed the constant churn of customers across different brands. The marketers spend billions of dollars to acquire, satisfy and retain consumers. They deploy high-power customer relationship tools to track, monitor and nurture the potential customers. However, despite all the efforts, the churn has become a major concern for the marketers. Companies spend billions of dollars to build brand value of products/services in order to woo consumers buy, consume, satisfy, stay and contribute to companies exchequers.

The present scenario witnesses the growth of products/services that offer more or less similar features which confuse the target consumers to choose. It also induces the customers to move across the different brands which pose a serious challenge to the companies who spend large sums of money to build brands. Aspiration of every company is to build a product/service which attracts consumers to stay and contribute profitably for longtime survival and success. Unfortunately, the aspiration would not materialize as the companies fail to address the requirements of customers or offer the same value as other brands do. Hence, it is very critical to win the confidence of consumers in order to make them loyal, and create a strong brand preference.

To conclude, it is important to create brand awareness amongst the target group of the consumers, brands like Nokia has topped the list in terms of brand preference, credibility, availability and awareness, the marketers also need to concentrate on the factors that influence the buyers purchase decision, in order to gain brand preference.

Hence it is very essential for the manufacturers and marketers to study consumer behaviour if they have to survive and compete in a highly competitive society like ours. A comprehensive knowledge of consumer behaviour helps the marketer to recognize why and how individuals make their consumption decisions. This will further facilitate them to make better marketing decisions.

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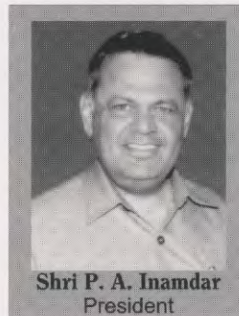
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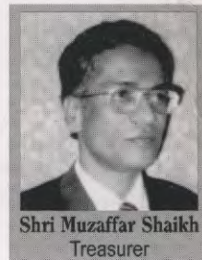
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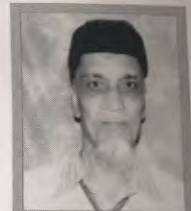
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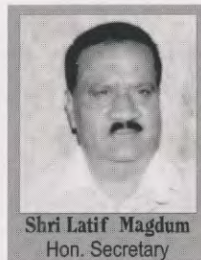
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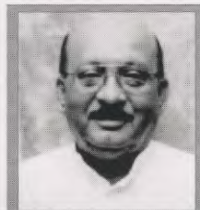
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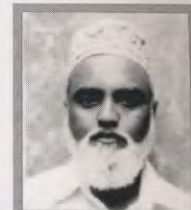
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