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- **Language Used** – English

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- **Tables and Figures**

To the extent possible, tables and figures should appear in the document near/ after where they are referenced in the text. In no case should tables or figure be in a separate document or file.

- The paper should start with an introduction and end with a conclusion summarizing the finding of the paper.

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Human Resource Management Practice in Dimensions Limited: An Analysis

Tripoli Daring

Manager, Finance, Dimensions Limited (New Zealand), Bangladesh Office. She is the General Secretary, Center for Breakthrough Thinking in Bangladesh.

Introduction:

A skilled, effective and efficient working force is not an ornament but rather an integral part of any organization. All the superb qualities of personnel are only possible to procure in an organization when the employees get appropriate and age old training properly related to their job and they are ready to receive it spontaneously, not by force. Wrong selection will hamper the efficient operation of the institution. It may bring disaster to the organization, though the personnel are otherwise skilled and qualified enough for different positions.

Their effectiveness and achievements largely depends upon the ability and efficiency of the Human Resource Department (HRD) of the organization. Good careful planning together with coordinated recruitment and selection policies are required so that each position is filled by properly experienced and qualified personnel. The best possible qualified and eligible candidates will receive a fair and handsome remuneration, as well as, proper favor for each and every vacancy. Moreover an organization may not retain overqualified personnel without increasing the scope of their work and other facilities.

An organization can feel proud of its skilled working force. It is the main stream of an organization which allows it's current to flow to its goal in a rated period of time superbly. An effective and skilled working force may be hired only when the right persons are selected for the right position. It is also obtained by offering proper, adequate and sufficient job oriented training that helps the work force to produce their best for their respective organization. It does not only serve the organization but also for the whole nation. On the hand an incorrect selected working force is an unproductive element for an organization which may bring fatal destruction instead of reaching or achieving their goals.

Human Resource Management (HRM) is a device by which one gets maximum output from a minimum input. It is the backbone of an organization. A proper HRM lies with the right function of a HR Manager who deals with the work force, a sensitive factor of his organization. Without proper support of the human work force machines remain idle, raw materials lie stacked, money gets tied up, bank interest goes up and turmoil may arise in the working premises that make an organization bankrupt within a short period of time.

It is acknowledged that every person has their limitations. No one is fit for all sorts of jobs. Effective human performance is only possible when the right incumbent is selected for the right sort of job. Training is something required for the utmost development of one's capacity. Having specialized knowledge of people, an ideal and well-groomed Personnel Departments helps the employees to learn and be aware of the job concerned.

Personnel Management is concerned with social implications of changes in an internal organization, a method of working on economic and social changes in the community. The importance of the human workforce starts with the orderly process of recruitment.

Human Resource Process (HRP) helps determine the number and type of people an organization needs. Job analysis and job design specify the tasks and duties of jobs and the qualifications expected from prospective jobholders. The next logical step is to hire the right number of people, of the right type, to fill the jobs.

Hiring involves two broad groups of activities: (i) recruitment and (ii) selection. It is noted that hiring, contrary to popular perception, is an ongoing process and not confined to the formative stages of an organization. Employees leave the organization in search of greener pastures – some die in the saddle. More importantly, as an enterprise grows and diversifies it takes on more functions – all necessitating the hiring of new men and women. In fact, the hiring function stops only when the organization ceases to exist.

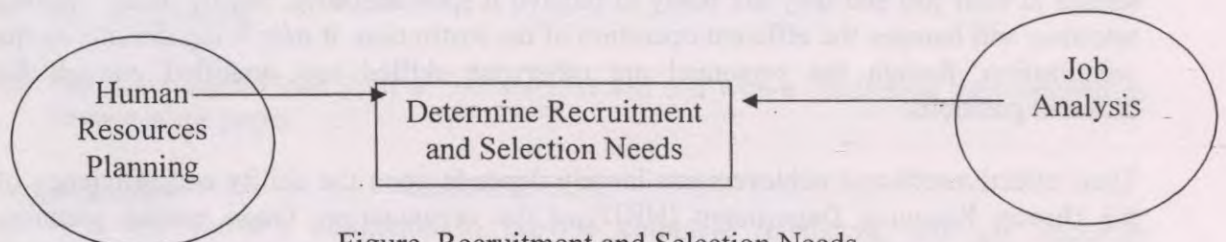


Figure. Recruitment and Selection Needs.

(Source: K. Aswathappa, Human Resource and Personnel Manager, 3rd Edition, Page 113)

Recruitment Process is the means for finding and attracting capable applicants for employment. It begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applicants' from which new employees are selected. Though, theoretically, the recruitment process is said to end with the receipt of applications, in practice the activity extends to the screening of applications so as to eliminate those who are not qualified for the job.

Selection is the process of picking individuals out of the pool of job applications with the requisite qualifications and competencies to fill jobs in the organization. It is the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in a job. Although some selection methods can be used within an organization for promotion or transfer it also focuses on selecting applicants from outside the organization.

Both recruitment and selection play crucial roles in the HRP and are often used interchangeably. However there is a fine distinction between the two steps; while recruitment refers to the process of identifying and encouraging prospective employees to apply for jobs, selection is concerned with picking the right candidates from a pool of applicants. Recruitment is said to be positive in its application, in as much as, it seeks to eliminate as many unqualified applicants as possible in order to identify the right candidates.

Dimensions Limited recruits and selects its working force, employees, from outside and from the internal resources of promotion to run smoothly according to its requirements.

To implement the various projects of the organization Dimensions Limited also employs out-sourced personnel on a "project time" basis.

Background of the Study

The world is quickly inventing various scientific articles that make people's work easier even from that of yesterday. By using scientific devices people do many things differently from the past. The volume of work that required a group of people in the past may now be preformed by using modern scientific devices available at present. But despite these modern advanced technological units and their control, people remain the most important factor in the business in constant motion. Therefore it is only natural that most of the companies are giving ample effort to recruit the most suitable candidates. Only the companies that attract the right personnel and kept them constantly motivated will earn success in every sphere of business.

Human Resource Management covers a wide range. It begins with recruitment and ends with retirement accompanied with a pension scheme. It aims to concentrate on the first two levels of this - the Recruitment and Selection Process (RSP). It is admitted to all that attracting and selecting the right person for an organization results in the proper sort of result. It is true that all incumbents are not made of same material. Here lies the limitation of a human being. Effective human performance is only possible when the right person is selected for the right position. Having proper and adequate training, an incumbent can develop to their utmost capacity. HRM consists of people with specialized knowledge regarding personnel affairs. They may help the employees to learn job related matters, as well as, provide notions about how to perform better in the organization, in the working premises, and encourage their best endeavors. Not only are the firm's requirements for an effective workforce met: the HR Manager must be greatly concerned with the expectations of both employees and society in general. Society at large has proclaimed its human resources to have importance that moves beyond their work force status. The incumbent is simultaneously an instrument of their firm, a human being, and a citizen.

Personnel Management is concerned with social implications of changes in internal organization and method of working on economic and social changes in the community. The importance of human resources mostly lies in the orderly process of recruitment.

Their effectiveness and achievements largely depends upon the ability and efficiency of the Human Resource Department (HRD) of the organization. Good careful planning, together with coordinated recruitment and selection policies are required so that each position is filled by properly experienced and qualified personnel. The best possible qualified and eligible candidates will receive a fair and handsome remuneration as well as proper favor for each and every vacancy. Moreover an organization may not retain overqualified personnel without increasing the scope of their work and other facilities.

This study will conduct a review of the operational strategies and personnel procedures followed by Dimensions Ltd. This organization will then be able to have a better appreciation of the strengths and weakness of its Recruitment and Selection Process.

About Dimensions Ltd.

Mr. Mark Harrington started Dimensions Limited in October 1996. It became established and successful. Mr. Harrington came to the decision to sell off Dimensions for several reasons, the primary reason being that the Harringtons believed that the time had come for them to relocate themselves back to New Zealand for their children's education and cultural needs. Secondly, they believed that for Dimensions to reach the full potential of its founding objectives, it needed to have access to greater expatriate personnel and capital resources.

The timetable for this sale was tight as the Harringtons' involvement in the handover period was critical for maintaining the company's momentum, transfer of goodwill, agencies and local knowledge etc. They therefore set 15 December 2000 as their latest departure date from Bangladesh.

Market Placers International Limited (MPIL) then took over Dimensions from Mr. Harrington as he had sold it to them and it has now been running very smoothly for the last seven years. Dimensions' vision is to supply quality service with integrity. In this regard Dimensions has been increasing their Human Resources and staff. This company is now running on its own profit. Not a single taka is coming from MPIL New Zealand. Dimensions and MPIL's vision is to help the poor people in Bangladesh and create jobs for them. Therefore while earlier there were only 4-5 staff, it is now above 20. Their employees enjoy a Provident Fund 12%, a Gratuity system, and 16 Public and 10 special days Holidays per year. Moreover, Dimensions has provisions for 5 days of service leave. If any one wants to study or undergo training, she or he will get 50% help from office for it.

Every Sunday they conduct a Bible study at the office from 8-9AM as they cannot go to the church on Sunday, so that the staff can gain knowledge and manage their life smoothly in a spiritual way.

Their work is based on the principles of the Christian faith – human dignity (all people are created in the image and likeness of God); equality (all people are equal in the sight of God); and commitment to justice (all people have equal rights) – which compel them to work for the well being of all people, especially children.

The Organization's Values

Commitment to the poor: Dimensions is called to serve the needy and unfortunate people of the earth; to relieve suffering and to promote the transformation of their condition of life.

People's value: The organization regards all people as created and loved by God. They give priority to people before money, structure, systems and other institutional machinery. It acts in ways that respect the dignity, uniqueness and intrinsic worth of every person.

Stewardship: Dimensions is a 100% foreign owned company and also a self dependent company. Whatever yearly profit they get, is distributed among their staff and the poor students and other organizations.

Partnership: The organization is a member of an international Dimensions Partnership that transcends legal, structural and cultural boundaries.

Responsiveness: Dimensions is responsive to any life-threatening emergencies where their involvement is needed and appropriate. It is willing to take intelligent risks and act quickly.

Vision Statement

Dimensions Limited Vision Statement is:

“Our aim is to provide quality service with integrity.

Involvement in Bangladesh

Dimensions came to Bangladesh in response to the tidal surge that occurred in the coastal parts of the country in 1996, providing employment, educational support to the poor, and relief supplies to the affected disaster victims.

Presently Dimensions Limited operates through its two Service Centers in 7 districts of Bangladesh serving around 300 people both directly and indirectly with various Embassy, Banks, Missions, NGOs and other Government offices.

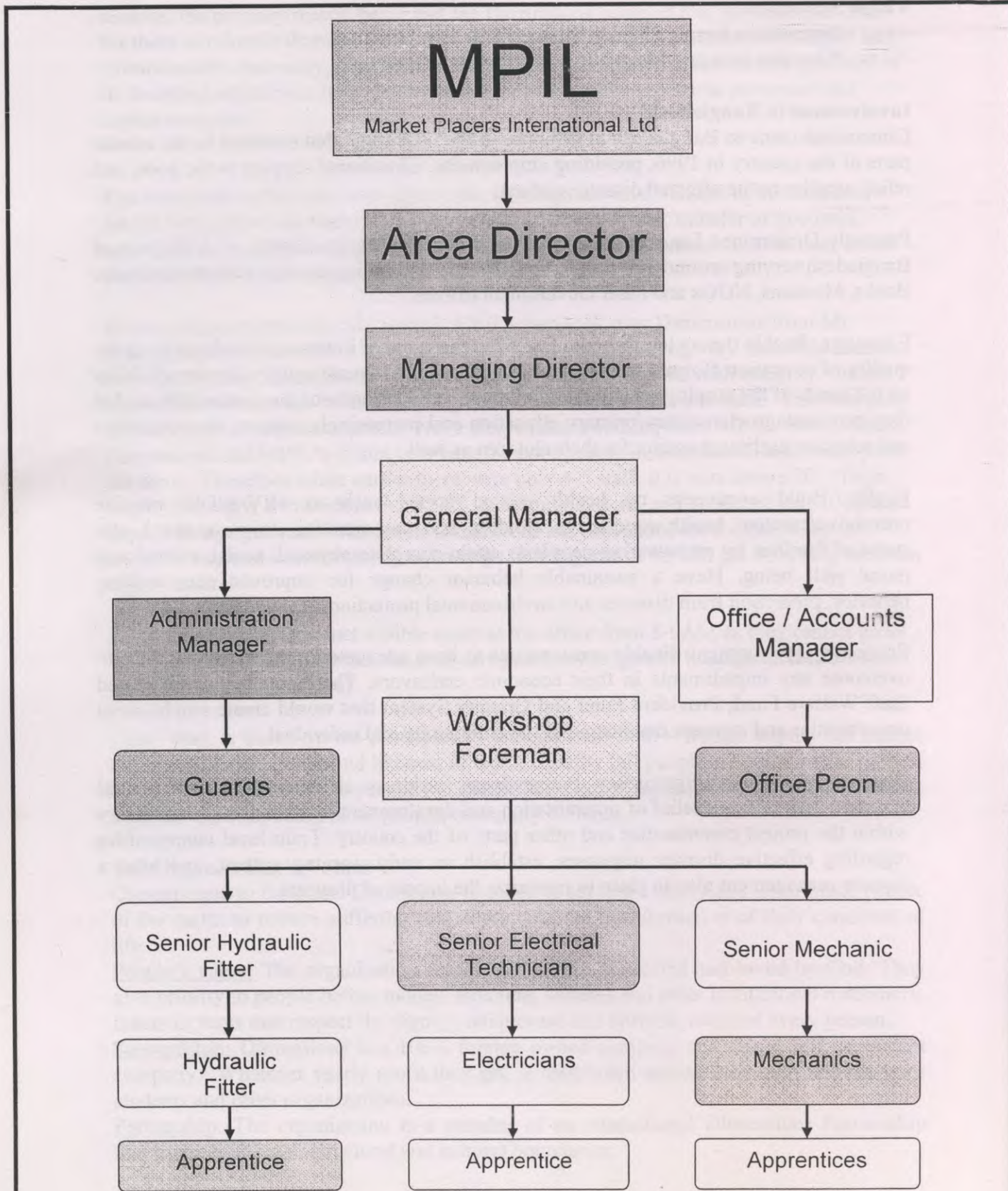
Education: Enable the society become free from the curse of illiteracy. Emphasis is on the quality of education (formal, non-formal, functional, and vocational), with special focus on the needs of the employees and their children. Build capacity of the community so that they can manage elementary/primary education and increasingly support the vocational and selective higher education for their children as well.

Health: Build awareness on health related issues such as HIV/AIDS; provide preventive/curative health services to children and communities. Improve the health status of families by empowering people to attain complete physical, social, mental and moral well being. Have a sustainable behavior change for improved care seeking behavior, protection from diseases and environmental protection.

Economic Development: Enable communities to have adequate infrastructure in place to overcome any impediments in their economic endeavors. Therefore they have started Staff Welfare Fund, Provident Fund and Gratuity System that would create employment opportunities and increase the income of the community and individual.

Disaster Management/Emergency Preparedness: Address all man-made and natural disasters with relevant relief of rehabilitation and development interventions as necessary within the project communities and other parts of the country. Train local communities regarding effective disaster responses, establish an early warning system, and have a disaster management plan in place to minimize the impact of disasters.

Dimensions Organization Structure



Objectives

2.1 Major objectives

The major objective of this study is to apprehend the Recruitment Selection Procedure in the context of the Dimensions Limited and its impact on the organization.

2.2 Specific Objectives

2.2.1 To determine how effective is the HRM

2.2.2 To find out the limitations and strong areas;

2.2.3 To recommend the improvement of the existing recruitment and selection process of World Vision Bangladesh.

Methodology of the study:

A close review on the frequency of recruitment in Dimensions Limited will be carried out.

Data Collection method:

Data collection will be done and processed from:

a) Primary data

A questionnaire will be prepared for study. Its subject matter will be related to its objective. Having the approval of the authority it will be circulated among the personnel of the working force of Dimensions.

b) Secondary data

Personnel and Administration Manuals, Job Descriptions, Annual Reports and published literature.

Data processing method

- The completed question will be analyzed.
- The analyzed and processed data will be presented in various charts and graphs.
-

Limitations of the study

There are a lot of constrains to fulfill the study. The time given to complete this was very short. To collect all relevant information was very difficult within a very short time. Besides, extra time is needed for collecting secondary data. Moreover almost all officers were busy with their jobs and it was difficult for them to provide me sufficient time for interviews. As the time was very short, I have a small sized sample which is barely sufficient for such a study.

Recruitment & Selection Procedure: Concepts & Theoretical Aspects

Recruitment and Selection Procedure (RSP) plays the role of a media by which one gets their position in an organization whether it is small or large. It performs a crucial function. It is very useful for a HR manager to recruit and select the best personnel for their organization. An organization cannot recruit and select the best personnel without its proper and adequate use. Recruitment is often termed as "Positive" when its objective is to increase the selection ratio against a particular position. Selection performs the opposite function of recruitment. It is for screening and appraising the applicants and rejecting those who are unfit for the declared post. The Personnel/Human Resource Department or the Administration Section of an organization is endowed with the

righteous duty and responsibility to recruit the most eligible applicant for a declared post. The success or failure of an organization is affected as once someone is employed they cannot be easily terminated by law. As a result inadequate personnel become a burden for an organization. Every human possesses individual characteristics which are invaluable personal treasures. A person who is unfit for one position may be very fit for another position because of their individual characteristic qualities. This is unveiled through the RSP.

Legal Application

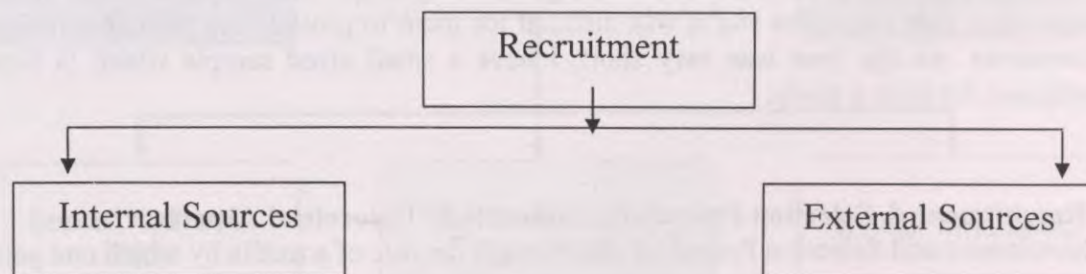
- An Organization has the right to select its staff on the basis of qualifications among the applicants;
- Alternative Selection method has less adverse impact when party in its application;
- An Organization is responsible to prove the validity and job relatedness of a selection device that may have adverse impact on protected groups.

Recruitment

Recruiting is the process of discovering potential candidates for actual or anticipated organizational vacancies. Or from another perspective; it is a linking activity bringing together those with vacancies to fill and those seeking jobs. Certain recruiting sources are more effective than others for filling certain types of jobs. As we review each source in the following sections the strengths and weaknesses, in attempting to attract lower-level and managerial level personnel, will be apparent. These are: The internal search, and the external search, which include – Advertisements, Employment Agencies, Schools, Colleges, and Universities, Professional Organizations, Cyberspace Recruiting, and Unsolicited Applicants. Recruitment is the process of finding and attracting capable applicants for employment. It begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applicants' from which new employees are selected. Though, theoretically, the recruitment process is said to end with the receipt of applications, in practice the activity extends to the screening of applications so as to eliminate those who are not qualified for the job.

Sources of Recruitment:

The sources for recruitment can broadly be labeled into two groups:



a) Internal Sources:

Internal sources refer to the present working force within an organization. In the event of a vacancy someone already on the pay roll will get promoted, transferred or sometime demoted.

b) External Sources:

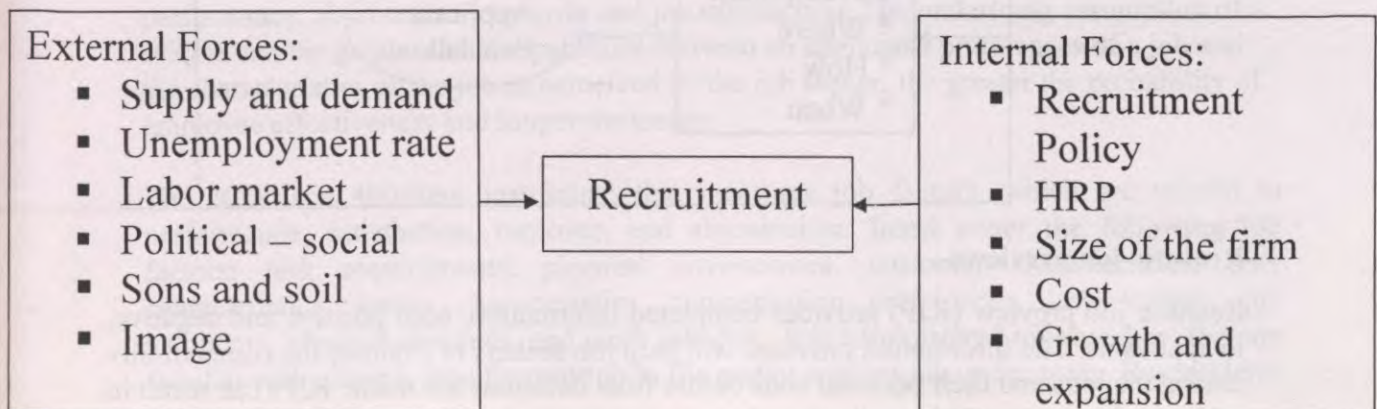
The following external sources are widely used

- Advertising: One goes in for advertising in daily newspapers, professional journals and the Internet after failing to recruit a person from the internal source.
- Employment Exchange: The government and other autonomous bodies sometimes exchange their employees on deputation to fulfill the recruitment of semi-skilled or unskilled jobs.
- Unsolicited Applicants: Who gather at the factory gates to serve as casual workers or who send in their request for appointment against a vacancy, if any, is also an important source of external recruitment. (S.A. Haque, 1981)
- Job Fair: A group of organizations arranges a job fair at a particular day, time, and place as a body to collect applications from many applicants to fill their vacant positions.
- Educational Institutes: Some organizations collect their personnel from the various educational institutes of good academic reputations.
- Recommendation: Recommendations from relatives, friends and well wishers are sometimes cordially accepted.
- **Executive Search Firm:** These are a sort of private employment agency that search for specialized and experienced managerial and executive-level personnel for many organizations according to their demand.
- **Walk-in interview:** This takes a short time to recruit employees. The employer selects and recruits the employees directly after a practical test at an interview.
- **Out-Source:** Nowadays out-source employment is welcomed in the lower ranks of an organization e.g. the position of driver, peon etc.

Deciding whether the position is to be filled internally or externally is often an early task in recruitment planning for specific vacancies. In some cases there is no decision to be made. For example, entry-level jobs must be filled externally, and for other positions, the company's policy or union contract may require that internal sources be utilized first. Most organizations use a mixture of internal and external sources – promoting from within when qualified employees are available and recruiting from external sources when skills are needed or growth is rapid. (Fisher, Third Edition)

Factors Governing Recruitment:

Factors that naturally influence the recruitment are demonstrated in the figure below:



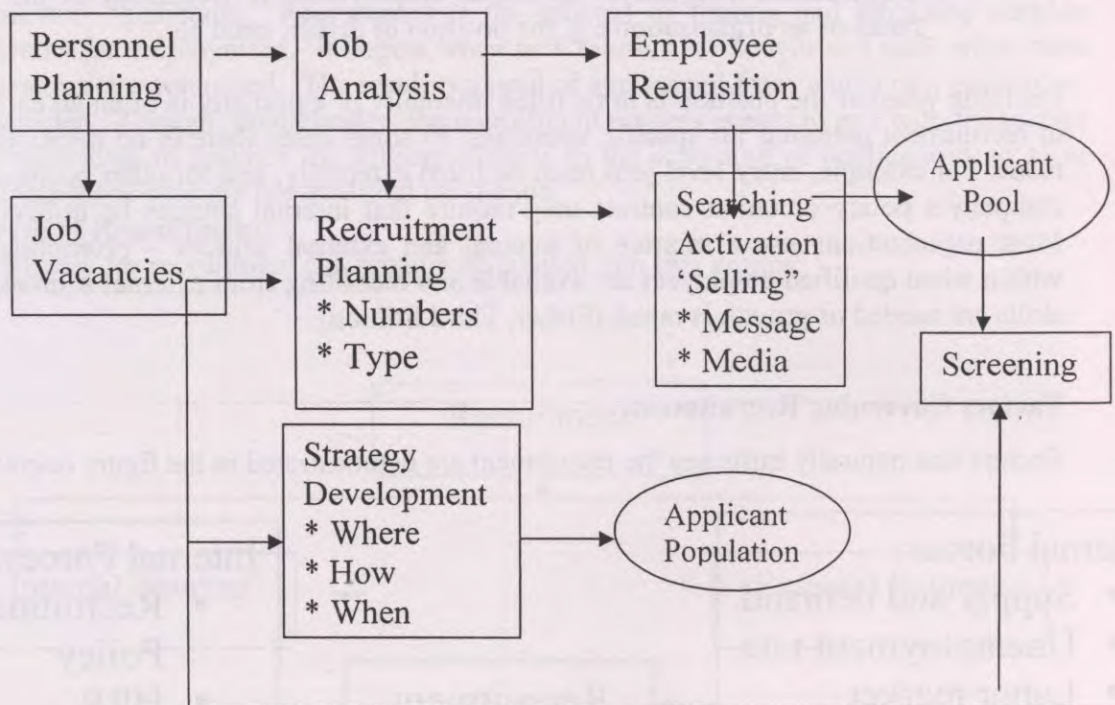
(Source: Aswathappa K. 1981)

Recruitment Process:

Recruitment refers to the process of identifying and attracting job seekers so as to build a pool of qualified job applicants. The process comprises of five interesting stages, viz.

- I. Planning
- II. Strategy development
- III. Searching
- IV. Screening, and
- V. Evaluation and control.

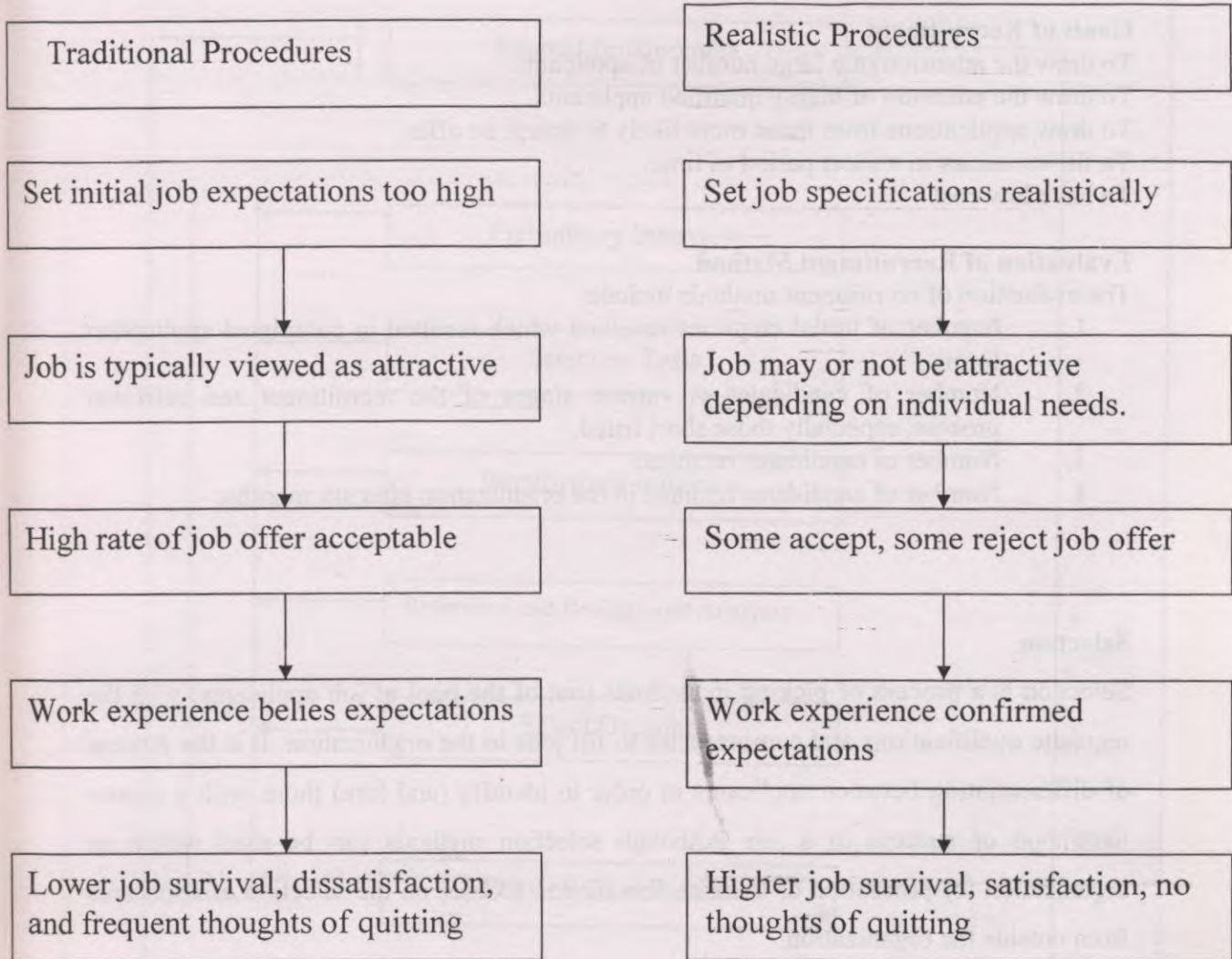
The ideal recruitment program is the one that addresses a relatively large number of qualified applicants who will survive the screening process and accept positions with the organization, when offered. Recruitment programs can miss the ideal in many ways: by failing to attract an adequate applicant pool, by under / over selling the organization, or by inadequately screening applicants before they enter the selection process. Thus, to approach the ideal, the individuals responsible for the recruitment process must know how many and what types of employees are needed, where and how to look for individuals with the appropriate qualifications and interests, what inducements to use (or avoid) for various types of applicant groups, how to distinguish applicants who are qualified and have a reasonable chance of success, and how to evaluate their work.



Realistic job previews

Realistic job preview (RJP) provides completed information, both positive and negative, to applicants. The information provided will help job seekers to evaluate the compatibility among the jobs and their personal ends before final decisions are made. RJP's can result in self selection process job applicants who can decide whether to attend the interviews and

tests for final selection or withdraw themselves in the initial stage. The following figure contrasts some of the outcomes that can develop from traditional and realistic job previews.



Job Compatibility Questionnaire

The Job Compatibility Questionnaire (JCQ) was developed to determine whether an applicant's preferences for work match the characteristics of the job. The JCQ is designed to collect information on all aspects of a job, which have a bearing on employee performance, absenteeism, turnover and job satisfaction. The underlying assumption of a JCQ is that the greater the compatibility between an applicant's preferences of a job and the characteristics of the job as perceived by the job seeker, the greater the probability of employee effectiveness and longer the tenure.

The JCQ is a 400-item instrument that measures job factors, which are related to performance, satisfaction, turnover, and absenteeism. Items cover the following job factors; task requirements, physical environment, customer characteristics, peer characteristics, leader characteristics, compensation preferences, task variety, job autonomy, physical demands, and work schedule. It is administered to jobseekers that are familiar with either a specific position to file and/or a target job under study. Respondents

are asked to indicate the extent to which a JCQ item is descriptive of the job or position under study.

Goals of Recruitment

To draw the attention of a large number of applicants.

To draw the attention of highly qualified applicants.

To draw applications from those more likely to accept an offer.

To fill vacancies in a short period of time.

To have low cost.

Evaluation of Recruitment Method

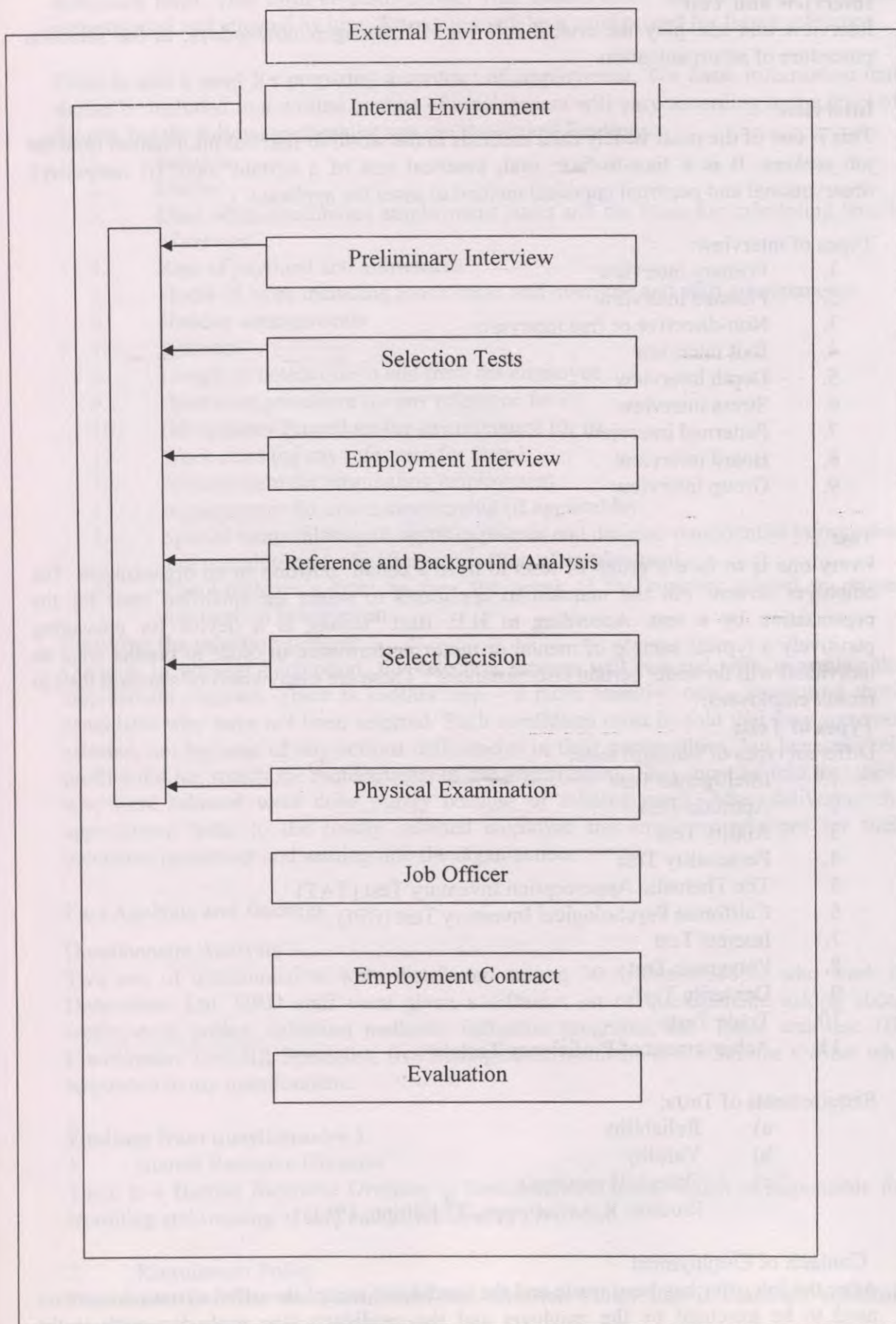
The evaluation of recruitment methods include:

1. Number of initial enquiries received which resulted in completed application forms.
2. Number of candidates at various stages of the recruitment and selection process, especially those short listed.
3. Number of candidates recruited.
4. Number of candidates retained in the organization after six months.

Selection

Selection is a process of picking individuals (out of the pool of job applicants) with the requisite qualifications and competencies to fill jobs in the organization. It is the process of differentiating between applicants in order to identify (and hire) those with a greater likelihood of success in a job. Although selection methods can be used within an organization for promotion or transfer, this section focuses on the selection of applicants from outside the organization.

It is a long process, commencing from the preliminary interview of the applicants and ending with the contract of employment. The following figure represents a generalized selection process. In practice, the process differs among organizations and between two different jobs within the same organization. Selection procedure for senior managers will be long drawn and rigorous, but it is simple and short while hiring shop-floor workers.



Interview and Test

Interview and test play the crucial role for HR manager, now-a-days, in the selection procedure of an organization.

Interview

This is one of the most widely used methods in the world to find out information from the job seekers. It is a face-to-face, oral, practical test of a certain topic (if necessary), observational and personal appraisal method to assess the applicant.

Types of interview:

1. Primary interview
2. Planned interview
3. Non-directive or free interview
4. Exit interview
5. Depth interview
6. Stress interview
7. Patterned interview
8. Board interview
9. Group interview

Test

Every one is to face a group of tests to have a certain position in an organization. The employer screens out the unqualified applicants to select the qualified ones for the organization by a test. According to H.E. Butt "testing is a device for measuring punitively a typical sample of mental or motor performance in order to predict what an individual will do under certain circumstances". There are many kinds of standard tests to recruit employees.

Types of Test:

Different types of standard tests:

1. Intelligence Test
2. Aptitude Test
3. Ability Test
4. Personality Test
5. The Thematic Apperception Inventory Test (TAT)
6. California Psychological Inventory Test (CPI)
7. Interest Test
8. Polygraph Test
9. Dexterity Test
10. Trade Tests
11. Achievement of Proficiency Tests

Requirements of Tests:

- a) Reliability
- b) Validity
- c) Others (if required)

(Source: K Aswathappa, 3rd Edition, 1981)

Contacts of Employment

After the job offer has been made and the candidates accept the offer, certain documents need to be executed by the employer and the candidate. One such document is the

attestation form. This form contains certain vital details about the candidate, which are authenticated and attested by him. Attestation will be a valid record for future reference.

There is also a need for preparing a contract of employment. The basic information that should be included in a written contract of employment will vary according to the level of the job, but the following checklist sets out the typical headings:

1. Job title
2. Duties
3. Date when continuous employment starts and the basis for calculating length of service
4. Rate of payment and allowances
5. Hours of work including lunch break and overtime and shift arrangements
6. Holiday arrangements
7. Sickness
8. Length of notice due to and from the employee
9. Grievance procedure (or any reference for it)
10. Disciplinary Procedure (or any reference for it)
11. Work rules (of any reference for them)
12. Arrangement for terminating employment
13. Arrangement for union membership (if applicable)
14. Special terms relating to rights to patents and designs, confidential information and restraints on trade after termination of employment
15. The Employer's right to vary the terms of the contract subject to proper notification being given.

Finishing the selection process

Contrary to popular perception, the selection process will not end with executing the employment contract. There is another step – a more sensitive one – reassuring those candidates who have not been selected. Such candidates must be told that they were not selected, not because of any serious deficiencies in their personalities, but because their profiles did not match the requirements of the organization. They must be told that those who were selected were done purely because of relative merit. After delivering the appointment letter to the finally selected employee the employer arranges for their induction, placement and settling into the organization.

Fact Analysis and findings

Questionnaire Analysis

Two sets of questionnaires were distributed among 30 different people who work at Dimensions Ltd. HRD staff were given a different set of questionnaire asking about employment policy, selection methods, induction programs, etc. There was one HR Coordinator, Two HR Specialist, five Management members and a Service Officer who responded to my questionnaire.

Findings from questionnaire 1

1. Human Resource Division

There is a Human Resource Division in Dimensions Limited, which is responsible for recruiting and training of mid and lower level of personnel.

2. Recruitment Policy

Dimensions Ltd. has one recruitment and selection Policy that is based on academic excellence, experience and commitment.

3. Methods of Recruitment

The methods employed for recruitment are preliminary test, written test, individual interview (Viva), etc.

4. Selection Procedure

The source of employment is both external and internal and the source of application is from newspaper, internet and data bank of incoming CVs. This organization conducts a preliminary interview and tests are written test, individual interview and computer tests. Dimensions Limited doesn't check reference for selection as it believes that this kind of information can be unreliable.

5. Requisition for Employment

A team leader/project supervisor is responsible to make requisition for employment.

6. Previous Employment History

Dimensions check the previous employment history of the employee by checking the experience certificate(s).

7. Physical Examination Policy

There is a policy regarding physical examination of an employee.

8. Waiting List

There is no waiting list for future recruitment.

9. Induction Program / Training

The organization arranges an induction and training program for each new recruit, which is conducted by the personnel department. The induction program highlights the organization's mission, vision, values and areas of intervention.

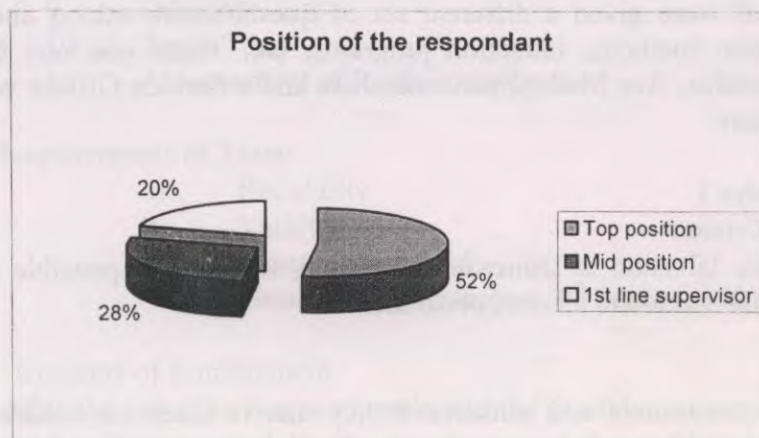
10. How often employees are recruited

Employees are recruited as and when required.

Findings from Questionnaire – 2

Position of the respondents

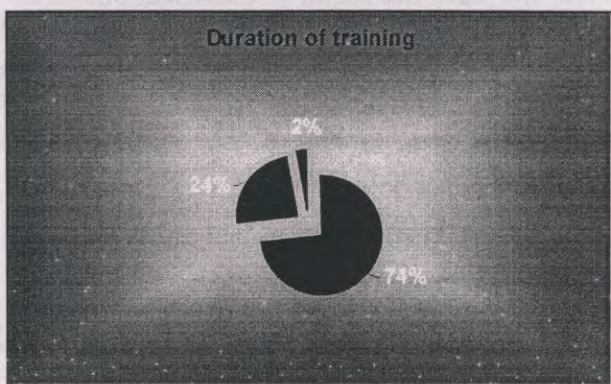
Employees from other departments were also asked questions with a different set of questionnaires about selection procedure, their educational qualifications, job satisfaction etc. Out of 41 employees 3 (7.3%) were in top position, 22 (53.7%) in mid position and 16 (39%) were first line supervisors which is shown in the figure below:



Job Satisfaction is fairly high among the employers. Out of 30 employers, 21 are satisfied with their current position, 4 were not satisfied with their position and 5 abstained themselves from giving any comment.

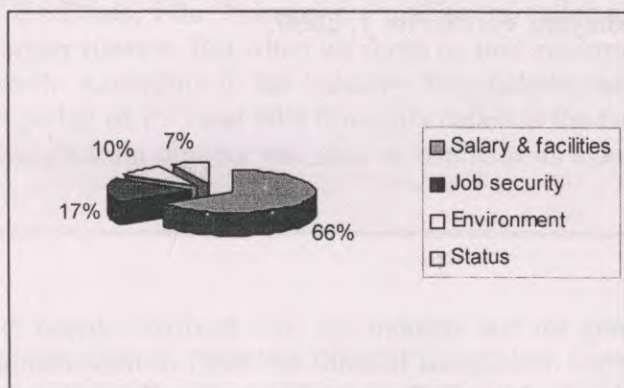
Induction and Training

Dimensions Ltd. arranges an induction program for all employees. Each 30 employee (100%) received short and long training ranging from 3 months to 1 year. The following graph shows 30 (73.1%), 10 (24.3) and 1(2.4%) employee received 3 months duration, 6 months duration and above 1 year duration training respectively. Most of the training is very much job related.



Factors to consider when taking up a new job

Each employee was asked what factors they would give priority to, in case of an opportunity for a new job in another organization. Most of them seemed to be very practical and gave preference to salary and facilities in the new job. The figure 13 shows 27 (65.9%) give priority to salary and facilities. 7 (17%) to job security, 4 (9.8%) environment and reputation of organization and only 3 (7.3%) give preference to job status. It is also noted that female employees (3) think environment and reputation of organization as the factor of prime consideration.



Conclusion and Recommendations

From the above data we can say that recruitment and selection policy of Dimensions Limited is very effective. They recruit the right person for the right job. Fairly high percentage of employees is satisfied with their present position and they think that they are doing well. This organization recruits in different stages from external and internal sources. For recruiting people Dimensions Ltd opts for advertisement in the newspaper and Internet. The organization may also take help from the job agencies so that they can save their time & cost in recruiting eligible candidates. Also they should go in for reliability testing and validity testing as those will increase the effectiveness of the selection. Recruitment policy should be checked from time to time by experts so that necessary changes can be made in the policy. Short listing should be done as per policy; otherwise candidates who do not have the required qualifications could be short-listed. Dimensions Ltd. is an equal opportunity organization, and a good number of female officers were found even in the HRD. The organization recruits employees as and when required. A proper manpower plan is in place for future recruitment. Breakthrough thinking in Human Resource management of the organization will enhance the productivity and effectiveness of the organization.

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Hidden Brightness of a Dark River: The Problem and Prospect of Film Industry in Bangladesh

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1. Introduction

Film is a means of socialization i.e. the process and experience that help the individual to become sensitive to the expectation of other members of the society, their values and culture. Cinema is an important tool in building cultural institutions, and reinforcing cultural pride. Cinema could be used to heal the psychological wounds created by slavery and colonialism and to provide moral upliftment. Cinema is like photography; it is not an accident but a concept. That is, cinema is a manipulation of the viewer through its language of images; it is the recycling of reality through the way it is presented. Cinema is a means of information, education and cultural development of the masses. It is a means of communication and comprehension.

Bangla Cinema- discussing on this particular topic creates nostalgia for contemporary Bangladeshi cinema. The Bangladesh film industry and its product is today very much limited to a certain group of people. The so called commercial cinema is only for the lower income group, where quality is not important, but entertainment in the form of vulgarism and violence is. On the other hand a group of directors of the Dhaka Film Industry are making so called alternative cinema based on urban life and target only urban viewers. But when we focus on this industry we find a dare stain decline in the overall industry growth. According to the industry, Bangladeshi cinema was not in this situation even in the mid-90. The period of 70's and 80's is usually called as the Golden Era of Bangladeshi cinema. Even up to mid-90 Bangladeshi cinema was able to maintain its standard and was commercially successful as well.

According to people involved with this industry and the general film goes as well, after the death of superstar Salman Shah in 1996, the films of Bangladesh experienced a dare stain decline in quality and audience attractions. Despite making good films there was a tendency of making film based on vulgarism and violence to attract audience. This resulted in a short time money making strategy for the producers but suffered a long run problem. This strategy is solely responsible for the present situation of Bangladeshi movies. Even the name of the movie makes people hesitate to go to cinema halls with their

family. From the list of films released a few years ago, we find that films were made titled “Dhor”, “Khaisi Tore”, “Kepa Basu”, “Tero Panda Ek Gunda”, “Valobasha Dibi Ki Na Bol”, “Kadam Ali Mastan”, “Danda Mere Thanda”, “Lengra Masud”, “Durdosho Kupa” etc. The storyline of the movies remain the darkest area for our film making. The movies with original storyline were more or less same and those which seem to be different are a mere copy of Hindi movies. This irresponsibility and obscurity make this industry as one of the most negligent areas for viewers and outsiders. An industry that creates employment opportunity for millions of people directly and indirectly suffers serious challenges even regarding its physical existence.

It seems that in every movie there is a dance sequence picturized in the rain and too many violent scenes. Speaking of rain dance scenes, these are common in both Bangladeshi movies and also the Mumbai ones--most of our movies are copied versions of the latter anyway. And the reason for the presence of these scenes in most of our films is rather obvious: to accentuate the luscious curves or in our case the ample girth of the heroines or vamps. Most of the films follow a fixed trend with almost same storyline, some dance sequences (with vulgarism) and some action sequences. Cinema is in a pathetic state now. Out of eleven hundred functioning cine-halls, more than three hundred and fifty have been closed down. More are on the way to being shut down soon. Cinema halls, to some extent, should blame themselves for their own decline. With their penchant to exhibit vulgar films or porno cut pieces, they successfully managed to hoot out well-meaning audiences from their premises, especially women. Cinema halls in Bangladesh have become lopsided. And now, rows of empty seats, they are facing their nemesis! With other entertainment mediums becoming available to people the large cinema halls seem no longer economically viable.

2. Objectives of the Study

The primary objective of the study is to identifying the reasons responsible for the present situation of our film industry. We also attempt to seek the vulnerabilities making this industry follow a dare stain decline. Along with these we have tried to design recommendations for the development of our film industry. Besides these primary objectives there are some secondary objectives of the study as follows:

- Identifying the problems of film industry in Bangladesh
- Viewers opinions and choices of film
- Current situation of BFDC and the infrastructural support of BFDC provided for film making
- Prospect of film industry in Bangladesh for future growth

3. Literature Review

Hancock (1998) comments that, Film production is the genesis of an economic chain dedicated to bringing entertainment to an audience, whether this is done in cinemas, on video, on television or over the internet. Without production, there is no need for distribution strategies or cinemas. Yet, even though production is not the revenue source, it is still important to have a focused strategy in order to keep costs down or, as has been the case over several years, push them up in a manageable way.

Hancock (1998) observes that, there is much world-wide activity in the filmmaking business and most nations have developed systems of greater and lesser complexity in order to ensure a national film industry survives. These systems are often fashioned by government, usually keen to associate themselves with the arts if less keen to finance their ambitions. However, we must not forget that governments do not make films – producers do. A government can put in place a structure within which the activity can be carried out but only the desire to make films and money, if possible, can sustain a healthy film industry: one that creates and develops. This is why state-controlled cinema, whether

economically or politically, has no future and produces a system that becomes more important than the end product.

Raju (2000) says about the beginning of Bangladesh cinema, by changing the bases of understanding these concepts, we can build different notions of the same event. In this way we can see a more complex, diverse and in-depth picture of the past of a national cinema, including how cinema was incorporated into the social and cultural matrix of the then East Bengal/East Pakistan. Khan, Sen and the Nawabs and their filmmaking efforts signify the attempt to absorb the cinema into the local cultural arena. We could say that films have gone through an indigenization process from the 1910s to the 1950s in East Bengal/East Pakistan and these people and their ventures are important parts of that process.

Bruin (2005) states that, An artist may be said to be a person who draws on his or her inspiration and inherent artistic bent to fabricate an initial creative piece or an embodiment of his or her ideas. Thus the artist, like the Schumpeterian inventor, is the originator of the music, the painting, the story/book – the musician, songwriter, storywriter, painter and similar.

Hoek (2006) argues that, The Bangladeshi cinema industry is reeling from the effects of satellite television and cheap technologies for media reproduction. Faced with legislation incapable of protecting them from foreign competition and censorship rules dating from before the satellite era, Bangladeshi film producers are turning to illegal practices to keep their reels rolling.

Hock (2006) finds in a study and argues that, the strategy adopted by film producers can be called the 'cutpiece method'. To create demand for their films, producers include sexually explicit sequences that they do not present to the censor board, as the code clearly states that films should not contain immoral and obscene acts including 'kissing, hugging, embracing, etc, which should not be allowed in films of Indo-Bangladesh origin for this violates accepted cannons of cultures of those countries.' Rather than put these sequences before the Board, the producers keep them behind, editing them back into the body of the film once it has received its censor certificate.

Kamol (2008) comments that though vulgarity has been controlled, the quality of our films still has left, much to be desired. Bangladeshi film industry remains in the grips of those who are after a few quick bucks and do not mind coming up with cheap, crude ideas when it comes to entertainment. In fact, most of the directors in Bangladesh have little aesthetic sense, understanding the distinctive language of cinema is a far cry.

Kamol (2008) comments that lack of talent in the industry, shortage of money, absence of good hands, video piracy and substandard movie theatre are behind the ongoing slumped trade in Bangladeshi cinema industry. To overcome the situation, Ministry of Information and its autonomous directorate body BFDC have chalked out a holistic approach for the improvement of the film industry in Bangladesh, which is expecting a pick-up.

According to **Haq (2008)**, there have been no auteurs in recent years as there were in the 1960s and 1970s such as Zahir Raihan, Alamgir Kabir, Salauddin, Subhash Dutt and Amjad Hossain, and so there has been more decline in terms of cinematic technique and representation. The stream of independent or alternative films, however, has improved over the years and achieved international recognition.

Haq (2008) argues that most mainstream filmmakers today give the audience, as an excuse for their work, what they want. This is a largely false claim, however, seeing that the audience, especially those

living in peripheral towns who do not even have access to television, have little choice and so go for whatever is offered, is becoming a sort of captive audience of such films.

Mokammel (2009) suggests that there should be a separate ministry for cinema. If not, cinema should be under the aegis of the Ministry of Culture. There are a couple of reasons why. Firstly, cinema is an art form, a cultural expression, not an information tool. Secondly, in the Ministry of Culture, with its lesser and insipid workload, a glamorized medium like cinema is sure to receive prioritized treatment.

Islam argues that, rural settings were inaugurated with such films as *Sujon Sokhi* and *Nayan Moni* and script writing put an emphasis on capturing reality (if somewhat optimistically). Political satire, for example *Jibon Theke Neya* by the famed director Zahir Raihan, was successfully adapted to the screen completely and gave audiences riveting performances of a masterful screenplay. The adaptation of literary works like *Shurjo Dighol Bari* taken from Abu Ishaq'a novel and *Saareng Bou* portrayed in a rural setting and taken from Shahidullah Kaiser's work further demonstrated a willingness to engage different sort of writing, though not necessarily different sort of filming.

4. Rationale of the Study

When collecting the information and audience opinions regarding films in Bangladesh, in most of the cases we faced a question why we were attempting to study the film industry of Bangladesh. Is there any rationality for studying this particular industry? We said yes. Yes we find the rational of this study. Hollywood is already a huge revenue generating industry in USA. Hollywood will be easily considered as one of the most prominent industry in the world. The way they make art and culture an industrial product is tremendous. Not only Hollywood, Bollywood is also now one of the most revenue generating sectors for India. India finds two or three film stars in the list of top ten tax payers. Shahrukh Khan remains as the top taxpayers for several years in recent time. Amitabh Bachchan, Aamir Khan, Akshay Kumar, Karina Kapoor, Priyanka Chopra, Aishariya Rai Bachachan are the other stars in the list of top tax payers for previous several years. Dhallywood or Dhaka Film Industry could also have utilized the potentiality for such generation of money for the government. Not only for revenue generation but also to create alternative employment opportunity for our young talent, should this industry get support and initiatives in priority basis? We think that it is high time for us to think about our film industry and to save millions of people directly and indirectly involved with this industry.

5. Methodology

Research Design

The methodology of the study includes both the quantitative and qualitative analysis. This is a kind of Descriptive Research aimed at determining the problem and prospect of film industry in Bangladesh. Since inadequate research attempts were found in this area, survey research method is the basic research design best suited for this purpose.

Data Collection

Primary Source: Information has been mainly collected from primary sources, by questionnaire survey with the help of a structured questionnaire in paper-based form. Due to unavailability of relevant published information, this study had to collect information from the primary first-hand sources, i.e. from those who are the main focus of the film industry (viewers) and the industry people i.e. directly and indirectly related with film making.

Secondary Source: Actually very few secondary sources are used in collecting the basic information concerning this study's subject matter. Secondary information was only used for conceptual framework and to find the current status of the film industry in Bangladesh.

6. Understanding Film and Film Making

6.1 Concept of Film

The origin of the name "film" comes from the fact that photographic film (also called film stock) has historically been the primary medium for recording and displaying motion pictures. A film is the visualization of a story and concept with camera works. Film is the best source of cultural presentation and entertainment with the impact of culture, business and politics as well. It is not only a strong source of powerful entertainment but also a sophisticated method of educating and creating awareness among citizens. The components of a film show various sides of the history and culture of a nation. But a film or a motion picture is not unique; there are a number of things related with films and film making. The components of a film may be pointed out as follows:

1. Story and Concept

The film making consist of hundreds of people, crores of money, a lot of technical and business work. But a film starts with a single word and imagination which in turn helps to develop a plot or story and study and this is called the concept of a film. It represents the core value of the film and the thumb of picturization of a film.

2. Script and Screenplay

Once the story is developed then the script and screenplay is to be written down. It is written in the form of literature usually consisting of dialogues between characters and a full description of the scene to be pictured. It gives the full overview of the scenery and performance guideline for the artists and technical assistance. And the screenplay describes how the film will be actually shaped. It is usually considered as the radar of the director.

3. Director's Vision

A director is usually termed as the captain of the ship. The success/failure and/or quality of a film much depend on the director's vision. The screening and articulation is completely based on the imagination of the director. His/her vision directs him/her and he/she direct the entire unit to work together for giving cellular shape of the story and script.

4. Acting

Acting means playing characters, delivering dialogues and making people think beyond the screen about the character. The actor is a person who brings somebody's soul into his/her soul and projects the emotions of the right kind. It is thought that the actor is typically supposed to "become another", where the actor moulds his or herself to the character. In all actuality, the actor should mould the character to him or her, based on common interests and goals that the character needs to achieve.

5. Songs and Background Music

A movie without songs in this sub-continent (especially in India and Bangladesh) is incomplete. Songs are now an inseparable part of a film. Background music is also important for the film. There are some movies which became commercially successful only because of good songs and compositions. Not only that, music is now one of the most important tools of film promotion, the movie "*Monpura*" can be a good example in this regard.

6. Technical works

There is a lot of technical work required in a film. The post production and background works also help to make a film. Most developed film industries of the globe have access to advanced technologies, which makes their films more competitive and superior. The uses of advanced technology in making films make the audiences feel good about the film.

6.2 Understanding the Film Making Process

The reason film credits can be so long is that film-making draws on the efforts of numerous people over an extended period of time. The process of taking a film or television show from an idea to audiences

involves several key phases and a wide assortment of skills. Based on a typical live action film, following are a few examples of workers involved in a film. Many of these workers are involved on all or multiple phases of the production.

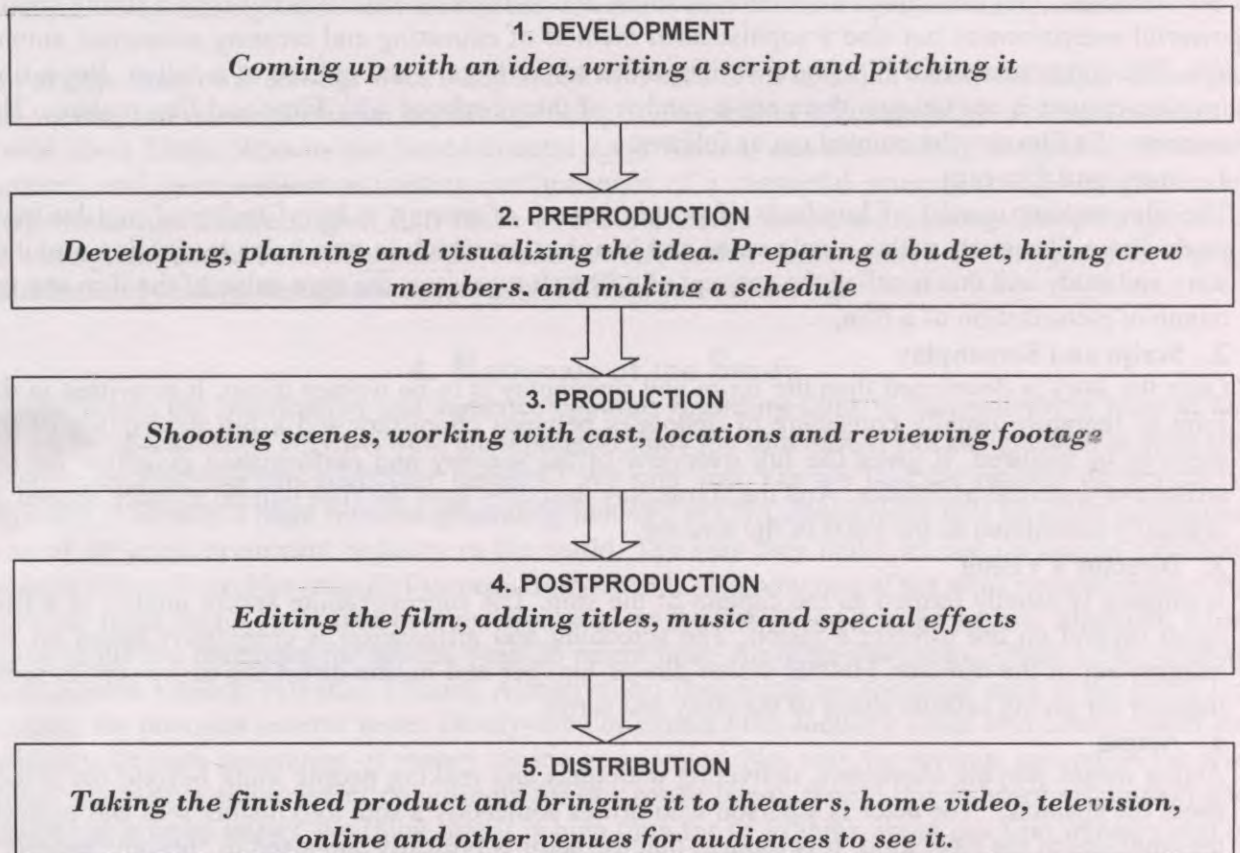


Figure-1: The Overall Process of Making Film
Source: Compiled by the Author

7. An Overview of the Bangladesh Film Industry

7.1 Film Productions in Bangladesh

Bangladesh has a huge film market. Millions of people are directly and indirectly involved with the industry. There are on an average 70-80 films produced in Bangladesh. Most of the films are of commercial type. There are some art films which have been produced yearly. Recently another category of films is becoming popular namely alternative category. In summary we can identify three categories of films produced in Bangladesh, such as

1. Commercial Films
2. Art Films
3. Alternative Category (including digital films)

Film industry of Bangladesh has about 50 years of experience and has released more than 2000 films in total and 82 in 2002. But the tradition of the industry is not glorious enough. In 1980s and 1990s the quantity of films increased but the quality of films fell down in an alarming manner. Sex and violence were essential elements of mainstream films and were failed copies of Bollywood. But at the beginning

of the new millennium, some film makers came ahead who had the experience of films and the experience of independent cinema movement and produced quality films.

7.2 Current Scenario of the Film Industry in Bangladesh

Films, featured in the 1990s, on an average, 80 feature films were released in Bangladesh every year. Investment in the industry was also colossal and everyday, more than a million people viewed pictures in about 1,500 cinema halls of the country. Innumerable directors, artists, craftsmen and workers are involved in this industry. With the assistance of the government, the Film Development Corporation (FDC) and the film archive were set up and funds were provided in grants and awards. A few films of Bangladesh have received awards and appreciation in international fairs, festivals and competitions. In the last fifty years, the film industry of Bangladesh has developed its own identity.

Over one quarter of cinemas in Bangladesh have closed in the past two years and the cinema sector has slumped to such an extent that 200,000 jobs have been lost in the past decade. Bangladesh Motion Picture Exhibitors Association (BMPEA) claims that 300 cinemas shut between fiscal years 2001/02 and 2003/04, leaving 800 in the territory. However, 500 of this remaining 800 are also said to be in trouble. In Dhaka, nine of the capital's 43 cinemas shut down and cinema admissions are running at around 250,000 a week--down from 900,000 a week 10 years ago.

In recent years, the poor turnout has also affected the production of cinemas by the Bangladesh Film Development Corporation (BFDC), popularly known as Dhaliwood, which was established in 1957. In 2009, 41 films were produced in Dhaka — until February. The industry saw 74 films in 2008 and 84 in 2007, according to BFDC statistics. Around 10 years ago, we received around 600 to 800 people per show. But now, one show attracts only 200 viewers," says Paresh Chandra Ghosh, an accountant of Purabi Cinema Hall in Mirpur. It is not only the situation of Purabi Hall, a shop keeper in the front of Ananda Cinema Hall also expressed the same view regarding movie viewers of the cinema hall.

The last decade has seen the closing down of about 300 cinema houses, out of 1,200, across the country. At least 500 out of the remaining theatres are facing problems, with a sharp decline in the number of viewers and investments, the Bangladesh Motion Pictures Exhibitors Association has said. In Dhaka, nine of the 43 cinemas have already been closed down in the past two years. More theatres are threatened with closure with people having stopped frequenting them. Half a decade ago, popular heroes or heroines had a signing money of about taka 500,000. The figure now ranges between taka 50,000 and taka 150,000, industry sources said. The current situation of Bangladesh film industry is in a dire stain and facing challenges to sustain as an industry. Compared to the past, with about 50 films on an average made per year the industry's turnover went way above Tk.500 million. But then came a seriously maiming assault on the film industry by 2007, it was estimated that the number of cinema goers had fallen by about 73 percent. As a result more than 300 cinema halls in the country including 9 in Dhaka city had to be closed. Only 64 films were released during the fiscal year 2008-09 and the net loss of the BFDC in the year was approx Tk.21.14 million.

7.3 SWOT Analysis of Bangladesh Film Industry

Having huge potential for the industry in Bangladesh, the film industry is not on its verge as it should be. It is now high time to think about the development of this industry. As we mentioned earlier this industry has the potential of making huge employment opportunities directly and indirectly. Hence we conducted a SWOT analysis of the film industry in Bangladesh.

Strength	Weakness
<ol style="list-style-type: none"> 1. Bangladesh is a country of 140 million populations that refers a huge number of moviegoers 2. The cost of filmmaking in Bangladesh is the cheapest in the world 3. Nowadays there are a number of young filmmakers returning from abroad having formal film education & training 4. Bangladeshis are traditionally movie-lovers. 	<ol style="list-style-type: none"> 1. Formal Cinematography training 2. Exposure and experimentation with worldwide drama and film trends 3. Lack in creativity and variation, but are dominated by vulgarity and sex 4. Lack investment, finance and business concept 5. Condition of Cinema Halls 6. Lack of Movie Marketing and Promotional Activities 7. Substandard movies that are of vulgar content and are filled with excessive violence
Opportunity	Threats
<ol style="list-style-type: none"> 1. A very strong cultural history and background 2. Influence and creative contribution on the society of film as a medium of art and entertainment 3. Growth of audience in proportion of the growth of Industry 4. Prospect of incoming outsourcing of film and film technology and the prospect of foreign joint ventures 	<ol style="list-style-type: none"> 1. Audiences turn to home entertainment, satellite feeds and international movies 2. New technology-based entertainment facilities and a backward-looking policy 3. Piracy 4. Increased competition from foreign films, satellite TV, home video, and other sources 5. Audiences' mentality and Negative image on film related people

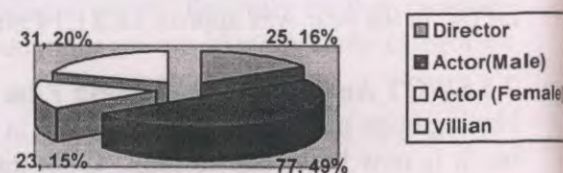
8. Findings

In order to identify the opinion of our viewers we asked our sample viewers about the key person of a movie. The opinions vary dramatically from one person to another. Some people think that the director is the key person while some people think that the actor is the key person. Surprisingly we find some viewers who said that they enjoy the vulgarity of Bangladesh movies and they even said that educated people should not get involved in film making if they intend to reduce the vulgarity of our films. Though they are very limited in number, this makes us rethink about the vulgarity of our films.

Table-1: Key Person of a Film (Viewers Response)

Key Person of a Film	Viewers Response (No of Sample Viewers= 156)	
	No of Response	Percentage
Actor (Male)	77	49%
Villain	31	20%
Director	25	16%
Actor (Female)	23	15%

Figure-2: Key Person of a Film

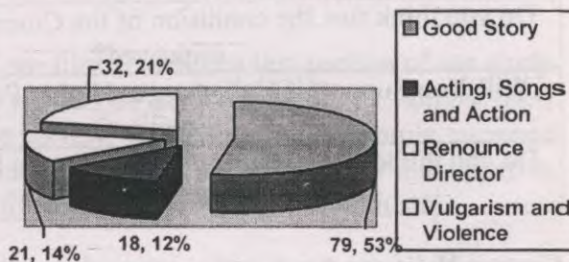


Form the above Table-1 and Figure 2 it is clear that in our country the viewers consider the Male Actor as a key person of the Film. It is true that most of the superstars of our country who have the ability to make a film commercially successful are male actors e.g. Razzaque, Alamgir, Faruque, Sohel Rana, Elias Kanchan, Rubel, Slaman Shah, Manna, Shakib Khan. Then as per the viewers opinion Villain dominated movie are liked by some people. The female stars/actors conquer a very narrow segment of our viewers in term of the key person of the film. It has happened that most of the Female dominated films were failures.

Table-2: Expectation from a Film

Expectation from a Film	Viewers Response (No of Sample Viewers= 150)	
	No of Response	Percentage
Good Story	79	53%
Vulgarism and Violence	32	21%
Good Direction	21	14%
Acting, Songs and Action	18	12%

Figure-3: Expectation from a Film

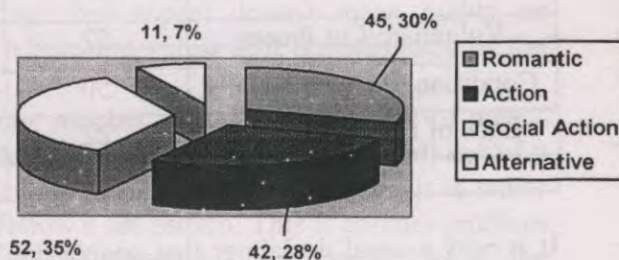


To determine the expectation from a film, majority of the viewers gave their vote for a good story in a film. It means that our audience wants a film based on a good story, but unfortunately it is the weakest point of our film. In most of the cases Bangladeshi films suffer from story and plot of the film. Then, shocking but incidentally 21% of our sample wants vulgar films. They like vulgarism/cut pieces in films and unfortunately most of the films made in Bangladesh focus on the ground that people like vulgar films.

Table-3: Film Type You Likes Best

Genre of Film	Viewers Response (No of Sample Viewers= 150)	
	No of Response	Percentage
Social Action	52	35%
Romantic	45	30%
Action	42	28%
Alternative	11	7%

Figure-4: Film Type You Likes Best



The success or failure of a film widely depends on the genre of the film. For example in Bollywood romantic movies are the first choice of the viewers. On the other hand in Hollywood Sci-fiction and highly technical films become successful. That is why we tried to determine the genre of films that people like best. In our survey we find that Social Action films remain as the first choice of viewers. Romantic films are the second choice. A very narrow percentage (7%) likes Alternative films including Digital films.

Table-4: Potential Impact of Cinema Hall Condition to the Viewers

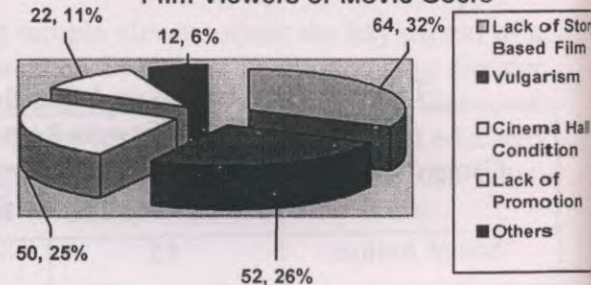
	Viewers Response (No of Sample Viewers= 156)			
	Yes		No	
	Response	%	Response	%
Does the condition of a Hall have any impact to view a film?	145	93%	11	7%
Do you think that the condition of the Cinema Hall should be improved?	156	100%	0	-
Will You Support if Hall charges Higher Price for Improved Situation?	106	68%	50	32%
Do you think that an improved service of a Hall will facilitate the film industry growth?	131	84%	25	16%

Cinema Halls are the most important factor in this regard. While conducting this survey we find that the ongoing conditions of cinema halls are the most considerable variable in terms of cinema goers. A maximum of number our sample said that cinema halls should provide improved environment to viewers. 68% said that they will support to improve the condition of a cinema hall even if they charge higher prices for the same.

Table-5: Prime Reasons for Decline in Film Viewers or Movie Goers

Reasons of Decline in Film Viewers or Movie Goers	Viewers Response (No of Sample Viewers= 200)	
	No of Response	Percentage
Lack of Story Based Film	64	32%
Vulgarism/Cut Pieces	52	26%
Condition of Cinema Halls	50	25%
Lack of Film Promotion	22	11%
Others	12	6%

Figure-5: Prime Reasons of Decline in Film Viewers or Movie Goers

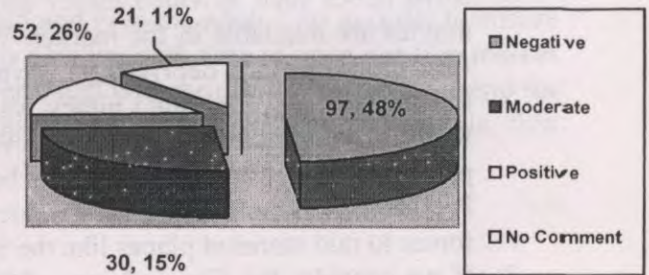


It is now a usual declaimer that people don't watch Bangladeshi movies. We ask our sample viewers about the reason behind the decline in movie goers. 32% give their opinion that lack of story based film is responsible for the pathetic decline of our film viewers. On the other hand a major portion (26%) thinks that Vulgarism/Cut Pieces results in the present situation of our film industry. A considerable percentage (25%) thinks that the present condition of cinema halls is responsible for the situation. Thus all these three should be considered to determine the prime reasons of decline in film viewers or movie goers.

Table-6: Social Status of the Film Actors

Social Status of the Film Actors	Viewers Response (No of Sample Viewers= 200)	
	No of Response	Percentage
Negative	97	48.5%
Moderate	52	26%
Positive	30	15%
No Comment/Confused	21	10.5%

Figure-6: Social Status of the Film Actors



Finally we ask our sample viewers about the social status of our film actors. But this portion of our study puts us on a very unconventional mode. Out of 200 sample viewers 97 persons (48.5% i.e. almost half) said that the film actors convey a very negative image in the society. According to our sample response the barrier to introduction of talented and new younger generation in the film industry, is this negative image of film actors. Parents don't allow their son/daughter to build a career in the film industry.

As per study undertaken on the basis of information collected we find that this industry is currently struggling with the following problems:

1. Unsatisfactory and often intolerable working conditions in filmmaking in Bangladesh. In particular, low wages and long working hours are widespread in the industry, which is dominated by large movie companies, benefiting from their dominant position in the market, while paying minimum amounts of wages to filmmaking staff members in exchange for their job security and stability not as specialists but as company employees.
2. Lack of Technical Assistant makes it difficult for the makers to make quality films. The prevailing technical and infrastructural support provided by the FDC is not sufficient to make a film efficiently. Technological advancement in movie making is almost absent in our film industry.
3. Institutional and formal education on film making is absent in our country. This lack of film education also results in vulgar based film making. Sex appeal doesn't mean nudity or vulgarism... It's there everywhere in show business... It becomes vulgar as it is mishandled by the people without proper education and training.
4. The heroine gyrating her hips to the tune of a raunchy number, the villain's den full of mean-looking sidekicks and garishly made up vamps, the hero kicking and punching the hell out of a dozen goons, are the common features of a typical commercial Bangladeshi movie. It is rather strange to note that most of the films produced here follow a set pattern. This is another problem area of our film industry. The story line and script are not attractive since more or less all the film made in Dhallywood follows a set pattern.
5. There are of course flaws in the city's cinema halls which discourage the viewers to go cinema halls for entertainment. Among such flaws, observers mention the poor and unhealthy environmental condition in most of the city's cinema. At present we observe a glaring insufficiency of facilities in some important respects even in some notable cinemas. Where there is provision for air-conditioning facility, it is alleged that the facility is discontinued at some stage of the shows, thereby causing great discomfort for the viewers. The seating arrangement in

most of the cinema houses is of a low standard with bugs and other insects infesting it. The environmental situation in most of the cinema houses is as bad outside as the one inside.

6. Piracy and Cable Network makes our industry vulnerable. The ministry and the BFDC have to solve issues such as video piracy and have to control cable network channels. Pirated CDs of movies are available in the market. When people buy these CDs and watch them at home, our film producers are deprived of royalty and the existence of our movie theatres are further threatened. Stopping video piracy was one of the two Terms of Regulations (TOR) of the task forces drive initiated by the BFDC. While appreciating the current drive against obscenity, film producers also want bold steps to be taken against piracy of films. Nasiruddin Dilu, former President of Bangladesh Film Producers and Distributors Association says, "We want the task forces to raid stores at places like the Stadium Market where pirated VCDs of films are sold."
7. If we consider the film industry of India we will find that film promotion is one of the most important aspects of film making, which is totally absent in Bangladesh.

9. Recommendations

On the basis of our funding of the study we have some recommendations and policy suggestions for the development of the film industry in Bangladesh. The following are just a few suggestions to salvage an industry which, four decades back, was created with some lofty ideas. But due to the myopic vision and sheer inefficiency of subsequent rulers, the film industry in Bangladesh has come to its present moribund state. Whether there will be any light at the end of tunnel depends on how resolutely our new leaders can deal with the issues.

1. Activating and continuing the activities of film institutions. Besides this BFDC should start film education institutions in order to give training and formal education on film making. Through these film institution one can use the talent and experiences of prominent senior actors like Razzaque, Sohel Rana, Alamgir, Faruk etc.
2. BFDC should focus on technical advancement and provide technical assistance to film makers. Besides these developments BFDC should also take proper initiatives to improve the working condition of the film industry.
3. There is the need to establish a Bangladesh National Film School, film processing laboratory, and the need for inter-relationship and inter-dependence. The producer must co-operate with the distributor because the distributor needs the product (film) from the producer to be distributed to the exhibitor. The Bangladesh film censorship board should develop audiences for Bangladeshi film by artistic control of films and their promotion. Between the spiritual conception and the realization of films, the film must pass through many stages.
4. The film makers, actors and all the people directly and indirectly involved in film making in association with the BFDC should be involved in some social movement and activities for better civilization. This will help to improve the mentality of the general people about film actors, which will subsequently help to find out new and perspective young actors in film making.
5. Privatization of BFDC is now an immediate requirement for the overall development of our film industry. Since it is a public sector enterprise, the BFDC needs government support; else it creates a problem for development. The privatization of BFDC will help to ensure the transparency of authority and will help in further development.
6. Cinema should not be under the protection of the Ministry of Information any more. With such prioritized and politically sensitive sectors like newspaper and television being under it, the Information Ministry is one of the busiest and most stressed out ministry for any government in Bangladesh. In this ministry, cinema, not having any urgent political priority, receives inadequate care. Performance says it all. There should be a separate ministry for cinema. If not, cinema should be under the aegis of the Ministry of Culture. There are a couple of reasons why.

Firstly, cinema is an art form, a cultural expression, not an information tool. Secondly, in the Ministry of Culture, with its lesser and insipid workload, a glamorized medium like cinema is sure to receive prioritized treatment.

7. There is a popular argument that has been put forward by many scholars regarding open market competition, such as "Feed the baby, Protect the Child and Free the adult." So in order to ensure competitiveness and development of film making it is now the high time to open our film market for films of India and Pakistan. The revenue the government will earn from this can be spend for the development of the film industry and technology outsourcing and development in film making will be possible by this.

10. Conclusions

From the above analysis and discussion, it was found that the main problem of this industry lies in the lack of fundamentals of film making. The industry people are surviving with the struggling industry which needs a radical change for the sustainable development of this industry. We should think of cinema in terms of history and culture. Cinema must deal with reality and must not help to perpetuate exploitation and deepen the misery of our people. There is need for Bangladeshi film makers to be artists rather than mere technicians. Their strength and power should come from the people and not from financial profit. Lack of community support is one of the reasons Bangladeshi film makers have not been able to expose their products to the general public. Bangladeshi film makers must reply to the negative imagery supplied by foreign films screened in the country by creating counter-images. The film question in Bangladesh requires a radical restructuring that will bring about true development of the industry. We know that there are bound to be problems in any attempt to revolutionize the film industry because of its conservative and exploitative distribution and exhibition models. If the revolution is well managed, the results would be very progressive and profitable in many ways. The goal of self-reliance can only be achieved by a break from the past. For a desired change to come, the government should cooperate with film makers who have foresight, courage and determination. The problem is a complex one and there is need for a systematic approach in order to enable reason to prevail.

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EMPLOYER BRANDING OF NEW GENERATION BANKS IN KERALA- AN APPLICATION OF DUMMY VARIABLE REGRESSION

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Introduction

The application of branding principles to human resource management has been termed "employer branding." Increasingly, firms are using employer branding to attract recruits and assure that current employees are engaged in the culture and the strategy of the firm. Employer branding is defined as "a targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees, and related stakeholders with regards to a particular firm". The employer brand puts forth an image showing the organization as a good place to work. Many firms have developed formal employer branding or are interested in developing such a program.

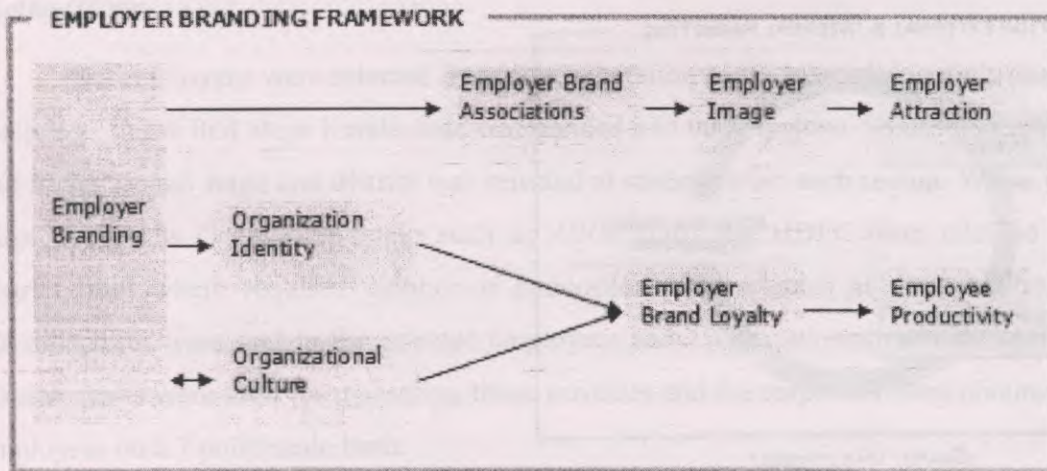
The term "*Employer Brand*" was first used in the early 1990s to denote an organization's reputation as an employer. Employer brand is understood as a brand which differentiates it from other competitors in the employment market. The term also includes long term strategy that establishes an organization's identity as an employer in the employment market. Ambler and Barrow define employer brand as follows: "The package of functional, economic, and psychological benefits provided by employment, and identified with the employing company". Minchington defines employer brand as "the image of organization as a great place to work in the mind of current employees and key stakeholders in the external market (active and passive candidates, clients, customers and other key stakeholders). The art and science of employer branding is concerned with the attraction, engagement and retention initiatives targeted at enhancing company's employer brand. Employer branding is central to the concept in HR Marketing. It defines the personality of a company as a preferred employer. The employer brand is the most powerful tool for attracting; engaging and retaining the right talent/culture fit that will help leaders grow their organization. Like any brand, employer brand is about perception.

As mentioned above, branding has moved into the field of Human Resources from the

discipline of marketing. In principle, brands can be seen as a set of symbols which represent a variety of ideas and attributes, the net result of which is the public image, character or personality of an organization. As such, branding activities involve constructing particular attributes (e.g. the values of an organization) that are considered to represent the image that a company wishes to communicate to potential employees, current staff and the public. Employee and employer branding are distinct activities due to the difference in what has been branded. Employee branding is targeted to the existing workforce, but employer branding by highlighting that the organization is an employer of choice reinforces the employee branding message to the existing workforce. Nonetheless, it is important to note that the two activities have different emphasis. The purpose of creating an employer brand is to outline the positive benefits for employees of buying into the relationship with that employer. In practice, the employer brand can be seen as an attempt by the employer to define the psychological contract with employees so as to help recruiting and retaining talent. According to the American Marketing Association, a brand is "a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors".

The brand associations create the basis for the formation of an organization's 'brand image', being all the perceptions a potential employee has relating to the employment with the organization. The brand image can therefore either be an asset or a liability to an organization as it is the image of the organization that determines the level of attraction with potential employees.

The brand image embodies both 'functional benefits' and 'symbolic benefits'. Functional benefits describe the objective terms of employment such as salary and benefits whereas symbolic benefits relate to alternative benefits perceived by employees as interesting and attractive such as innovativeness or a pleasant social environment. It has been argued that the symbolic traits often are more important than the functional ones when it comes to differentiation, especially within similar industries.

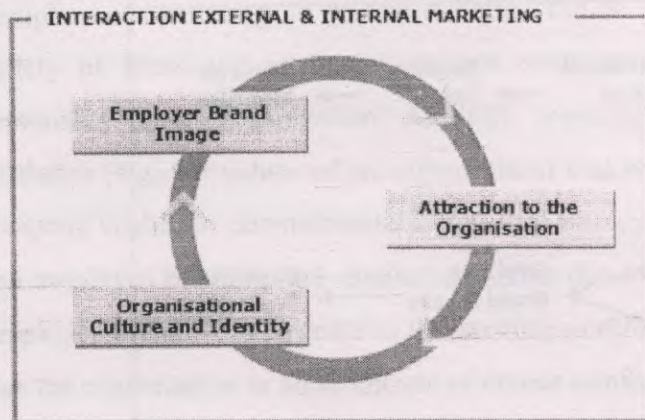


(Source: Backhouse & Tikoo 2004: 505)

Employer brand management expands the scope of this brand intervention beyond communication to incorporate every aspect of the employment experience, and the people management processes and practices that shape the perceptions of existing and prospective employees. Housden divides human resource levers to the following.

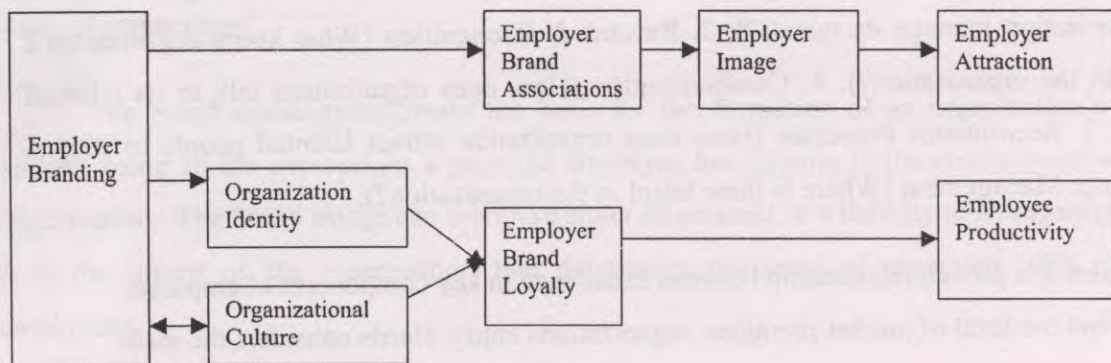
1. Employer Brand (What do people think of the organization?);
2. Talent Management (How does organization manage its talents?);
3. Reward & Recognition (What keeps organization's talent with the organization?);
4. Communication (How does organization talk to its talented people?);
5. Recruitment Processes (How does organization attract talented people to it?);
6. Performance Management (Where is there talent in the organization?).

There is a proven relationship between excellence in key components of employer branding and the level of market premium, organizations enjoy. Harris considers the main components of employer branding are employee engagement, employee communication, training and development, and external reputation.



(Source: Own creation)

Due to the fact that the employer brand image is a determinant for the result of the external marketing of the employer brand, it is of crucial importance that the information given about the functional and symbolic traits are as honest and true as possible in order not to violate the psychological contract.



Employer branding framework

Objectives

From the literature it can be understood that the main factors affecting the attraction of the employees towards their brand image of the organization are employee engagement, employee communication, training and development, and external reputation. So, the main objective of the study is to establish a relationship among these factors which determine the employer brand image.

Methodology

270 employees were selected from new generation banks by applying multi-stage random sampling. In the first stage Kerala state was divided into three regions, South, Central, and North and in the second stage one district was selected at random from each region. While in the third stage three New Generation Banks such as ICICI, IDBI and HDFC were selected from each district from where required number of employees were selected at random. Pre-structured questionnaires were sent to the selected employees and 250 questionnaires were received back. 36 statements were used for measuring these variables and the responses were obtained from the employees on a 7 point scale basis.

Hypothesis

Employer Brand image is not dependent on Employee engagement, employee communication, training and development, and external reputation.

Tools for analysis

The information furnished in these questionnaires were classified, and analyzed with appropriate statistical tools like factor analysis, correlation, and Dummy variable Multiple Regression. All the 36 statements were reduced into 5 factors by applying Factor Analysis with 76 per cent variation. Correlation is used for examining the interrelation among these independent variables. Dummy Variable Multiple Regression is used to measure the impact of these independent variables on employer brand image.

Results and Discussion

The dependence between EBI and EE, EC, TD and ER may be at varying level for those belonging to ICICI, IDBI, and HDFC employees. This problem is studied by using the Dummy Variable Regression. In this problem the explained variables EBI as well as the explanatory variables are in Interval scale while the variable of the name 'new generation bank' is in nominal Scale. This nominal variable has to be quantified by using variables supposed to take either 0 or 1 as values; such variables are called Dummy Variables here. Dummy Variables are generated taking one option for the nominal variable considered, as a reference, in this case ICICI, and generate dummy variables to represent IDBI and HDFC.

They are defined as,

D_1 (for IDBI) as $D_1=0$, if respondent is not from IDBI

$D_1=1$, if respondent is from IDBI;

D_2 (for HDFC) as $D_2=0$, if respondent is not from HDFC

$D_2=1$, if respondent is from HDFC.

And the model will be $EBI = \beta_0 + \beta_1 D_1 + \beta_2 D_2 + \beta_3 EE + \beta_4 EC + \beta_5 TD + \beta_6 ER + u$

With this model, the Intercept for ICIC will be; IDBI and HDFC.

With the data and using SPSS Regression Tool, the results are reported below.

Table 1 Dummy Variable Regression Output

Dummy Variable Regression Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	26.451	1.909		13.853	.000
	Dummy for IDBI	-2.887	1.050	-.130	-2.749	.006
	Dummy for HDFC	-.980	1.075	-.043	-.912	.002
	EMPLOYEE ENGAGEMENT	.774	.055	.470	14.182	.000
	EMPLOYEE COMMUNICATION	1.523	1.987	.890	11.234	.000
	TRAINING AND DEVELOPMENT	1.234	1.123	.897	10.123	.000
	EXTERNAL REPUTATION	1.212	1.012	.876	9.987	.000
a. Dependent Variable: EMPLOYER BRAND IMAGE						
Predictors: (Constant), EE, EC, TD, ER, Dummy for IDBI, Dummy for HDFC						
ANOVA F 71.407 p=0.000						
R 0.885 R Square 0.635 Adjusted R Square 0.732						

It may be observed that the regression is fairly good with 63.5 per cent explanation of the variation in EBI and this explanation is statistically valid as the associated F value (71.407) is significant ($p < 0.05$). All the coefficients are also significant as the associated t-values are significant (*observe $p < 0.05$ in all cases*). So, it may be observed that the EBI is dependent on EE, EC, TD and ER and therefore, the null hypothesis is rejected. From these findings, the

relationship between EBI and EE, EC, TD and ER is completely explained and such a relationship is seen to be at different levels. Therefore the regression equation is reduced to,

EBI = 26.451 + 0.774 EE + 1.523 EC + 1.234 TD + 1.212 ER for ICICI cases;

EBI = 23.564 + 0.774 EE + 1.523 EC + 1.234 TD + 1.212 ER for IDBI cases;

EBI = 25.471 + 0.774 EE + 1.523 EC + 1.234 TD + 1.212 ER for HDFC cases;

It may be noted that the intercept is seen at different levels, with ICICI, HDFC and IDBI in different order. This implies that basically the Employer Branding is influenced by EE, EC, TD and ER and this model is valid for employees of ICICI followed by HDFC and IDBI in that order. Therefore, the null hypothesis is rejected with the conclusion that EB of NGB is influenced by EE, EC, TD and ER.

Findings

1. The employer Branding of the selected New Generation Banks is affected by Employee Engagement, Employee Communication, Training and development and External reputation, as in the regression model all these variables are significant at 5 per cent level of significance and the Beta co-efficients' all independent variables are also positive.
2. Considering the validity of the Dummy Variable Regression Model and the Beta co-efficient of the selected banks in a nominal scale, this model is more valid and applicable to the employees of ICICI and HDFC, which means Employer branding is affected by EE, EC, TD and ER with more statistical significance to these two banks.
3. Out of the four factors influencing the EBI, Employee Communication (EC) is statistically the most significant one, as the Beta co-efficient is very high as compared to that of the other three factors.

Conclusion

The practice of employer branding is predicated on the assumption that human capital brings value to the firm, and through skilful investment in human capital, the firm's performance can be enhanced. Employer branding is a relatively new approach toward recruiting and retaining the best possible human talent within an employment environment that is becoming increasingly competitive. Employer branding has the potential to be a valuable concept for both managers and scholars. Managers can use employer branding as an umbrella under which they can channel different employee recruitment and retention activities into a coordinated human resource strategy. Integrating recruitment, staffing, training and development and career management activities under one umbrella will have a substantially different effect than each of the processes would have alone in the Banking industry.

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ANATOMIES OF RECENT REAL ESTATE PRICE BUBBLES IN THE PEOPLE'S REPUBLIC OF CHINA, JAPAN AND THE US: POSSIBLE LESSONS¹

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1. Introduction

The housing market plays a critical role in economic development and social progress. From a theoretical perspective, a real estate price bubble is usually defined as a discrepancy between property prices and fundamental property values. The fundamental value of an asset is based on an underlying economic model, which also determines explanatory variables that can be used in empirical tests. As articulated by Kubicová and Komárek (2011, p. 34), developing countries are mostly liable to higher growth and also volatility of asset prices, which may be attributable to underdeveloped segments of the financial market. Therefore risks of the presence of asset price bubbles are market and country specific.

Additionally, the effect of real price bubbles on the functioning of the economy can distort the economic and investment decisions of individual economic agents. Their impact can pass through to the housing market via: (i) household consumption through the wealth channel;

(ii) the banking sector balance sheet; (iii) a change in the situation in the housing market might influence the economy via its impact on the mobility of the labor force and thus via the flexibility of the supply side; (iv) construction and housing-related industries will also endure the most severe consequences of an asset price bubble, which gives rise to dismissal rate and wage declines; (v) historical experience shows that the effects when housing market bubbles suddenly burst are accompanied by larger output losses and last longer than those when stock market bubbles burst. Housing market bubbles pose a greater threat to the financial stability of a country if mortgage loans account for a large proportion of total loans.

However, Binswanger (1999, p. 116) articulates that bubbles may sometimes become useful for the country's prosperity by increasing dynamic efficiency as they would not only reduce the capital accumulation, but also raise the potential level of consumption in the

This article is an extension of a part of my MBA's thesis, submitted to University of Applied Sciences, Northwestern Switzerland. I would like to thank Professor Chu Nguyen for his comments and suggestions. As usual, all remaining errors are mine.

economy. Eschker (2005) also argues that the domestic economy may benefit from housing price increases by the "wealth effect" psychology, since home owners would feel wealthier and generously loosen their purse-strings on domestic goods and services. Additionally, housing bubbles would also lead to a construction boom causing construction workers' wages and demand for materials to increase, which reallocates social labor forces into these fertile markets and related industries. As a result, national GDP and hence living standards are all boosted during a bubble period.

As to the countercyclical policy perspective, since the late 1930s, Keynesian fiscal policy has played a critical role in macroeconomic management in market economies. Beginning in the 1960s, changes in international economic conditions resulted in persistently large government budget deficits in economies around the world. As articulated by Mishkin (1995, p. 3), partly because of concern over persistent budget shortfalls including large public debts and partly because of doubt about the political system's ability to utilize the fiscal policy in a timely and effective manner to achieve the desirable stabilization outcome, the fiscal policy has thus lost its luster. Consequently, the stabilization of output and inflation has been left largely to monetary policy.

Bernanke and Gertler (1995, p. 27) pointed out that monetary policy, at least in the short-run, can affect the real economy. Empirical research in the 1990s (Romer and Romer, 1990; Bernanke and Blinder, 1992; Christiano, Eichenbaum, and Evans, 1994) confirmed earlier findings by Friedman and Schwartz (1963) that monetary policy actions affected the real output of the economy for the succeeding two years or more. Certainly, monetary policy is a powerful tool; however, Mishkin (1995, p. 4) argued that this instrument has unintended consequences.

Recently, Binswanger (1999) integrates different economic theories and logics from both Keynesian and non-Keynesian schools of economic doctrines as his theoretical foundation to articulate that (i) there is a co-evolution between financial and the real sectors in the process of investment and growth and (ii) financial resources are fungible among different classes of assets, moving to their highest rates of returns in economies.

In the age of globalization, any adverse economic event originated from any corner of the globe may develop to become an impetus for an international financial crisis as evidenced by the 1997 Asian financial crisis precipitated by a mishap in Thailand. However, it is logical to conjecture that an adverse financial event in a large economy would have much higher probability to be contagious to other economies. Therefore, it is of great interest to review the anatomies of the real estate bubbles in the three largest economies on the globe: The US, Japan, and the People's Republic of China.

To this end, it is of special importance to notice that a much larger proportion of Chinese real estate transactions are cash purchases, while those in the US and Japan are settled by home mortgages. Additionally and importantly, even though the Gramm-Leach-Bliley Act of 1999 has repealed the Glass-Steagall Act and modified the Bank Holding Company Act to allow US

financial holding companies to engage in underwriting and selling insurance and securities, conducting both commercial and merchant banking, investing in and developing real estate, and participating in other activities “complementary” to banking, US banks are still not allowed to hold corporate stocks as an investment in their portfolios. The Japanese commercial banks were allowed to invest in corporate stocks. This exacerbates or magnifies the financial effects, positive or otherwise, on the Japanese banking system over different phases of business cycles in the economy!

The aforementioned begs a very interesting question as to whether a real estate price bubble is one of the unintended consequences that Mishkin (1995, p. 4) mentioned. To discern this possibility, this paper tries to qualitatively synthesize the financial activities relating to liquidity and real estate prices in the US and the People’s Republic of China over the decade beginning 2001 and in Japan starting 1981. The remainder of the study is organized as follows: section 2 discusses the states of the housing markets in the US, Japan and the People’s Republic of China during their turbulent decades; section 3 reports the Japanese liquidity and real estate prices from 1981-1991; section 4 investigates the US liquidity and real estate prices from 2001-2011; section 5 analyzes the People’s Republic of China’s liquidity and real estate prices from 2001-2011; and section 6 concludes the study by providing some possible lessons from the three price bubble episodes.

2. State of the Housing markets in US, Japan, and China during their Turbulent Decades

Nowhere the proverb “a picture is worth a 1,000 words” is more appropriate than how the following Figures 1 and 2 illustrate the states of the housing markets in Japan in the 1980s and early 1990, and in the US and China in the 2000s. Even though the underlined indices measure different units of real estate properties, these charts clearly suggest that the real estate prices have deviated significantly from their trends in China from 2006 to 2010 where data is available, in Japan over the 1986-1992 period, and in the US over the 2000-2006 period. The three largest economies undoubtedly experienced real estate price bubbles in their turbulent periods. While there are some debates whether the Chinese housing bubble has burst, it is certain that the real estate bubbles in Japan and US have burst in 1991 and 2007, respectively.

Due to different stages of economic development, population’s temperaments, business philosophies, culture, political systems, and institutional arrangements, the anatomy of the bubbles may be different; the impact of real estate price corrections and their attendant consequences on the real estate economies, possibly with different degrees, are virtually the same.

The economies of the US, China, and Japan are the three largest on the globe in this order: The US is the most developed country in the Western Hemisphere, while Japan is a newly industrialized nation and is located in the East, and the People’s Republic of China has a transitional economy. Therefore, analysis of the anatomies of the real estate price bubbles in these countries would provide invaluable information for investors and policy makers as well as the populace.

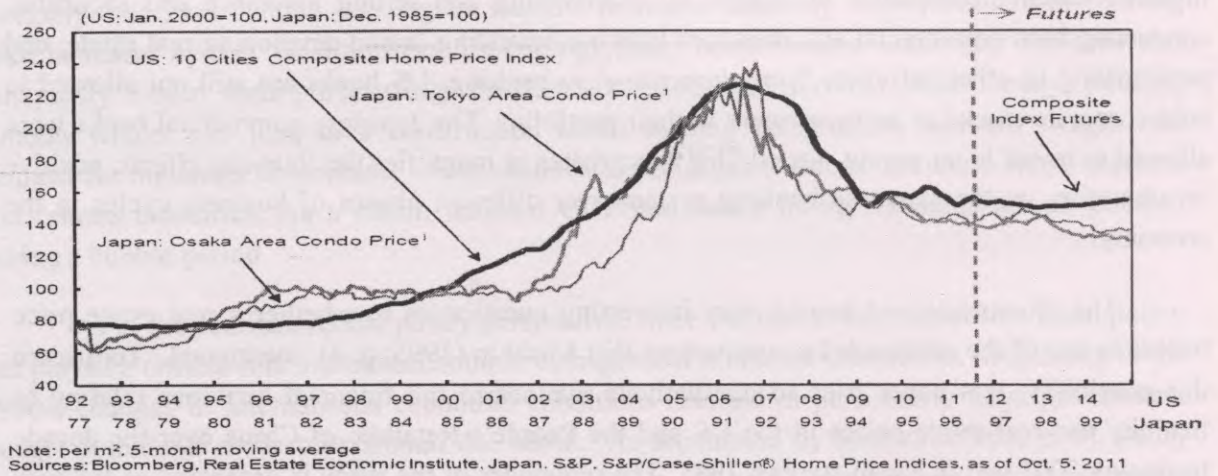
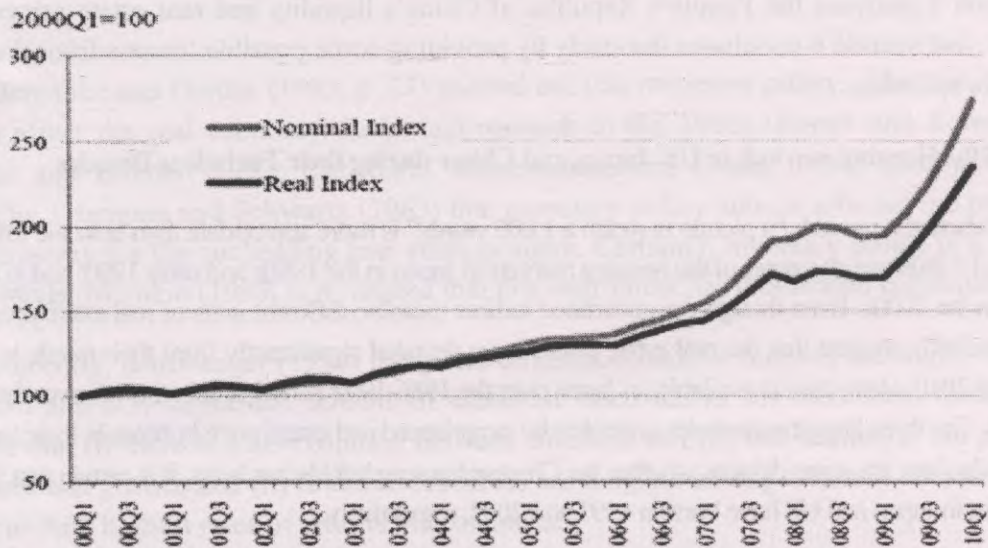


Figure 1



Source: Institute of Real Estate Studies, Tsinghua University.

Figure 2

3. Japan's Liquidity and Real Estate Prices (1981 – 1991)

Historically, to rebuild its economy destroyed by World War II, Japan implemented protective tariffs and pursued macroeconomic policies to encourage savings which resulted in a trade surplus and much liquidity in the banking system. Consequently, loans and credit were easy to acquire and the Yen appreciated against foreign currencies.

Additionally, since the mid-1980s, the global liquidity supply has been expanding

steadily, originating from large capital markets in Japan, the United States and the then European countries which are now the European Union. The first step for the worldwide increase of money supply was taken in Japan during the 1980s. Following the September 1985 Plaza Agreement, national currency—the Japanese yen ¥ — appreciated by about 50.00 percent against the dollar which was far above the originally targeted level. This allowed local companies to invest in capital resources much more easily than their competitors overseas, which reduced the price of Japanese-made goods and widened the trade surplus further. And, with the Yen appreciating, financial assets became very lucrative.

Yen/Dollar Exchange Rate 1980 – 1991



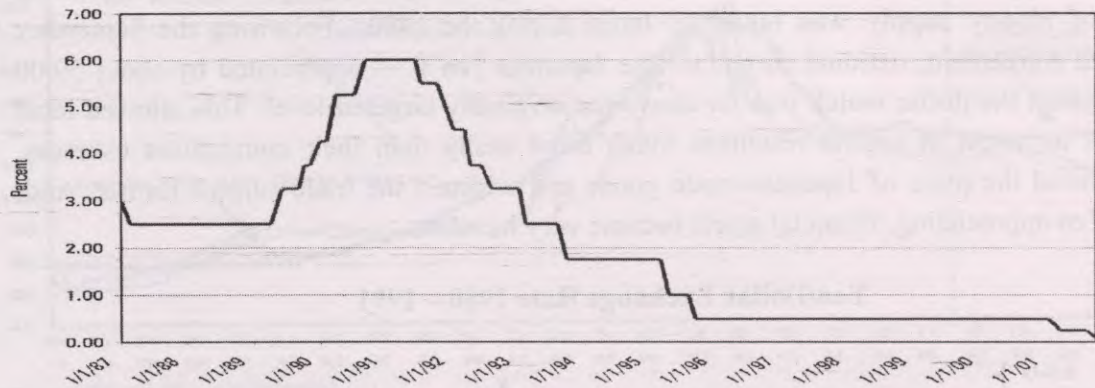
Source: <http://www.wikipedia.org/>

Figure 3

Schnabl and Hoffmann (2007, p. 12) argue that the first important bubble emerged in the mid-1980s in Japan. After Japan had liberalized its international capital flows in the early 1980s, a substantial trade surplus came into existence which was matched by a trade deficit of the United States. Japan's export surplus was linked to the superiority of the technology embedded in its industry. A euphoria concerning the Japanese economic power emerged. The 1985 Plaza Agreement was an (US led) internationally coordinated attempt to reduce the US-Japanese trade imbalance by a strong appreciation of the yen against the dollar (Funabashi 1989). After the Plaza Agreement had failed to reduce the trade surplus, Japan agreed to implement expansionary monetary and fiscal policies to reduce the imbalance via a rising import demand (Louvre Accord in February 1987).

The Plaza and Louvre agreements can be seen as the origin of the Japanese bubble economy. In response to the Plaza appreciation, the Bank of Japan gradually lowered interest rates to counteract the strong "high-yen induced" recession (McKinnon and Ohno 1997). After Japanese growth had picked up again in 1987, the interest cuts continued due to expansionary macroeconomic policies following the Louvre Accord. The Japanese call money rate declined from 8.00 percent in December 1985 to 3.50 percent in March 1988. Thus, as in Wicksell's theory the Central Bank reduced the interest rate although output expanded.

Japan's Central Bank Discount Rate (1987 – 2001)



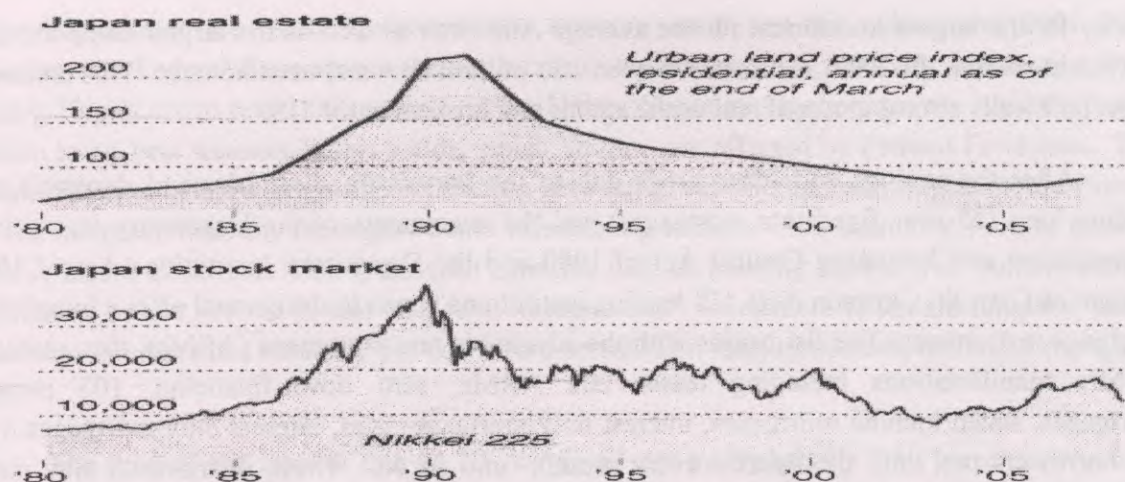
Source: Bank of Japan, "The Basic Discount Rate"

Figure 4

The outcome was a speculation boom in the Japanese real estate and stock markets. Between 1985 and December 1989 prices at the Tokyo stock exchange tripled. Real estate prices soared and the land price of the Japan's imperial palace reached the worth of the whole state of California (Schnabl and Starbatty 1998, p. 13)!!

To counteract the resulting deflationary pressure, Bank of Japan cut interest rates in response to the appreciation (Funabashi 1989). The downward trend continued until the end of the 1990s when the Japanese money market rate reached the zero bound and Japan had fallen into the so-called liquidity trap (McKinnon and Ohno, 1997). Between January 1990 and December 2005 the Japanese monetary base had grown by 144.00 percent while output had expanded by merely 10 percent.

As to the real estate market, real estate prices were highest in Tokyo's Ginza district in 1989, with choice properties fetching \$20,000.00 per square foot! Prices were only marginally less in other large business districts of Tokyo.



Sources: Standard & Poor's; Japan Real Estate Institute, via Japan Ministry of Internal Affairs and Communications; Bloomberg.

Figure 5

By 2004, prime "A" property in Tokyo's financial districts had slumped to less than 1.00 percent of its peak, and Tokyo's residential homes were less than a tenth of their peak, but still managed to be listed as the most expensive in the world until being surpassed in the late 2000s by Moscow and other cities. Tens of trillions of dollars worth were wiped out with the combined collapse of the Tokyo stock and real estate markets.

With the economy driven by its high rates of reinvestment, this crash hit particularly hard. Investments were increasingly directed out of the country, and manufacturing firms lost some degree of their technological edge and Japanese products became less competitive overseas. The Japanese Central Bank set interest rates at approximately zero.

Unlike the recent US episode, the Japanese real estate and stock bubbles burst gradually rather than catastrophically. However, the Japanese economy could not recover quickly because of the synergic effect of the loans and corporate stocks that the Japanese banks were allowed to hold as investments as previously indicated.

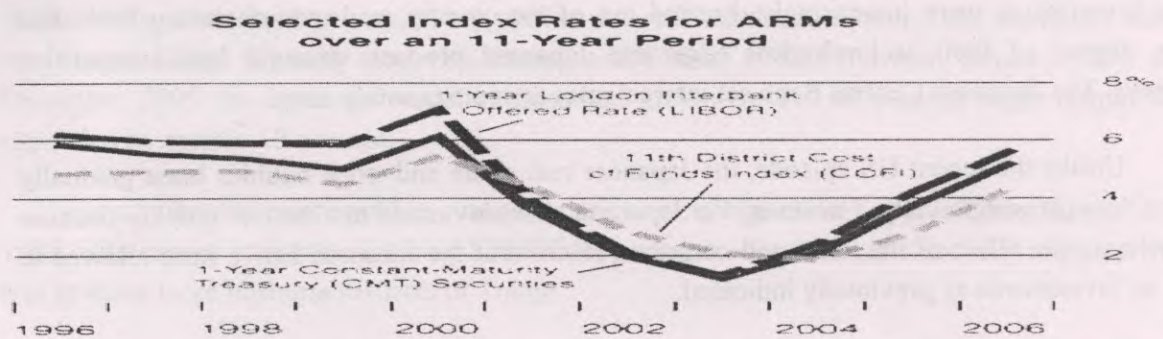
4. The United States' Liquidity and Real Estate Prices (2001 – 2011)

Historically, the US has pursued a standing policy promoting home ownership through regulations and institutional arrangements. The introduction of Regulation Q and the creation of the Federal Home Loan Bank System, Ginnie Mae and Freddie Mac are examples of how the US government had encouraged and facilitated the channeling of funds from economic units with surplus funds to the home mortgage markets. The net effect was that it made mortgage funds available to consumers at affordable rates. Consequently, almost 67.00 percent of American families owned their own homes before the subprime mortgage crisis, and residential real estate

was by far the largest investment for the average American as well as the largest component of individual wealth. In 2007, realtors sold over 6.00 million new and used homes. This created a large, politically strong group of real estate agents and brokers in the US.

After the savings and loans crisis due to the borrowing short (demand deposits) and lending long (25-year fixed-rate mortgages) and the enactments of the Depository Institutions Deregulation and Monetary Control Act of 1980 and the Depository Institutions Act of 1982 (known as Garn-St. Germain Act), US lending institutions began to design and offer a long list of mortgage instruments. The list begins with the adjustable rate mortgages (ARMs), then many of ARM's manifestations including teaser rate ARMs, zero down-financing, 103 percent mortgages, stated income mortgages, interest only mortgage—yes, interest only mortgages, i.e., the borrowers pay only the interest every month, and so on. These instruments may make financial costs of owning the home cheaper initially; but they subject the borrowers to much greater risk of failure to meet their mortgage obligations, piling up non-performing loans in financial institutions' portfolios.

The “creativities” of financial institutions do not stop at ARMs and their manifestations. They allow some borrowers to get around down payment requirements by using seller-funded down payment assistance programs, in which sellers give money to charitable organizations that then give the money to them. From 2000 through 2006, more than 650,000.00 buyers got their down payments through nonprofits. These creativities filled mortgage portfolios of US financial institutions with dangerously high proportion of subprime mortgages² which pay higher interest rates to lenders.



Note: Common indexes used for Adjustable Rate Mortgages (1996-2006).

Figure 6

³ A type of mortgage that is normally made out to borrowers with lower credit ratings. As a result of the borrower's lowered credit rating, a conventional mortgage is not offered because the lender views the borrower as having a larger-than-average risk of defaulting on the loan. Lending institutions often charge interest on subprime mortgages at a rate that is higher than a conventional mortgage in order to compensate them for carrying more risk.

To counter the consequence of the dot-com crash and the subsequent 2001–2002 recession, the Federal Reserve cut the short-term interest rate to historically low levels, from about 6.50 percent to just 1.00 percent. In the United States, mortgage rates are typically set in relation to 10-year treasury bonds yields, which, in turn, are affected by Federal Fund rates. The Federal Reserve acknowledges the connection between lower interest rates, higher home values, and the increased liquidity the higher home values bring to the overall economy. Former Federal Reserve Board Chairman Alan Greenspan admitted that the housing bubble was "fundamentally engendered by the decline in real long-term interest rates". Investment funds are fungible, lower short-term interest rates naturally put downward pressure on long-term rates, including mortgage rates.

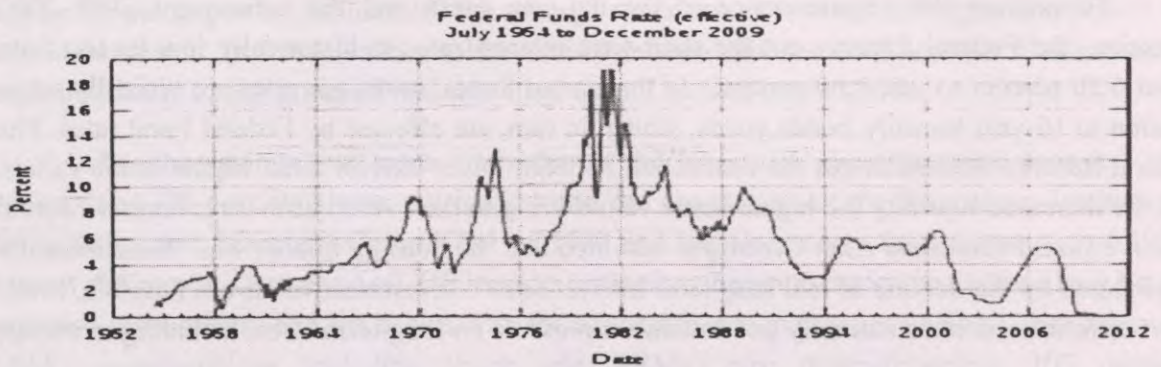
The drop of the interest rate on 30-year fixed-rate mortgages by 2.50 percentage points, from 8.00 percent to about 5.50 percent from 2000 to 2003, is not accident. As to this matter, Richard Fisher, president of the Dallas Fed, said in 2006 that the Fed's low interest-rate policies unintentionally prompted speculation in the housing market, and that the subsequent "substantial correction [is] inflicting real costs to millions of homeowners."



Source: Yahoo! Finance.

Figure 7

A drop in mortgage interest rates reduces the cost of borrowing and should logically result in an increase in prices in a market, where most people borrow money to purchase a home, so that average payments remain constant. If one assumes that the housing market is efficient, the expected change in housing prices (relative to interest rates) can be computed mathematically.

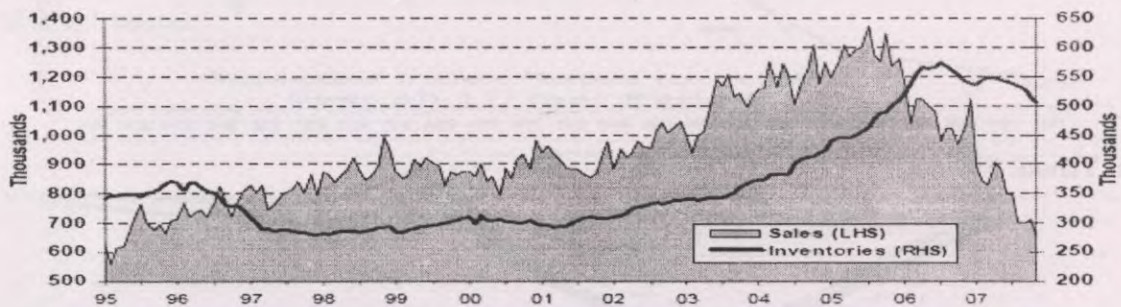


Source: FRED Database, Federal Reserve Bank of St. Louis.

Figure 8

These above lending “innovations”, accommodating monetary policy, coupled with the crash of dot-com and technology sectors in 2000, and the subsequent 70.00 percent drop of the NASDAQ composite index, resulted in many people taking their money out of the stock market and purchasing real estate, the phenomenon that Professor Shiller terms the “irrational exuberance”.

U.S Home Sales and Inventories from 1995 to 2007



Source: <http://www.cuna.org>

Figure 9

These aforementioned created the 2000-2006 US real estate price bubble. Additionally, subprime mortgages were securitized by investment banking firms to make mortgage back securities and sold as investment instruments worldwide. When the borrowers default their mortgage loans, it caused foreclosures and rendered these securities worthless. This in turn precipitated the US subprime mortgage crisis creating a now well-known international financial crisis.

5. The People's Republic of China's Liquidity and Real Estate Prices (2001-2011)

Measuring by GDP or its growth rate, People's Republic of China (PRC) has the second largest economy in the world. However, considering other factors such as per capita GDP, institutional arrangements, market structure, China's economy is still in transition—not only from a centrally planned to a market; but also from an agricultural to an emerging industrial economy. It is far away from being a market economy, with a population of well over 1.30 billion in 2010 and the attendant problems. Additionally, the country's Washington consensus, export-led economic development strategy and centers around economic development zones concept has created an enormous urbanization. This induced urbanization coupled with the usual inelasticity of supply—especially the low income housing, leads to severe shortages of affordable housing!

Urban residential housing units in the People's Republic of China were nationalized and owned by the central government at the founding of the PRC in 1949. The private housing market was non-existent in the ensuing three decades. The enactment of the 1988 Constitutional Amendment provides a firmer legal foundation for development of the private housing sector. The government still retained ultimate ownership of urban lands, but it permitted individuals to purchase the right of use of that land for urban residential purposes for up to 70.00 years. Subsequently, in the 1990s, the central government issued a series of housing reform measures and policies to accelerate the development of private housing markets. Residents were encouraged to purchase the housing units in which they resided from their state-owned work units at below-market prices. Moreover, the work units themselves were required to gradually terminate the direct housing allocation system under which they provided housing to their employees.

As to land uses, while the government still retains ultimate ownership of urban lands, it allows individuals to purchase the right to use land for a certain number of years: 70.00 years for residential uses, 50.00 years for industrial or mixed uses, and 40.00 years for commercial uses. In the typical private housing project development process, local governments first lease land parcels to developers. The developers then build housing units on the parcels, and sell those units to households. Households have the right to live in, rent out or sell their housing units during the leasehold period.

The first land auction was held in Shenzhen in 1987. In subsequent years, most land parcels were not sold publicly via auctions or biddings. Instead, the developer would contact the local government about a land parcel in which it was interested, and then negotiate the price. Many such deals were publicly criticized for resulting in below market prices, with the opaque process open to corruption. Consequently, in 2002 the State required that all urban land for residential and commercial use could only be transacted through public auction or bidding.

As to the economic condition, Schnabl and Hoffmann (2007, p. 17) argue with the US being in the center of the world currency system, the low level of interest rates in the US from 2001 into 2005 had international implications, as rising capital outflows from the US brought the dollar under depreciation pressure. In particular, emerging markets with fixed exchange rates experienced fast reserve accumulation, brisk monetary expansion and “excessive” credit growth. Capital inflows into China accelerated its credit growth. In particular, China had emerged as a global economic player which attracted due to the positive economic outlook both large amounts of foreign direct investment and short-term capital inflows. With the Chinese Yuan being tightly pegged to the dollar, the rapid reserve accumulation was translated into a strong monetary expansion, as sterilization remained incomplete.

As to the equity market, PRC’s stock market is composed of two stock exchanges, the Shanghai stock exchange (SHSE) and the Shenzhen stock exchange (SZSE). The most important indices for A-shares in SHSE and SZSE are the Shanghai stock exchange composite index (SSEC) and the Shenzhen stock exchange component index (SZSC). As indicated by the following chart, the SSEC and SZSC indexes have suffered more than a 70.00 percent drop from their historical highs during the period from October 2007 to October 2008. From November 2008 until the end of July 2009, the Chinese stock markets had been rising dramatically.

SSEC Index and SZSC Index.



Source: Datastream

Figure 10

With regard to the demand side of real estate, the State Council issued the 23rd Decree in 1999, which is regarded as a milestone in Chinese housing reform. Work units were no longer allowed to develop new residential housing units for their employees in any form. Instead, they had to integrate any implicit housing benefits into employees' salary, and the households had to buy or rent their residential housing units in the private housing market. As reported by the National Census for 2005, 16.30 percent and 12.20 percent of urban households

in China lived in owned or rented private housing units, respectively, compared to only 9.20 percent and 6.90 percent in 2000.

One of the key factors underpinning demand for housing in China's major markets is a strong urbanization. Between 1996 and 2005, the urban population increased by over 50.00 percent from 373.00 million to just over 562.00 million. Its proportion in national population has also been growing by about 1.40 percentage points annually since 1996. Even with a slight slowing of growth in urbanization since 2005, there are about 15.00 million new people entering urban areas each year.

Additionally, Miller (2011) posits that the Chinese have long been the best savers in the world; their savings were invested into stated-owned enterprises whose capital expenditures create the factories and buildings on which the Chinese "miracle" had been built. Chinese residents continuously held a belief that the market downturn might only maintain in some short periods then housing prices would go up again.

Interestingly, Chinese inhabitants invested wildly in the real estate market for speculative purposes. The state government could not be any happier since tax on land trading belonged to the government, which in turn would contribute to infrastructure construction in China. In addition, as long as there were projects under construction, the unemployment rate would be maintained at a low level. Thus, this was truly believed by the government as a wonderful economic cycle to ensure GDP growth and national prosperity.

As to the aggregate demand and supply in the real estate market, Wang (2012, p. 12) argues that the government has gradually established the real estate market and speeded the development of urbanization across the China-mainland since the end of 1990's. The earlier real estate market had the quantities demanded and quantities supplied were fairly matched, which resulted in a relatively low market price level. But, the government has firmly thought that the low price level strategy contradicts the healthy development of the construction industry or of the real estate market, and continuously produced potential demand in houses through enacting a series of laws, administrative regulations, and policies in losing liquidities. Consequently, the market prices have been gradually pushed as high as multiple times the initial ones. For example, the price in RMB was about 8,000 Yuan and 50,000 Yuan per square meter in 2003 and 2010, respectively in the Xicheng District, Beijing.

As to the speculative activities in PRC's real estate market, Miller (2011) articulates that "Ordinary individuals cannot get in, on the ground floor to reap the obscene profits made by well-connected officials who facilitate purchases from historical occupants, but they are permitted to invest in real estate at later stages of development, and their wealth grows every year. Anyone who's spent more than a day or two in China knows that real estate is a popular preoccupation. Apartment flipping is all the rage; real estate prices have tripled in the past five years".

Chovanec (2011) points out that, from spring 2008 to spring 2010, Chinese real estate prices in Beijing doubled and China's leaders worried of rocketing prices; they did make a plan for everything. By that, Beijing imposed a series of cooling measures to rein in speculative demand. These included a stipulation for larger down payments, and limiting the number of units a family could buy. Although these restrictions were mainly confined to Beijing and Shanghai where central authorities held the greatest sway, they were meant to send a clear signal that China's leaders wanted property prices to level off. However, it worked for a few months and things were back as "usual". Due to irrational exuberance (the belief that there won't be any decline in prices), Chinese investors continued borrowing and constructing massive real estate projects to earn extreme profits. Real estate investment continued growing at nearly thirty percent annually.

With all the credit expansion and skyrocketing real estate prices, inflationary pressure built up. The inflation rate started to jump from 1.50 percent in January 2010 to a peak of 6.50 percent in July 2011, which precipitated the PRC's Central Bank to tighten the money supply causing its economic slow-down. As 2011 progressed, Chinese real estate investors had to find new alternatives to keep financing those unsold (inventory) houses or apartments by "bank loans (until they were cut off), high-yield bonds in Hong Kong (until market sourced), private investment vehicles (sponsored by banks as an end run around lending constraints), and finally by loan sharks". Ultimately, parts of investors' inventories had to be liquidated on 30.00 percent, 40.00 percent and even 50.00 percent discount to save them from successive bankruptcy (Chovanec, 2011).

The late 2011 marked the bursting of China's housing bubble, evidenced by the fact that Shanghai real estate investors started slashing up to one-third of their latest luxury condos' values. "Crowds of owners who had recently bought apartments at full price converged on sales offices throughout the city, demanding refunds. Some angry investors went on a rampage, breaking windows and smashing showrooms" (Chovanec, 2011). Centaline—a leading property agency—estimated that market investors had built up 22.00 and 21.00 months' worth of unsold inventories in Beijing and Shanghai respectively, which contributed to the speculation that China's housing bubble was "the biggest bubble of the century".

More unsettling, Chovanec (2011) observes that house prices in China can now be seen to be on its sloping drop, evidenced by a 35.00 percent drop in Beijing's home prices in November 2011 alone. Additionally, Levine (2012) observes that so far there are 60,000,000.00 million unoccupied apartments in China, which demonstrated a lot about the ability of China's central planners to control supply and perhaps influence demand.

The immediate future of Chinese real estate is uncertain at best, as evidenced by Centaline's report that more than 100.00 local government land auctions failed in November 2011 and land sales revenues in Beijing, without which local governments could not to repay the

loan burdens used to fund ambitious infrastructure projects. The revenues also needed to keep driving GDP growth the following years, fell back by 50.00 percent in that year. Although the Chinese government tried to cut taxes on consumer spending, it could not help reverse the decline in household incomes as a percentage of GDP.

In addition to the aforementioned, a transitional economy such as PRC's has to contend with the issue of insufficient and inaccurate information as compared to a market economy. Ito (2010) argues that the official data may be significantly underestimating the real price increases, due partly to a statistical bias. Some break down of statistics is available, but still each break down category is still coarse; also beyond "average prices," no detailed statistical description is available in PRC. Thus, even if one is willing to assume that prices are rising uniformly at the same rate in downtown and in the suburb; it is true that more expensive properties are less demanded, more units in the suburb (at lower price levels) will be supplied to the market. Consequently, the "average" price increase will be lower than the uniform, true rate of the price increases. More buildings are sold in the second-tier suburbs than the first-tier, and even less in the downtown area, the "average" price may be lower than the location-controlled index. The official statistics most likely underestimates the size of housing bubble.

6. Concluding Remarks

The aforementioned analyses suggest the following lessons. Even though different economies in the world, including the three largest ones of the US, the People's Republic of China and Japan in this order are different in many aspects; the impetus for their most recent real estate price bubbles and bursts may be different. The above analysis suggests some important commonalities in causes of real estate price bubbles. First, expansionary monetary policy reduces the costs of owning homes making credit more easily to obtain, increases in population's disposable income leads to increases in demand for real estate properties for both consumption and speculation. Given the usual relatively inelastic supply, shifts in demand would form price bubbles. Secondly, financial capital is fungible domestically (among different domestic investment opportunities) as well as internationally to secure the highest returns. Therefore, economic policy pursued by leading economies will have significant effect on real estate markets in other economies. Third, insufficient and inadequate real estate regulations or failure to enforce them are also common factors. Finally, for a transitional economy, additional contributing factors include: (i) opaque operating environment, political cronyism, lack of free market disciplines, and insufficient information and (ii) real estate developers maximize their profits; therefore, if it is costlier for them to acquire land, the more likely that they will develop high price properties. Therefore, policy makers in transitional economies should pay particular attention to their land use policies if their objective is to supply houses to newly urbanized citizens who are uprooted from their rural communities for employment opportunities in large cities and economic development zones.

Clearly, the root causes of the additional problems for developing and transitional economies are the lack of market economy disciplines. *Excessive government intervention and political connections*, management corruption, inefficiency and ineffectiveness are part of a vicious circle that inhibits economic development, industrialization, and social progresses. It is well known that these problems exist in economies without true checks and balances in the political system. These problems cannot be corrected without the infrastructure of a political framework with a true check and balance system that can foster an effective market economy.

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EXCELLENT LEADERSHIP

(It is all about performing and practising and not merely talking)

Prof. S. D. Bagade.

(Assistant Professor Allana Institute of Management Sciences Azam Campus, Camp Pune 411 001)

Methodology:: Combining opinions expressed by the eminent learners and learning from the same.

INTRODUCTION ::

In “Leadership Excellence”, (The Journal of leadership development, managerial effectiveness and organizational productivity) June 2011 Issue, there is a quotation of James M. Kouzes which states:“Managers lead to have a little. Leaders often are appointed or selected, Leaders are people who often either emerge or might be elected. Management is a more formal operation. Leadership is often a less formal..... So leadership is not about title or position. It is about behaviour”.

Leadership is one of the most observed and least understood phenomena. The well identified and explained five practices of exemplary leadership are –

1. Model the way
2. Inspire a shared vision
3. Challenge the process
4. Enable others to act
5. Encourage the heart

The leadership challenge is a seminal word and emphatically resolves the key challenge leader’s face – knowing what to do to deliver value. The above principles are extraordinarily well written, inspiring and invigorating.

The notice desires in the leadership development are: principles become practices; data turns into action and plans become realities. The shift from hope to results is known as leadership sustainability (LS). LS is not only what the leader does but how others are impacted by the leaders action.

We judge ourselves by our intentions, but others judge by our behaviour. Leadership sustainability has to show up both in personal intentions and in observable behaviour. Leadership sustainability is a lasting, durable commitment to personal change. In order to build leadership sustainability, here are the seven leadership practices.

1. Simplicity – simplicity in the face of complexities and replaces concept clutter with simple resolve.
2. Time – employees see what leaders do more than listen to what they say. When leaders invest their time as carefully as their money, they are more likely to make change happen.
3. Accountable – a cycle of cynicism occurs when leaders announce wonderful aspiration statement (vision, mission, strategy) but fail to deliver. Overtime this cycle of failure breaks down trust and erodes commitment. Over the time, leaders’ agenda becomes the personal agenda of others.

4. Resources – HR practices can create the culture. Selection, promotion, career development, succession planning, performance reviews, communications, policies, organizational design may be also aligned to support leadership.
5. Tracking – we get what we inspect not what we expect; people do what they are rewarded for and do not reward one thing while hoping for a different outcome, effective metrics for leadership behaviour need to be transparent, easy to measure, timely and tied to consequence.
6. Meliorate – leaders improve by learning from mistakes and failures and by demonstrating resilience. Change is not linear. We do not start at point A and end up in a logical and smooth progression to point Z.
7. Emotions – sustainability have a personal passion and emotion for the changes the leader needs to make.
- 8.

The mnemonic for these principles spell START ME. These seven principles inform both personal efforts to be a better leader and organization investment to build better leadership.

The opinions expressed in the preceding paragraph are of Mr. Dave Ulrich and Mr. Norm Smallwood. In an article “Leadership Sustainability published in Leadership Excellence June 2011 issue.

Experience fosters belief, beliefs influence action and actions produce results. The experiences, beliefs and actions of the people constitute your culture and culture produces results.

One constraint to vitality and growth is an anomic leadership talent pipeline. This problem is evident when organizational struggle to identify exceptional internal candidates for high potential leader pools and executive succession plans.

The leader must be clear about his talents and strengths. Once the leader is focused on a course of action; he should support his goal with determination and persistence. Opportunities always come in work clothes. Rise always to new challenges. Always set very high goals. Make and keep connections. Create a new path.

In a survey report, Economics Times – 27th September, 2012 published in career and business life section; light is thrown on the follies of young leaders. The excerpts are as below:

1. Sometimes the young leaders are blinded by past glory and as such ignore or resist keeping pace with organization’s new demands and changed set of performance metrics.
2. The race to the top could sometimes get bewildering, leading to the premature burnout of promising young leaders. Inability to align aspirations with proficiency, failure to do a course correction, over aggression, lack of team skills, poor work life balance, arrogance and inappropriate mentorship are some of the common factors. As individuals progress through their careers, they should strive for sustainable growth – growth and development in every sense – physical, emotional, professional and spiritual. In order to do this, one needs to set personal goals just as one sets professional ones and hold oneself equally accountable for both.
3. Many a time, a young leader is seen faltering because of unrealistic goals and a hurried approach. When a young leader does not have realistic expectations of oneself he/she could burn out fast. You cannot win every battle. Being realistic while trying to

- achieve the best is important. When people are in a hurry and try to take short cuts without getting sufficient experience they reach a level where they cannot meet expectations leading to non-performance and failure.
4. Failure to identify strength – the failure to identify one’s core competence can lead to an early crash out. Be aware of one’s strengths and weakness and focus on using ones strengths.
 5. Inabilities to change – young leaders sometimes tend to get chained to previous experiences that are not relevant to the current environment. The inability to adapt and learn to work in a changed environment can lead to failure.
 6. Not enough bonding – the inability to trust team members and take team along can burn out a young leader. Be connected with superiors, peers, subordinates.
 7. Poor work life balance – Today’s world has a natural degree of stress and unless young leaders are disciplined and maintain a balanced life-style there remains a high probability of an early burn out. It is important to have mindfulness amidst the distraction of everyday life.
 8. Inadequate mentoring – have a good organizational mentor. Someone more senior in terms of experience but also someone who knows you well and also committed to your success.

Organizations must define a set of values that underpin all actions and give more meaning to the work.

Recently in Business Standard a newspaper of 24th September, 2012 (“Strategy Supplement, Page3) a thought provoking interview excerpt was published. The caption is “what people do when no one is looking”. It is vindicated that in many organizations, people feel almost threatened to ask tough, hard hitting questions because they feel they might be ridiculed. Sometimes people have to deal with dominating CEO’s and they are often not clear how the CEO is thinking, which way he/she is leaning. That goes all the way back to the capability of or competency in establishing a culture of contracture dissent for honest and candid conversations. Character is kind of a loaded word. It has to do with values. Virtue is a worthy behaviour that cuts across process, across religion and across time. These worthy behaviour lead to individual and organizational excellence. Wisdom is one of them. Courage would be another, Restraint one more.

Too much of confidence turns into recklessness. Most of us who like to be in a leadership position, like to be in control, we like to give orders and make things happen. But good leadership also involves a lot of hard work. There is a cost involved in it. If we can elevate the knowledge, skill, capabilities across then there is a better chance of winning the competition.

The economic times (career and business life supplement page (4)dt. 27.9.2012) featured an article/survey report captioned as ‘young managers’ survival kit. It is vindicated that respect, appreciation and trust are traits that help to gain confidence and stand in good stead. Leaders need to explain the context well. Let them define the operating principles within teams, value the experience and insights but take the final call.

Mr. Vinod K. Dikshit, Managing Editor, Leadership excellence in august 2012 issue indicated 20 flaws. These are not the flaws of skill, intelligence or personality. They are challenges in interpersonal behaviour often leadership behaviour.

- 1 Winning too much: The need to win at all costs and in all situations—where it matters, when it doesn't, and when it is totally beside the point.
- 2 Adding too much value: The desire to add our cents to every discussion.
- 3 Passing judgement: The need to impress others and impress our standards on them.
- 4 Making destructive Comments. The needless sarcasms and cutting remarks that we think make us witty.
5. Starting with “No”, “But” or “However”. The overuse of these negative qualifiers which secretly say to every one “ I am right, You are wrong”.
6. Telling the world “How smart we are “: The need to show people ‘we are smarter than you think.
7. Speaking when angry: Using emotional volatility as a management tool.
8. Negativity or “Let me explain why that won't work “The need to share our negative thoughts, even when we are not asked.
9. Withholding information. The refusal to share information, to gain or maintain advantage over others.
10. Failing to give proper recognition: The inability to praise and reward.
11. Claiming credit that we do not deserve. The most annoying way to over estimate our contribution to success.
12. Making excuses: The need to reposition our annoying behaviour as a permanent fixture so people excuse us for it.
13. Clinging to the past: The need to deflect blame away from ourselves and on to events and people from our past; a subset of blaming every one else.
14. Playing favourites: Failing to see that some one is treated unfairly.
15. Refusing to express regret: The inability to take responsibility for our actions, admit we are wrong, or recognize how our actions affect others.
16. Not Listening: The most passive – aggressive form of disrespect.
17. Failing to express gratitude.
18. Punishing the messenger: he misguided, need to attack the innocents who are trying to help us.
19. Passing the buck: The need to blame every one but ourselves.
20. An excessive need to be ‘me’: Exalting our faults as virtues simply because they are who we are.

In the same issue, Ms. Linda Hill and Mr. Kent Lineback expressed their opinion in an article captioned as “Political Roles” (This comes with being the Boss). It is vindicated that many managers dislike conflict and competition and consider political give and take mostly ego driven waste of time. Here the winner wins because they are better connected, not because the business case is stronger. So they tend to deal with others only when there is a problem or need. They perform many political roles. These are stated as below:

- When you disagree with another group because have different priorities, you must deal with them to keep the work flowing smoothly.
- You act as information conducted between your group and the outside.

- You negotiate for your group resources like money, space, support; time and information are always scarce. You must negotiate with your bosses and colleagues for them.
- You speak for your groups, and also protect your group.

If you hold yourself above the political push and pull, you limit your effectiveness and suffer some consequences. For example,

- Problems get unresolved between your group and others
- Disagreements get resolved against your wishes
- Your group and others operate on incomplete or inaccurate information
- Others misperceive and misunderstand your group
- Others distract your people because no one negotiates, filters or mediates outside pressure
- Your people lack the resources they need
- Your people feel you are letting them down

In all organizations, there are unprincipled game players who derive satisfaction from plotting, scheming, and winning internal battles.

Real organizations are more complicated because they are composed of people and management is more about negotiating paradoxes and tradeoffs. Hence all managers must recognize certain realities in order to deal with organizations, as they are not as they should be.

There is also an interesting article titled as “Developing Leaders” – How are the People you lead doing by Mr. Noel Tichy in the same issue. The experts of the same are as mentioned here – leaders are judged by sustained success not only in adding value for stakeholders but in developing leaders who constantly change, excite others about change and implement changes faster. To develop others effectively leaders must have a teachable point of view.

The leaders deal with three critical agendas – business, group and personal. Energise them engage and facilitate. It embraces a series of specific interventions to accelerate the change process. Develop an acute awareness of what is preoccupying. It is a shift from transactional to transformational leadership. Accurately measuring the sequences pause and time management is less linear. But it is indispensable for a leader – coach communication.

Extensive preparation, evidence of committed people, confidence in the group’s capabilities and participation are the factors leading to the success of leadership.

The leaders should create and keep the wartime spirit of working together alive and well. It helps through good times as well as bad times. I read somewhere; leadership is sizing up the situation and constructing the appropriate response. The most critical aspect of leadership is building trust. A leader must be good enough to inspire trust. A leader cannot be an armchair strategist. Leadership means contributing collectively as well as individually to the best possible.

When a leader finds himself in a difficult conversation, follow TACT approach.

T – Think – do not speak

A – Ask questions

C – Clarify your understanding

T – Talk with care

Organizations have cultures which are sometimes deliberate and sometimes accidental. Hence clarifying about the written/unwritten/spoken/unspoken rules of the company is critical.

The key to transitioning smoothly is stringing up the following six steps to make an effective leadership. These are:

1. Know your mission
2. Make sure you get the basic structure right
3. Get the right team at top
4. A strong purpose and sense of ethics
5. Regularly check everything
6. Listen and act on what you hear

In the issue of "Journal of Leadership" April 2012; there were randomly reflected views on leadership. Those are put together here below:

- [a] Leadership is not a badge of honour but a job with responsibility.
- [b] Leaders often lose pretty opportunities by saying 'no' too soon and 'yes' too late. Hence give a long thought to these two short words.
- [c] Do not micro manage, as people often dislike to be supervised by their bosses.
- [d] Criticise privately and praise publicly. When you praise people; it becomes a pat and encourages others to demonstrate positive behaviour. When you criticise; never attack on an individual; but attack the behaviour of an individual for improvement.
- [e] Accept blame; when you fail. But remember to share the credit for success with your people.
- [f] Empower and involve people for generating ideas for issues as it brings in them a sense of belonging and raises their self esteem.
- [g] Listen to all and finally take your call.
- [h] Avoid telling people how to do the job. Just tell them what they are supposed to do.
- [i] Delegation is a leadership development tool. With multiple benefits delegate routine activities that can be executed by your subordinates.
- [j] Deal with different people differently. As different people have different ego, emotions, feelings and needs. What works for one individual; may not work for others.
- [k] Eliminate arguments where ever possible. The more you argue; the more you are involved in controversies and the more mess you create.

When someone makes a mistake; correct his behaviour and do not raise the issue again especially in the presence of others.

[m] Leadership is a long drawn process with a lot of burns, failures and hardship. Blend both hard and soft acumen as well as hard and soft skills to reach the top leadership position. Walk your talk otherwise it will impact your credibility.

A leader cannot be an armchair strategist. It is about sizing up the situation and constructing the appropriate response. The substantive lessons on leadership reveal that the most crucial aspect of leadership is the ability to build trust. The leader must be good enough to inspire trust. Leadership means ensuring that the team delivers the best results and at the same time individually contribute. *If your actions inspire others; to dream more; learn more; do more and become more; you are a good leader.* The greatest

challenge that every leader faces, is to manage the expectations of others. Leadership comes with its own set of challenges on coping with failures. All great leaders inspire behavioural change in their team mates. Every one can bring the leader in himself. The excellent leaders develop second line. They groom potential leaders; by giving them progressively larger, more challenging opportunities. Tomorrow's leaders need to be able to deal with complexities. An excellent leader knows the limitations of desires and wants. An excessive desire, to have more than what one needs is not good. Confidence is a misleading quality, and therefore must embrace reality. Aggression and egocentricity undermine rather than lead to success. One who talks the loudest, is not necessarily; always on the right path. There are essentially three characteristics of potential excellent leaders viz. ... judgement, strategic thinking, cerebral (not competitive). *Cerebral means he is not pursuing money, status, power.*

An excellent leader must understand his limitations, what his followers want but at times what a leader cannot give, emerging group experiences; have predictable dynamics. People form relationship based on first impression and sometimes false hopes. They desire; absolutely clear expectations about everything, perfect certainty about the future. Group members tend to look inward ---- not seeing the constraints flowing from the wider arrangement; classification. Therefore leaders who want to be highly positive and supportive still find themselves having to say "No". Empowerment does not mean stepping aside and abdicating responsibility. Leaders must exercise good judgement about what is appropriate, even if that makes some group members uncomfortable. In one of the issues of HBR it is stated (*and that is universal truth*) " Our lives are not determined by what happens. These experiences are the reflections of our attitudes and they cause a chain reaction of thoughts , events and outcomes. If this spark is positive; it generates the power that creates extraordinary results. All of us get advice on numerous occasions from a number of people; we look up to. Taking advice from all such great people; can be summarised into 'three F formula: Focus, Fair, Firm. Follow the three F formulas all through your life irrespective of position and stage of life. The environment is turbulent. People focus on short term quick gains and results. Hence you need to follow the three P mantra: Have Patience, Have Perseverance Have Passion. Passion is the drive for inner self which will make you reach the height you have never dreamt of.

In a nutshell, excellent leadership is the other name of being forward looking, envisioning, exciting possibilities, honesty.

Conclusion :

For an excellent leadership; one has to pay close attention to people issues. The leader himself and his followers are to be held accountable for long term performance by making compensation to such metrics. They should also learn how to create value and also have the courage to establish value creation as the ultimate measure of success.

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ISLAMI BANK BANGLADESH LTD.:

PROBLEMS AND PROSPECTS

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1.Introduction:

Islami Bank Bangladesh Limited (IBBL) is a third generation bank in the private sector banking of Bangladesh. IBBL is the private commercial bank that is a brain child of some successful local entrepreneurs. IBBL is a banking company registered under the Companies Act, 1913 (At present the companies Act, 1994) with its Head Office at 40, Dilkusha Commercial Area, Dhaka- 1000, Bangladesh. The bank started its historical operation on the 30th of March 1983. Now it has as many as 234 branches throughout the country. Five more branches are placed to be opened in 2010. IBBL has already achieved tremendous progress offering modern banking services with modern technology. IBBL has already introduced on-line banking services. Islamic Bank has discovered a new horizon in the field of banking which offers different General Banking, Investments and Foreign Exchange banking system. IBBL has some special mission & vision to establish interest free banking in the country. From the very beginning since inception the Bank has been facing different kinds of problems due to lack of an Islamic Banking Act, Islamic money market and also as the general people have no idea about the Islamic mode of investment, General Banking, Investment & Foreign Exchange operations of Islamic Bank Bangladesh Ltd. as a partial fulfillment for the BBA program of the university based on primary & secondary data & information. For this specific purpose we have collected data & information from various sources like published materials such as the annual report and articles related to Banking activities.

They play a significant role to meet the needs of the society such as capital formation, large-scale production, industrialization, growth of trade and economy etc. Islamic banks are unconditional and specialized financial institutions that perform most of the standard banking services and investment activities on the basis of profit and loss sharing system conforming to the principles of Islamic Shari'ah. Out of 50 banking institutions, 7 banks are backed by Islamic mechanism and worldwide accepted Islamic morality and established code of conduct. This paper, however attempts to appraise performance and dictate the overall scenario of Islami Bank Bangladesh Limited performing beneath the umbrella of Islamic Shari'ah and approved welfare oriented principles. Islami Bank is the pioneer of welfare driven economy and promoter of balanced growth in a country like Bangladesh which has a poverty stricken contemporary

economic background. To address the ongoing condition of IB and their bright prospects is a vital issue to be explored.

1.1 Objectives of the study:

Following are the main objectives

- To familiarize the history of Islami Banking in Bangladesh.
- To learn about the overall general banking operations of IBBL.
- To show the investment mechanism and product offerings in different modes of IBBL.
- To learn about the Shari'ah aspects followed for foreign exchange operations.
- To learn about the welfare activities of IBBL.
- To show the differences with conventional banking regarding different aspects.
- To identify strengths and weaknesses of IBBL.
- To find problems or deficiencies that IBBL is facing.
- To recommend actions that may be necessary to redesign the investments of IBBL

1.2 Methodology

In order to carry out the report, we have collected the required data from both primary and secondary sources. We focused on taking the interviews of various personnel involved in the different departments, Manager and Senior Level Employees, Business Clients and Accountholders.

After collecting information the data was used to analyze information, Graphical tools were used to get a clear picture of the situation.

a) Nature of the study:

Exploratory

b) Sources of information:

Both primary and secondary information sources were used to complete this report.

Primary sources of data

Direct interview process with bank employees.

Secondary sources of data

Manuals provided by Islami Bank Training & Research Academy,
Published financial statement & Website of Islami Bank Bangladesh Limited.

- Analytical Review:
- PEST Analysis
- SWOT Analysis
- Graphical Analysis

1.3 Limitations

While preparing this report I have faced these following limitations:

- 1 Inadequate published information about bank
- 2 Financial constraints to collect information
- 3 Insufficient information in websites of bank
- 4 Confused definition about products and services of Islamic Bank
- 5 Unsound database about Islamic banks in Bangladesh
- 6 Busy working environment
- 7 Lack of sufficient well informed officials
- 8 Data could not be collected for confidentiality or secrecy of management

2. Purpose of Islamic Banking

The primary objective of establishing Islamic banks all over the world is to promote, foster and develop the application of Islamic principles in the business sector. More specifically, the objectives of Islamic banking when viewed in the context of its role in the economy are listed as following:

- To offer contemporary financial services in conformity with Islamic Shari'ah;
- To contribute towards economic development and prosperity within the principles of Islamic justice;

- Optimum allocation of scarce financial resources; and to help ensure equitable distribution of income. These objectives are discussed below:

Offer Financial Services:

Interest-based banking, which is considered a practice of Riba in financial transactions, is unanimously identified as anti-Islamic. That means all transactions made under conventional banking are unlawful according to Islamic Shari'ah. Thus, the emergence of Islamic banking is clearly intended to provide for Shari'ah approved financial transactions.

Islamic Banking for Development:

Islamic banking is claimed to be more development-oriented than its conventional counterpart. The concept of profit sharing is a built-in development promoter since it establishes a direct relationship between the bank's return on investment and the successful operation of the business run by entrepreneurs

Optimum Allocation of Resources:

Another important objective of Islamic banking is the optimum allocation of scarce resources. The foundation of the Islamic banking system is that it promotes the investment of financial resources into those projects that are considered to be the most profitable and beneficial to the economy.

Islamic Banking for Equitable Distribution of Resources:

Perhaps the most important objective of Islamic banking is to ensure equitable distribution of income and resources among the participating parties: the bank, the depositors and the entrepreneurs.

3. Basic Properties of Islamic Banking

Islamic banking is emerging in an era when the world is settling down to a free market economy and when phenomenal changes are taking place in the global economy. A free-market economy visualizes three essential features - free trade, open capital market and minimum governmental intervention.

The vagaries of protectionism and regionalism are transforming the economy to free trade and globalize. The changes could provide ample scope for Islamic banking to grow and work in a competitive environment. Islamic banking, being an integral part of an Islamic economic system can be practiced more effectively in an environment, which conforms to the doctrine of Islam. Thus there are some essential requirements for a successful Islamic banking, such as:

- Supportive Legal Framework and Swift Judicial System

- An effective legal framework ensuring speedy justice is essential for a good society, it is more so for the success of Islamic banking, because its investment risk is more than that of a conventional interest-based bank as its dealings are on profit and loss basis.

Disciplined Entrepreneurship:

It would minimize cases of malfeasance and mismanagement. Besides, a banker must extend from being merely a financier to a role-player in business. Although a Murabaha transaction in Islamic banking does provide an opportunity to a banker to share in business, the Islamic banks generally limit themselves to being inactive partners for their credit risk only. The real entrepreneurial role of an Islamic bank needs, therefore, to be increased.

Conceptual Change from Credit Risk to Overall Risk Management

While it is difficult to predict, with any degree of certainty, the operating results of an enterprise and the magnitudes of profit and loss, all the same, it seems unjust if the party providing the capital is guaranteed a fixed and predetermined rate of return, and the other party undertaking the enterprise is made to bear the uncertainty alone. Under the circumstances, an Islamic banker has not only to focus on credit risk but also to view all the business risks of the enterprises in which he has invested the bank money.

Strong Ethical Values:

The Islamic economic system offers a balance between the two extremes of public or social and private or individual ownership of property. The success of Islamic banking in a society is related to the extent of acceptability of the doctrine of trusteeship and transformation of the self-interested and profit-oriented behavior of people into an altruistic and value-oriented behavior.

Uniform Accounting Standards:

- There is need for harmonization of financial reporting of Islamic banks in respect, particularly, of the following;
- The significant accounting policies on which the statements are based should be fully and clearly declared,
- The methods of translating foreign currency transactions would be appropriately disclosed,
- Appropriate and sufficient disclosures regarding the quality of banks assets is of much concern to the depositors,
- Additional disclosure of the nature of the financial contingencies and commitments of the banks in their financial statements

Committed Management:

If the management of a bank is determined to step into the business of Islamic banking, it can easily evolve a strategy for the same, formulate a plan for a specific time - frame and implement it accordingly.

Progressive and Modern outlook:

In order to ensure successful management in Islamic banks, there is need to apply all the available modern tools of managing corporate business, including management of human assets, offices, information resources, marketing etc.

Body to Evaluate Islamic Financial Institutions:

In order to ensure quality and standard in management of Islamic financial institutions and to build confidence of the general public in Islamic banking, there is need to establish some professional body responsible to define professional standards and ethics and other aspects of Islamic financial institutions. It may also certify the level of financial health of such institutions.

Treatment in case of Loan default:

In times of loan default these banks don't take any penalty for default which is one of the major differences between Islamic & conventional banks.

- Participatory financing: Islamic banks believe in participatory financing. They do the investment through profit & loss sharing. Their investment modes depend on mudaraba & murabaha principles which require participatory financing of both the parties.
- Lending and investing: In Islam, there is a clear difference between lending and investing. Lending can be done only on the basis of zero interest and capital guarantee, and investing only on the basis of Mudaraba (profit-and-loss-sharing).

4. Islamic Banking in Bangladesh

Islamic Banking has experienced a phenomenal growth and expansion in Bangladesh in the backdrop of strong public demand and support for the system along with its gradually increasing popularity across the world. As a result, a number of full-fledged Islamic Banks have been established, while a good number of conventional banks have come forward to offer services compliant with Islamic Shari'ah through opening of Islamic branches along with conventional ones. There is also a trend of conversion of conventional banks into Islamic banks. It has, therefore, become necessary to ensure that activities of the fast growing Islamic Banks are carried out properly and uniformly according to the principles of Islamic Shari'ah. With this end in view, Bangladesh Bank constituted a Focus group comprising representatives of the Central Bank, a number of Islamic Banks and the Central Shari'ah Board for Islamic Banks of Bangladesh to formulate an integrated guideline for conducting banking business of the Islamic

Bank/Islamic bank branches of conventional banks. Based on the recommendations of the Focus group this guideline embodying different terminologies used in Islamic Banking operations, definitions of the terminologies, the principles and modes of deposits and investments has been prepared. It also dwelt upon the issues of liquidity, maintenance of books of accounts and preparation of financial statements and other related issues. This guideline has been prepared mainly on the basis of Banking Companies Act 1991, Companies Act 1994 and Prudential Regulations of Bangladesh Bank. However, this guideline should be treated as supplementary, not a substitute, to the existing banking laws, rules and regulations. In case if any point is not covered under this Guideline as also in case of any contradiction, the instructions issued under the Banking Companies Act and Companies Act will prevail.

5. Islami Bank Bangladesh Limited

The establishment of Islamic Bank Bangladesh Limited on March 13, 1983, is the true reflection of this inner urge of its people, which started functioning with effect from March 30, 1983. This bank is the first of its kind in Southeast Asia. It is committed to conduct all banking and investment activities on the basis of interest-free profit-loss sharing system. With the active co-operation and participation of Islamic Development Bank (IDB) and some other Islamic banks, financial institutions, government bodies and eminent personalities of the Middle East and the Gulf countries, Islamic Bank Bangladesh Limited has by now earned the unique position of a leading private commercial bank in Bangladesh.

5.1 VISION OF IBBL

The vision of Islami Bank Bangladesh limited is to strive to achieve superior financial performance be considered a leading Islamic bank by reputation and performance.

- To establish and maintain the modern banking techniques
- To ensure the soundness and development of the financial system based on Islamic principles and to become a strong and efficient organization with highly motivated professionals, working for the benefit of people, based upon
- Accountability, transparency and integrity in order to ensure stability of financial systems.
- Encourage savings in the form of direct investment.
- To encourage investment particularly in projects which are more likely to lead higher employment

5.2 MISSION OF IBBL

To establish Islamic banking through the introduction of a welfare oriented banking system and also ensure equity and justice in the field of all economic activities,

achieve balanced growth and equitable development through diversified investment operations particularly in the priority sectors and less developed areas of the country, to encourage socio-economic upliftment and financial services to the low income community particularly in the rural areas.

5.3 Special features of the bank is committed to run

- All its activities as per Islamic Shariah. IBBL through its steady progress and continuous success has earned the reputation of being one of the leading Private Sector Banks' of the country. The distinguishing features of IBBL are as follows:
- All activities are conducted on interest-free banking system in accordance with IslamicShari'ah.
- Investment is made through different modes permitted under IslamiShari'ah.
- Establishment of participatory banking instead of banking on debtor-creditor relationship.
- Investment income of the Bank is shared with the Mudaraba depositors according to a ratio to ensure a reasonable fair rate of return on their deposits.
- Its aims are to introduce a welfare-oriented banking system and also to establish equity and justice in the field of all economic activities.
- It extends Socio-economic and financial services to the poor, helpless and low-income group people for their economic enlistment particularly in the rural areas.
- It plays a vital role in human resource development and employment generation particularly for the unemployed youth.

Its aim is to achieve balanced growth and equitable development of the county through diversified investment operations particularly in the priority sectors and in the less developed areas.

It extends co-operation to the poor, the helpless and the low-income group for their economic development

6. PEST analysis: Bangladesh Perspective

PEST analysis is a comprehensive analytical process to trace the competitive position in the general business environment of any country. The countrywide various factors under the four terms specified above categorize the status of any business concern.

Political factors:

Regional legislation, legal procedure, law and order of a country influence the banking mechanism to a great extent. Our provision is more or less friendly towards the banking sector. Principles directed by the regulatory authority and international bodies' impact the banking performance of our country

Economical:

GDP, corporate income tax provision and distribution channels, market routes and customer base are components of economical factor. Our country's background and increasing customer demand raise the importance and evolution of Islamic banking system.

Societal factors:

The biggest proposition of Islamic banking system is the religious perception in minds of people since most of the residents of our country are Muslims. Media support, lifestyle, major events like RAMADAN, Eid festivals and Hajj saving propensity also stimulate the advancement of Islamic banking.

Technological aspect:

Technological factors involve competitive development, research methodology, revolutionary online transaction system, innovative potentials, one stop service delivery system manipulate the Islamic Shari'ah powered banks operating in our country.

7. SWOT ANALYSIS**STRENGTH, WEAKNESS, OPPORTUNITY, THREATS.**

SWOT analysis is a tool for screening an organization and its environment. It is the first stage of planning and helps marketers focus on key issues. It helps to detect the possible threats and opportunities in the market and viability. It helps recognize internal strength and overcome weaknesses. It is the scanning of the internal and external environment and is an important part of the strategic planning process. Environmental factors internal to the firm usually can be classified as strengths, or weaknesses, and those external to the firm can be classified as opportunities or threats.

STRENGTHS

- Islamic Banking will explicitly reorganize the deplorable condition of the poor and marginalized segments of society. Banking products which comply with Islamic law are becoming increasingly popular, not only in the Gulf countries and far eastern states like Malaysia, but also in other developed markets such as the United Kingdom. Reputed banks like Standard Chartered, Citibank, and HSBC are operating interest free windows in several West Asian countries, Europe and USA. There is a huge potential market in Bangladesh for Islamic banking products.

- Moreover, Islamic banking helps the weaker and hapless section of the society through various financial products. Islamic banking finances (through its Joint ventures, partnerships and leasing) are provided by investors or banks to the borrowers with a condition that financial risk is to be borne by the investors, and other risks to be borne by the borrower. This helps even the indigent and vulnerable to get finance at a no risk and cost basis, but definitely requires other credits like strong business proposal, rational planning, skilled hands and specialized art to attract the financier. Better business proposals succeed in fetching funds as opposed to the projects with comparatively poor propositions. Such inclusive growth will aggrandize the Bangladeshi economy.
- There is no room for diversion of funds. Therefore, investment in consonance with Islamic banking principles will surely boost the engine of economic growth in our country.
- Commercial banks cannot raise deposits without promising a specified rate of return to depositors, but under Shari'ah, returns can only be determined post-facto depending on profit. Also banks have to maintain a Statutory Liquidity Ratio (SLR), which involves locking up a substantial portion of funds either as cash, gold or in government securities. Such cash will not get any return, keeping it in gold is risky as it could depreciate and government securities come with interest.
- We have seen the fall of giants in the world of financial sectors like Lehman Brothers in the aftermath of the US sub-prime mortgage crisis. Therefore, it is of paramount importance to be strict about credit rating system, to circumvent any chance of further bankruptcy. Since Islamic banking adheres to strict credit rating system and prohibits indebted economic agents to avail more debt finance, it could save our financial and economic enterprises from bankruptcy.
- Religious appeal.

WEAKNESS

- Islamic banking needs to introduce corporate governance with transparent accounting standards. It needs to perform detailed evaluation before embarking Profit Loss Sharing Scheme, which demand a pool of highly trained professionals. The imparting of professional training is costly. Detailed principles are still to be laid down and techniques and procedures evolved to carry them out.
- The financial institutions in Bangladesh comprise of Banks and Non Banking Financial Institutions. Banks in Bangladesh are governed through some Regulatory Act. But Islamic banking operations sometimes contradict with the set laws. Like:

- Banking Regulations Act prohibits a bank to use any sort of immovable property apart from private use –this is against Ijarah for home finance.
- Banking Regulations Act requires payment of Interest which is against Shari'ah.
- It is observed that inability to evaluate a projects' profitability has tended to act against investment financing. Some borrowers are frustrating to the banks appraisal efforts as they are reluctant to provide full disclosures of their business.
- Limited appeal outside core customer base.
- Widely acceptable and reliable techniques are yet to be devised.

Adverse selection has been one of the major impediments in the world of Islamic banking.

Among the other disincentives from the borrower's point of view are the needs to disclose his accounts to the bank if he were to borrow on Profit Loss Sharing basis. However, many small-time businessmen do not keep any accounts, leave alone proper accounts. And large conglomerates do not like to disclose their real accounts to anybody. The widespread lack of business ethics among certain business community will be another major hurdle in the path of Islamic banking in Bangladesh.

The practices in use by the Islamic banks have evoked questions of morality. Baimu'ajjal (sale with deferred payment) and Murabaha (cost-plus financing) are permitted in the Shari'ah under certain conditions. What is being done in many countries are fictitious deals which ensure a predetermined profit to the bank without actually dealing in goods or sharing any real risk. This is against the letter and spirit of Shariah.

OPPORTUNITY

- Fastest growing religion in the world.
- The size of the market will be very large if it can be targeted properly.

In the name of religious faith, people are looking for interest free banking and finance. It is significant to mention here that Islamic banking is not meant for Muslims only but non Muslims may also avail the benefit of it. And it is feasible to have a parallel banking system based on Shari'ah along with a conventional one.

After 4/5, most of the countries started pulling out their investments from US and Europe because of the fear of freezing of assets. Another reason could be the slowdown in the economies of western countries. A growing Bangladeshi economy has created a huge enthusiasm among Islamic nations as it sees the unlimited opportunities it can avail.

Islamic banking is an effective mechanism to defeat the liquidity and inflation problems along with allowing comprehensive growth. For real inclusive growth, we have to ensure increase in income and employment status of workers in all segments.

If Islamic banking is introduced, the inadequate labor capital ratio, for informal sector workers associated with agriculture and manufacturing industries could be resolved through equity finance, which might be a revolution in our agriculture and unorganized sector. With improved labor capital ratio, our vulnerable workers associated with agriculture and unorganized sector might be able to compete effectively with the formal sector workers. Thus Islamic Banking may financially empower majority of our work force.

- Islamic banking should not be a religion based banking business, but could be profitably used to resolve our issues pertaining to the economy.

THREATS

- Moving towards more Shari'ah compliant services offered by mainstream banks.
- It may bring financial segregation in the economy. The compartmentalization of Shari'ah compliant and Non Shari'ah Compliant banking might be dangerous for the stability of our financial environment.
- Islamic banking should not be a religion based banking business, but could be profitably used to resolve our issues pertaining to economy.
- Moving towards more Shari'ah compliant services offered by mainstream banks.

It may bring financial segregation in the economy. The compartmentalization of Shari'ah compliant and Non Shari'ah Compliant banking might be dangerous for testability of our financial environment.

8. General Banking Operations

General banking provides the foundation of banker – customer relationship through opening account. This is the busiest department and the daily transactions concerned to the customers for drawing or depositing money, selling of the instrument to them for remittance purpose, collection of their instruments, providing other services to them and keeping the customer section busy. Usually the following sections/departments are involved in performing the general banking operations:

- 1 Cash Section
- 2 Bills & Remittance Section
- 3 Clearing and Collection Section
- 4 Accounts Section

The major general banking operations of IBBL are

Mobilizing deposits through opening different

- Types of account.
- Receipts and payments of cash.
- Passing, cancellation, issuance and payment of cheque.
- Maintenance of Vault and Strong Room under Joint custody for safe keeping cash and vouchers.
- Handling transfer transactions.
- Operation of Clearing House. Proper housekeeping, maintenance of Books and Records and Computer (ebbs Software).
- Maintenance of ATM, Electronic Funds Transfer, Internet Banking, PhoneBanking etc.
- Maintenance of security in transaction hour by armed security guard.
- Correspondence, receipt & dispatch.
- Personal administration
- Proper housekeeping , maintenance of Books and Records and Computer (eIBS Software)
- Maintenance of ATM, Electronic Funds Transfer, Internet Banking, Phone Banking etc.
- Maintenance of security in transaction hour by armed security guard.
- Correspondence, receipt & dispatch.
- Personal administration

- Deposit Products of IBBL
- AlWadeah Current Account
- Mudaraba Savings Account
- Mudaraba Special Notice Account
- Mudaraba Term Deposit Account
- Mudaraba Hajj Savings Scheme
- Mudaraba Savings Bond Scheme
- Mudaraba Special Savings (Pension) Account
- Mudaraba Monthly Profit Deposit Scheme
- MudarabaMuhor Savings Account
- MudarabaWaqf Cash Deposit Account

Maraca Foreign Currency Deposit (Savings) Account

Local Remittance

Remittance represents transmission/transfer of money from one place to another. Local remittance represents remittance that takes place within the territory of a country. Banks have a wide network of branches all over the country and offer various types of remittance facilities to the public/customer/client etc.

Modes of Local Remittance:

There are four modes of remittances which are as under:(a) DD - Demand Draft(b) TT - Telegraphic Transfer (c) PO - Payment Order (d) Online banking.

Demand Draft : According to Section 85 (A) of the Negotiable Instruments Act, a demand draft is “an order to pay money drawn by one office of the bank upon other office/branch of the same bank for a sum of money payable to order on demand”.

Issuance of DD

A prescribed Application Form bearing No. F-20 is required for effecting remittance through D-D and the following columns should be filled in properly:

- Name and address of the applicant.
- Telephone No. (if any).
- Date
- Signature of the applicant
- Name of the payee
- Drawee branch
- Amount in figure and words.
- Commission is to be realized /charged as per Head Office circular.
- At present min. Tk. 23/-
- For Tk. 1-20,000 (Com. 20+Vat 3), but for Tk.
- 20,001 and above Tk. 1/thousand and vat @ 0.15%.

Payment of Draft

- The drawee branch should exercise proper care while paying drafts.
- When the draft is presented to the drawee branch for payment, the particulars of the draft is/are checked with the advice and signature (s) therein to be verified.
- Payment of DD has not been stopped and is to be ensured
- Verification of Test no, if any, is to be done
- If the DD issued for cash payment 'A/c. Payee' rubber stamp' should be cancelled and letter requesting the drawer branch to pay the DD in cash should be issued under sealed cover and signature of the payee and should be attested.
- DD Advice should be sent on the same day.

The drawer branch should ensure that the payment of the instrument is made in due course.

As the demand draft is payable to order it is the duty of the paying branch to obtain identification of the payee if payment is desired over the counter.

If the DD is presented through a bank, the endorsement(s) appearing on the instrument should be prima-facie in order of certification by the collecting banker.

Cancellation of Draft

Sometimes the purchaser returns the draft to the issuing branch and requests for payment by cancellation thereof. In such a case we must make sure that the request is from a genuine purchaser, that the draft was issued by him and is not a fake one and that he has not already issued a duplicate thereof. However, if the purchaser of the draft makes a request to cancel the draft and refund him the amount of draft, the bank should do so after taking the following precautions:-

- Bank should satisfy itself that the draft has not been delivered to the payee. Section 46 of the NI Act states that the making, accepting and endorsement of a negotiable instrument is completed only when it is delivered to the person concerned. Thus, a banker should refuse to cancel the draft, if it is found that the draft has been delivered to the payee. As a matter of fact, the purchaser loses the right of getting the draft cancelled as soon as he sends the drafts to the payee. If the purchaser wants to get the draft cancelled after delivering it to the payee he can do so only with the consent of the payee.
- If the draft is sent by post, the act of posting itself proves the delivery of the draft to the payee. This is because the post office is taken as the agent of the payee of the draft.

TT (Telegraphic Transfer)

Telegraphic transfer is so far the quickest method of transferring funds from one place to another. Sometimes, the remitter of the funds requires the money to be available to the payee immediately. In that case the banker is requested by the remitter to remit the funds over telephone. It is an instruction conveyed by telegraph/telex/telephone to the drawee branch for paying certain amount of money to a specified person.

Issuance of TT

TT application form (F-22) is to be filled in by the remitter with full particulars and the signature of the remitter is to be verified by the bank officials. Money to be received in cash or by debit in remitters account with commission and Telex/Telephone charges. Entry should be given in B-44 branch wise serially under supervision of authorized official. Message to be passed immediately to the drawee branch under secret test by Telex, Telephone, Telegram followed by IBCA for confirmation. Cost memo F-23 to be issued and handed over to the client.

Payment of TT

The amount transferred by TT is either credited to the account of the beneficiary, if he/she maintains an account, or paid by means of a TT payment order if

he/she does not maintain an account. Cash is paid to the beneficiary on proper identification, if he/she has no account.

- **Payment Order**

Payment order is meant for making payment of the banker's own or of the customer's dues locally and not for affecting any remittance to an out station. In a sense, the payment order is used for making a remittance to the local creditors.

Issue and Payment of Payment Order

F-19, should be filled in properly by the customer. Total amount should be deposited through cheques/cash. Commission to be realised as per bank's circular: From Tk. 1/- upto Tk. 10,000/- Tk. 15/- From Tk. 10,001/- upto Tk. 1,00,000/- Tk. 20/- From Tk. 1,00,001/- upto Tk. 5,00,000/- Tk. 30/- From Tk. 5,00,001/- upto Tk. 10,00,000/- Tk. 40/- From Tk. 10,00,001/- and above Tk. 50/-

- Printed Payment Order leaf should be filled in as per F-19 and signed by two authorized officers.
- The instrument should be handed over to the purchaser.
- Payment Orders are required to be discharged by the beneficiary, where applicable on revenue stamp of appropriate value against cash or through account.

Other general banking operations of IBBL

Sale of Share:

Islamic banks sell primary shares of a company registered with the Stock Exchange in exchange for a commission. This contributes to the raising of capital for a company. Companies make arrangements with Islamic Banks to issue shares for public subscriptions. These are known as "new issues" which a company intends to sell to the public. Islamic banks use the most effective method of selling shares to the public.

Transfer of Money:

Islamic banks transfer money from one place to another place as per the order of its customers through Mail Transfer (MT), Telephonic Transfer (TT), Demand Draft (DD), and Pay Order (PO). They receive a fee or commission for performing such services. Customers benefit from these services, as it helps them to fulfill their financial needs timely.

- **Maintenance of Budget Accounts:**

Islamic banks can maintain budget accounts for their customers. Laborers, who earn regular monthly wage, may deposit money into a budget account. The bank pays the client's bills such as: taxes and donations for example, on the client's

behalf. Thus the client benefits because his financial affairs are handled automatically and his monies are set-aside on a monthly basis to handle bills that are due quarterly or annually. In exchange the bank receives a fee for providing this service. Only the Al Wadiah Current account and Mudaraba Savings account holders can maintain budget accounts with Islamic banks.

Settlement of Transactions:

- Islamic banks pay Bills of Exchange, and Checks of their customers to settle transactions with third parties. Thus, financial relations between the bank and its customer, and the customer and any third party (the Beneficiary) of the bill or check are maintained.

Providing Bank Guarantee:

A bank guarantee is a written agreement that guarantees the performance or payment of debt by a bank client to a third party. Under the agreement, if the customer fails to perform in the capacity stipulated, the bank is held responsible for ensuring performance or payment of debt. Islamic Banks provide this guarantee based upon cash held on deposit by taking a mortgage on other assets. In some cases the bank can act as a guarantor taking a partial mortgage on an unsecured basis. Some Islamic Banks receive commission based on the lower of 2% or 3% of the amount guaranteed or simply incidental expenses.

Account Maintenance Activities:

The opening of an account is the beginning of the relationship between a banker and a customer within the framework of banking deposits. The account is established with a standard performance contract, which must be signed by the customer who wishes to deal with the bank concerned. A number of subsidiary operations are related to the account opening operation, such as the receipt of deposits into the account, payment of checks drawn on the bank and the execution of bank transfers and payment orders. Furthermore, among the services rendered, the bank must prepare and communicate to its customer periodic statements of the account.

Safe Custody:

A safe custody account is a small box, which is maintained in a secured area within the bank. This box is adjoined to other boxes belonging to other customers of the bank. Each box has two keys. The banker has a key and the customer has a key. Both keys must be used simultaneously to open the safe custody box. Thus, the client is assured his assets are safe in the custody box due to the dual control. Clients may access their box during normal business hours and can step into a private room in order to add items of value to the safe custody box or remove items from the safe custody box.

- Islamic Banks charge a relatively low fee for this service. The main objective of offering this service is one of convenience which the bank hopes will attract additional customers.

Opening of L/C:

Islamic Banks also offer Letters of Credit (L/C) for domestic and international trade on a commission basis. Thus, they facilitate business relationships between importers and exporters through this service.

Issue of Solvency Certificate:

Islamic banks issue solvency certificates to their customers as per an order received. This certificate is required for business purposes, to acquire assets on an installment basis, or to go abroad for study.

Business Advising Service:

Islamic Banks can provide business-advising services (BAS) to its clients as well. The bank offers counseling on technological issues, marketing and other important business information to industrial entrepreneurs of small and medium sized business of any nature. A banker should be an expert in banking as well as in business to provide BAS. Moreover, he will conduct an extensive survey of the customer's business.

Transaction of Foreign Currency:

Islamic banks buy and sell foreign currencies. They allow their customers to draw local currency against foreign currency deposited in a foreign currency account with the bank.

Publication Works:

Islamic banks publish books, journals, booklets, pamphlets to advertise the bank's services. Important information related to trade, commerce and industry are published in these forums to address the needs of the banks customers. Such services have created social awareness about Islamic banking in the economy. Today, more people are familiar with the terms of Islamic banking like Bai-Murabaha, Mudaraba, and Musharaka. In addition, they also know the special features of the Islamic Economy.

Exchange of Information:

Islamic banks exchange information with other banks, organizations and individuals pertaining to the credit worthiness of its customers. In addition, banks seek this information prior to extending a loan to a prospective customer. Thus the bank can be assured it has made a good decision on whether or not to give the loan to the customer.

Financial help:

Islamic banks provide financial help to different organizations through paid advertisements describing various services that the bank offers. These advertisements increase the competitiveness of Islamic banking products in the market by creating awareness among the people.

Use of Automatic Teller Machine:

Islamic banks offer Automatic Teller Machines (ATMs) to allow customers access to their accounts after the banks are closed. The ATM provides service twenty-four hours a day, and seven days a week.

It is electronically imprinted with the customer's branch and account number. The customer inserts the card into a machine and on a keyboard he taps out his personal identification number (PIN). The card will only operate if the correct PIN is keyed in thus safeguarding the customer and the bank in the event of loss or theft of the card. Having inserted the card and keyed in the correct PIN, the customer then has a variety of services offered by the ATM. Cash dispensing is the most important but, in addition, most machines allow check books to be ordered, account balances to be obtained and statements to be ordered.

Issue of Qard Cards:

Islamic banks can issue Qard Cards (QC) unto certain limits to their valued customers. The card will enable a holder of it to purchase goods from the market without cash or a check. The merchants indicate clearly which cards they will accept. At the point of purchase, the Cardholder presents his card to the merchant who runs the card through a special machine, which imprints account information on a form to be signed by the Cardholder. Thus a customer can make his purchase without having to pay cash on the spot. In addition, the (QC) can also be used like an ATM card at participating banks.

Issue of Travelers Cheques:

Islamic banks also issue Travelers Cheques (TC). These are special types of cheques drawn on the issuing bank and signed by the person to whom they are issued. The issuing bank guarantees the payment of these cheques. Thus, it is accepted worldwide without a question. When the item is presented for payment, the person to whom it was issued needs to countersign it. The signature should be similar to the one that already appears on the cheque. Normally a passport is required as proper identification when the check is being used for payment. If a TC is lost or stolen it can be replaced again through a local branch/agent of the issuing bank subject to verification of the signature.

Factoring Service:

The factoring agreement covers assessment of creditworthiness of all potential buyers and provides complete protection against bad debt, provided the credit limits are not exceeded. The small and medium sized business houses benefit from this service of Islamic banks. In exchange for this service, these businesses pay a service charge or commission to the bank. As part of this service, the bank will maintain sales ledger records, and control the finances of the client's business house. This makes business easier for the wholesalers.

Welfare Oriented Special Investment Schemes:

- 1 Household Durables Scheme
- 2 Housing Investment Scheme
- 3 Real Estate Investment Scheme
- 4 Transport Investment Scheme
- 5 Car Investment Scheme
- 6 Investment Scheme for Doctors
- 7 Small Business Investment Scheme
- 8 Agriculture Implements Investment Scheme
- 9 Rural Development Scheme
- 10 Micro Industries Investment Scheme
- 11 Women Entrepreneurs Investment Scheme
- 12 Mirpur Silk Weavers Investment Scheme
- 13 Equity and Entrepreneurship Fund of Bangladesh Bank

Foreign Exchange Operations

IBBL is playing a very important role in foreign exchange business of the country. Islami Bank offers different trade products and services complying Shari'ah and law of the land. The foreign exchange operations can be categorized in following four areas:

1. Import Services and Import Finance
2. Export Services and Export Finance
3. Foreign Remittance Services
4. Foreign Exchange Treasury operations

Shari'ah aspects Foreign Exchange Operations

Islami Bank follows the following Shari'ah aspects at the time of Foreign Exchange Operations:
Wakalah: Agency service

- Wakalah means entrusting someone to act as agent on behalf of principal.

- Agency is one of the most important elements of Islamic partnership.
- Agent gets fees/commission for extending desired services from the principle
Kifalah: Surety ship
- Kifalah means an obligation that someone wants to assume in addition to its existing obligation in respect of a demand for something.
- Kifalah may relate to a person, finance or an act.
- Finance Kifalah means an obligation to be met in the event of the principal debtor's inability to honor his obligation. Buy and sell.
- Buy is defined to mean simultaneously 'purchase and sale'. i.e. the exchange of a thing of value by another thing of value.
- The subject of sale must be existing at the time of sale.
- The subject of sale must be in the ownership of the seller at the time of sale
- Shirkat: Partnership
- Shirkat means partnership for undertaking any lawful business.
- There are two broad categories of partnership include:- Mudaraba- Musharaka
- Ijarah: Leasing

It is an arrangement to lease equipment, building or other facilities for a client against an agreed rental. There are two broad categories of Ijarah:- Ijarah Muntahia bit Tamlik (Hirepurchase)- Ijarah waliqtina (Leasing)

9. Calculation of Coefficient of Correlation:

Islami Bank limited earns a huge amount of profit from foreign exchange business. The incomes earned during the year comes not only from investment but also from foreign exchange activities. The relationship of profit, export and import can be measured by the correlation analysis of the five years data mentioned in the annual report. The statistical tool with the help of which the relationship between two variables is studied is called correlation. The measure of correlation is called coefficient of correlation that is denoted by small letter 'r'. Coefficient of correlation summarizes in one figure the direction and degree of correlation. The value of

coefficient value of correlation shall always lie between +/-1. When $r = +1$, It means there is perfect positive correlation between 2 variables. When there is $r = -1$, it means there is perfect correlation between 2 variables. When $r = 0$, it means there is no relationship between 2 variables.

Regression Analysis

The statistical tool with the help of which we are in a position to estimate the unknown values of one variable from known values of another variable is called Regression.

If we take the case of two variables X and Y we shall have two regression lines as the regression line of X on Y and the Regression line of Y on X. The regression line of Y on X gives the most probable values of Y for given values of X and the regression line of X on Y gives the most probable value of X for given values of Y. thus we have two regression lines. Where there is either perfect positive or perfect negative correlation between the two variables, the two regression lines will coincide; we will have one line. The farther the two regression lines from each other the lesser is the degree of correlation and the nearer the two regression lines to each other, the higher is the degree of correlation. If the variables are independent, r is zero and the lines of regression are at right angles.

Regression equations are algebraic expression of the regression lines. Since there are two regression lines, there are two regression equations- the regression equation of X on Y is used to describe the variations in the values of X for given changes in Y and the regression equation of Y on X is used to describe the variation in the values of Y for given changes in X. The parameter 'a' determines the level of the fitted line. The parameters 'b' determines the slope of the line

$$X = a + b Y \text{-----} (5.1)$$

$$Y = a + b X \text{-----} (5.2)$$

10. Conclusion:

Banks play a very vital role in the economic development of the country. The popularity of banks is increasing day by day which leads to increase in competition as well. Currently 57 Banks are operated in Bangladesh. All the Commercial banks are offering almost the same products and services. But the way they provide the services are different from each other. So people choose their bank according to their satisfaction and need. On the other hand, Banks innovate new products and services to attract their desired customer. Islami Bank Bangladesh Ltd. is one of the fast growing banks in Bangladesh because of its rapid customers' satisfaction. The bank is committed to run all its activities as per Islamic Shari'ah. IBBL through its steady process and continued success has, by now, earned the reputation of being one of the leading private sector banks of the country. Islami Bank Bangladesh Ltd. is also playing an important role in establishing Islamic Economics by combing the economic values with social and moral values. By following the novelty of Islamic Economics, the bank is trying to make a balanced development between spiritual and material life. Still at present we hear about 301 Islamic

banking and financial institutions in about 49 countries of Asia, Africa, Europe, America and countries like Pakistan, U.K., U.S.A., Germany, Argentina, Denmark, Luxembourg, Switzerland and India having been established. The banking system of Pakistan and Iran was totally remodeled on the basis of Islamic Shari'ah services. IBBL will be more effective in our economy by launching new financial products to attract deposit as Consumer Credit Scheme, Pension Scheme, and Child Education Scheme and contribute more to develop the living standard of middle class people.

11. Recommendations

The entire department should be well informed regarding their goals and objectives. It is essential to execute company objective into individual target.

- There must be clear allocation of responsibilities, authority and accountability
- The bank should give more emphasis to the export and remittance division alongside the import division.
- The bank should take initiative to develop an effective research and development centre to get innovative ideas to capture the competitive market.
- For opening a L/C it's required to contact with the Corporate Branch which is an AD Branch of the Islami Bank. To minimize this time lag proper attempts should immediately be taken to convert this branch as an AD branch.
- Diversified schemes for export and import with fewer margins for L/C should be introduced by the bank for small entrepreneurs to target a different segment and to increase the volume of export and import.

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Corporate Social Responsibility in Bangladesh:

The Case of Insurance Companies

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Introduction:

Developing countries like Bangladesh are not exceptions in providing its citizens all of their required services. For this reason, huge unemployment and unhealthy scenario is still a major cause of inhumanity. The government is trying to mitigate all of these problems, but there are limitations. In this regard, a new idea has been developed, in the world, that business conglomerates can help society by funding charitable or welfare activities.

The government should be protecting their citizens, but instead it stands by while local population is forcibly evicted without due process. Here, and elsewhere, corporations are coming under increasing pressure to contribute to improvement in the communities where they work. Rees (2008) writes in an article for Ethical Corporation that companies need to establish effective mechanisms for grievance processes. According to Rees, companies with complex structures, operations and supply chains can expect disputes over their impacts on communities and other stakeholders, however good their policies, monitoring and auditing systems. An effective ethics policy can boost socially responsible work, which can also help to create scope for selling more products.

According to Banglapedia, Insurance is a system of spreading the risk of one to the shoulders of many. It is a contract whereby the insurers, on receipt of a consideration known as premium, agrees to indemnify the insured against losses arising out of certain specified unforeseen contingencies or perils insured against.

Insurance is a service industry. Providing social and economic benefit is more weighed than the profit motive. The function of insurance is to protect a few against the economic loss they many suffer by spreading the losses amongst many who are exposed to homogeneous risks. Upon opening up of the insurance market, whoever can offer better service, ensure prompt settlement of claim and sell the same product at a lower premium will thrive and prosper.

The Insurance Market in Bangladesh now consists of two state-owned corporations, forty three and seventeen private sector General & life insurance companies respectively, a total of 62 insurance companies. Thus the insurance sector in Bangladesh has grown up substantially and deepened remarkably with a number of companies in both life and general segments. With the expansion of size of the insurance market, the volume of assets of the industry has also increased substantially.

IN 1986, when private insurance companies started functioning, the total premium income was Tk. 1.71 billion (both life and general), out of which the private sector share was Tk. 280 million, i.e. 16.37 per cent. This figure rose to Tk. 23.06 billion in 2004, out of which the share of private sector was Tk. 20.31 billion, i.e. 88 per cent. The growth of the insurance industry during the last 18 years is quite impressive due to the operation of private sector insurance companies.

Although the quantitative growth of the insurance industry is quite impressive, this does not necessarily indicate qualitative development. In economics, there is a difference between 'growth' and 'development'.

Regarding the threat of globalization, there are lots of concerns for us. These may be cited in the context of the prevailing fragile insurance market of Bangladesh. Even with the present size of economy, the development of the insurance industry is not quite satisfactory. A weak regulatory system, inadequate capital base, sky-high management expenses, a large number of weak insurers competing with each other leading to unethical practices etc., have made the insurance industry vulnerable.

For these reasons, there is a great potentiality of adopting a socially responsible policy of insurance companies operating in Bangladesh.

The **PRIVATIZATION** policy adopted in the 1980s paved the way for a number of insurers to emerge in the private sector. This resulted in a substantial growth of premium incomes, competition, improvement in services, and introduction of newer types of business in wider fields hitherto untapped. Prior to privatization, the yearly gross premium volume of the country was approximately Tk 900 million in general insurance businesses and approximately Tk 800 million in life insurance business. In the year 2000, premium incomes raised to Tk 4,000 million in general insurance business and Tk 5,000 million in life insurance business.

Notwithstanding registering around 100% growth in the last five years between 2000 and 2004, the insurance business in Bangladesh penetrates a very marginal part of the Gross Domestic Product (GDP), which, incidentally, is also the lowest in the South Asian region. The gross premium income, the core indicator of the market penetration of the sector, was about 0.62% of the GDP in 2004 while the rate was 0.67% in Pakistan, 1.49% in Sri Lanka and 3.08% in India. On a five-year average basis, the ratio was 0.51% in Bangladesh against 0.65% in Pakistan, 1.27% in Sri Lanka and 2.7% in India. The premium income of the country's insurance sector, combining both general and life insurances, stood at Tk 2,305.5 crore in 2004, up from Tk 1,108.6 crore in 2000, as shown in the data of the Bangladesh Insurance Association.

Literature review:

According to the Green Paper presented by the European Commission in July 2001, corporate social responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their

stakeholders on a voluntary basis (Commission of the European Communities, 2001b, p. 6).

Wikipedia describes that Corporate social responsibility (CSR, also called corporate responsibility, corporate citizenship, responsible business and corporate social opportunity) is a concept whereby **organizations** consider the interests of **society** by taking responsibility for the impact of their activities on **customers**, suppliers, **employees**, shareholders, **communities** and other **stakeholders**, as well as the **environment**. This **obligation** is seen to extend beyond the **statutory** obligation to comply with **legislation** and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large.

It is about how companies conduct their business in a way that is ethical. This means taking account of their impact socially, environmentally, economically and in terms of human rights. It can involve a range of activities such as:

- Working in partnership with local communities
- Socially responsible investment (SRI)
- Developing relationships with employees and customers
- Environmental protection and sustainability

“It can be seen as a form of strategic management, encouraging the organization to scan the horizon and think laterally about how its relationships will contribute long-term to its bottom line in a constantly changing world” (Chartered Institute of Personnel and Development). (www.careers.ed.ac.uk)

Wise and Ali (2008) say, if corporate social responsibility disclosure is made obligatory there is a strong case for it to follow international benchmarks. This would include the triple-bottom-line reporting method, which is increasingly being accepted as a useful method of conveying information on a firm's social performance.

Objectives of the study:

The main objective of the study is to assess the current status of social responsibility as practiced by the insurance companies in Bangladesh. At the same time, to identify the factors responsible for non-practicing ethical business. Moreover, we shall try to evaluate following points:

- To identify the reason, for not undertaking socially responsible activities;
- To appraise the impact of those not practicing social responsibility;

Methodology of the Study:

The study has been conducted based on information collected both from secondary sources. Secondary sources include literature on social responsibility and business ethics, different study on business ethics and social responsibility, financial statement of the Companies and corporate disclosures. Case study of some companies those who have taken CSR activities is given below. Meghna life insurance, Sadharan Bima corporation and Relience insurance companies activities of socially responsible business are discussed here. Exact sources of secondary sources will be given in the research work.

Some benefits of making ethical values explicit

- Increased employee loyalty, higher commitment and morale as well as lower staff turnover
- Attraction of 'high-quality' staff
- Reputational benefits (customers and suppliers)
- More open and innovative culture
- Decreased cost of borrowing and insurance
- Generation of good-will in the communities in which the business operates

Amid the broad spectrum of public goods — public health, public education, public lands — the emergence of the corporation as an investor, advisor and partner has moved from the exceptional to the expected. By all indications, this trend will accelerate in the coming decades as societal expectations of business stretch the traditional boundaries of companies from purely profit-driven entities to organizations with an obligation to operate with an enduring commitment to public interest. **Allen L. White Senior Advisor, BSR** prepared April 2007, paper published by *Business for Social Responsibility*

MEGHNA Life Insurance Co. Ltd.

Meghna Life Insurance Co. Ltd. was accorded formal approval by the Govt. on 5th May, 1996. It emerged as the 4th Private Sector indigenous Life Insurance after a prolonged complicated process of preparatory work under the guidance and leadership of Mr. Nizam Uddin Ahmed, the current and founder Chairman of the Company. It started carrying on its Life Insurance business since 1st June, 1996. Meghna Life has now consolidated its position on a strong footing. A transparent and accountable management is here who are working relentlessly to boost up its position on a prestigious level.

The authorized capital of the company is Tk. 10 crore and paid up capital at present stands at Tk. 7.5 crore.

In 1996 Premium income, Life Fund & Investment was Tk. 3.30 crore, Tk. 0.04 crore & Tk. 2.59 crore respectively and in 2006 such Premium income, Life Fund & Investment increased to Tk. 148.45 crore, Tk. 201.33 crore & Tk. 130.80 crore respectively.

From 1996 to 2006 Meghna Life paid 30.20 crore taka as death claim, taka 13.40 crore as survival benefit. This success has been possible due to constant guidance supervision and ceaseless efforts of the Honb'le Chairman and Directors and the present competent management.

It soon made a mark in the Life Insurance arena, by not only being the top listed among the Private sector indigenous companies, but by undertaking and successfully implementing innovative and welfare oriented Life Insurance schemes. It introduced an array of conventional Life and other Insurance products of Loko Bima, Islami Bima (Takaful) and Islami Khudra Bima (Takaful) many of which were the first in Bangladesh. For the first time Hospitalization benefit Insurance product was also introduced by Meghna Life.

Meghna Life has earned reputation in every corner of the insurance Industry. It can take credit of its prestigious achievements which are moulded with transparency, accountability, impeccable working capacity, sincerity, honesty and sagacity.

The company has diversified its products to match customer's needs and satisfaction. Currently it provides multifarious Life Insurance products to cater to the aspirations & needs as well as religious beliefs to the clients. There is no iota of doubt that Meghna life will go forward with its new missions and visions in the days to come.

Meghna Life Insurance Company Ltd. has introduced innovative and attractive policies with a view to attract different class of people in the country. At present Meghna Life Insurance Company is offering the following policies in 5 (five) different categories:

- ⊞ Ordinary Life (Ekok Bima)
- ⊞ Group Insurance
- ⊞ Loko Bima
- ⊞ Islami Bima (Takaful)
- ⊞ Islami Khudra Bima (Takaful)

Ordinary Life (Ekok Bima) :

Meghna Life offers a wide variety of ordinary life product/plans ranging from the most common endowment type to more modern and sophisticated plans like endowment with open term, pension plan, child protection plan, etc. and the aim of increasing pension, increasing protection with provision for premium refund etc. The plans have been designed keeping in view the diverse and multifaceted needs of the insuring public belonging to different strata of Society.

The followings are the Plans of Ordinary Life: (Ekok Bima)

Sl.	Schemes
1.	Endowment Insurance Plan - with Profits
2.	3 (three) Payment Insurance Plan - with Profits
3.	Biennial Endowment Insurance - with Profits
4.	Child Protection Endowment Insurance - with Profits
5.	Insurance Cum Pension Plan - without Profits

6. Single Premium Guaranteed Benefit Plan - without Profits
7. Education Expense Insurance Plan - with Profits
8. Premium Back Term Insurance - without Profits
9. Islami Endowment Plan - with Profits
10. Islami Biennial Payment Assurance Plan - with Profits
11. Islami 5 (five) Instalment Insurance Plan - with Profits
12. Meghna Life DPS - with Profits

Group Insurance :

This scheme has been designed to make the officials and employees of Meghna Life Insurance Co. Ltd. free from tension and financial hardships. With a very small premium, a very large amount of Sum-assured may be taken with regard to the risk of accident and premature death. The arrangement of Group Insurance may be made if at least 10 members are there. In case of group term Insurance there may be 5 members. Premium is normally paid on an annual basis. The premium of this insurance may be paid fully or partially by the employees and the employers.

Loko Bima :

Loko Bima Project emerged on 13th June 1998. The aim and object of Loko Bima Project is to arouse 90% people of the country towards savings and to make them conscious and self-reliant through Insurance. This project plays a very important role in solving social problems of a large number of people by reduction of unemployment, population control, development of cottage Industry, rural development so to say social backwardness etc. The following are the plans of Loko Bima-

Sl.	Schemes
1.	Endowment Insurance plan - with Profits.
2.	Child protection Endowment Insurance - with Profits.
3.	Meghna deposit Premium scheme - with Profits.
4.	Single Premium Insurance - with Profits.

Islami Bima (Takaful) :

The aim and objects of Islami Bima (Takaful) is to provide more financial security to the masses/ people of this country, through this project. This project was introduced to turn Life Insurance into a profitable savings arrangement through payment by installments on the basis of Islami Shariah and transparent and impeccable servicing.

The followings are the Plans of Islami Bima: (Takaful)

Sl.	Schemes
1.	Islamic Endowment Insurance Plan (Takaful) - with Profit
2.	Islami Takaful 3 (three) Payment Insurance Plan - with Profits
3.	Islami Bima (Takaful) Biennial Endowment Insurance Plan - with Profits
4.	Islami Bima (Takaful) Child Protection Endowment Insurance Plan - with Profits
5.	Islami Bima (Takaful) Insurance-Cum Pension Plan - without Profits
6.	Islami Bima (Takaful) Single Premium Guaranteed Benefit Plan - without Profit
7.	Islami Bima (Takaful) Education Expense Insurance Plan - with Profits
8.	Islami Bima (Takaful) Premium Back Term Insurance - without Profits
9.	Islamic Endowment Plan (Takaful) - with Profits
10.	Islamic Biennial Payment Assurance (Takaful) Plan - with Profits
11.	Islami 5 (five) Instalment Insurance Plan - with Profits
12.	Takaful Islami DPS - with Profits

The project is conformed with a Shariah Council comprising 15 (Fifteen) members.

Islami Khudra Bima (Takaful) :

The object of Islami Khudra Bima (Takaful) is to create the habit of savings for the low income group of the people of Bangladesh, and ensure profit and savings through modern Insurance facilities and to introduce interest free Islami Bima. These are the following plans-

Sl.	Schemes
1.	Endowment Insurance - with Profits.
2.	Child Protection Endowment Insurance - with Profits.
3.	Single Premium Guaranteed Insurance - with Profits.
4.	Islami Khudra DPS - with Profits.

Supplementary Hospitalization Insurance Benefit

Those who are within the age of 18 to 55 years, can take this Insurance with the principal policy.

Advantages available in the Hospital-

- ☐ Staying in a Private room.
- ☐ Doctor's Consultation Fees.

- ☐ Diagnosis expenses.
- ☐ Surgical Operation expenses.
- ☐ Medicine.
- ☐ Relevant Services Expenses.

The special characteristic of the scheme:

- ☐ This advantage may be taken for wife and children of the policyholder.
- ☐ Very less premium.
- ☐ Any medical facility is available at home and abroad.
- ☐ Facilities of any Govt. Hospital or any other Private Hospital with 50 beds may be available.
- ☐ Medical treatment expenses in any extraneous hospitalization will be borne in Bangladeshi Currency.
- ☐ Consultation of Doctors may be taken with one's own choice.
- ☐ Rebate of Tax is available.

Rules of payment of medical bill of the Hospital-

- ☐ The Company will directly make payment of the Hospital bills, subject to admission in the Hospital approved by the company.

☐ Re-imburement: If the policyholder himself bears expenses on approved treatment from the Hospital which has no contract with the company, in that case the company will reimburse Hospital bills. But in these cases all the vouchers and papers shall be deposited within 30 days after release from Hospital and the company will arrange reimbursement of those after due scrutiny.

Supplementary Dread Disease Benefit (DDB 50%, 25%)

Disease and old age complicacy is indissolubly linked with human lives. Men can, at anytime be attacked with serious disease and they may not be able to have proper treatment immediately. In this connection, Meghna Life can provide money for treatment of such fatal diseases by DDB.

Whatever Sum-assured may be, the supplementary Insurance cannot exceed 10 lac as facility.

If the policyholder is attacked with any of the following disease, 25% of the Sum-assured must be paid immediately:

1. Heart attack
2. Stroke
3. Coronary Artery Surgery
4. Kidney Failure
5. Multiple Sclerosis
6. Paralysis.

Supplementary Accidental Death Benefit (ADB)

This supplementary Insurance may be taken adjoining the Endowment Assurance, Whole Life Assurance, Term Assurance, Group Insurance or pension scheme. ADB is normally given as supplementary cover with the Principal Insurance policy.

The advantages of taking ADB as supplementary cover with any Life Insurance policy is that if any policyholder dies due to accident, the nominee of the insured will be provided with an amount equivalent to the Sum-assured within 90 days. The rate of premium is low in this Insurance; as a result the Insured can take this policy as supplementary Insurance on nominal condition.

Supplementary Permanent Disability and Accident Benefit (PDAB)

PDAB policy can be taken for death or disability or physically hurt due to an accident.

In case of death the nominee of the Insured will get an additional amount equivalent to principal Sum-assured. An amount equivalent to the Sum-assured is also paid to the nominee of the policyholder instantly if both hands or both legs or both the eyes or one hand and one leg are lost.

In case of fully and permanent disability, the policyholder will be given 10% of the principal Sum-assured for next 10 years since the happening of the accident as yearly allowance.

In case of one leg or one hand and an eye are lost, the policyholder will be given 50% of the Sum-assured instantly.

At maturity, the full Sum-assured is paid.

In the ninetieth decade some enthusiastic Bangladeshi professionals along with some others of similar state of mind dreamed of establishing a Life Insurance Company in order to participate in the financial activities of the country such as reduction of unemployment, alleviation of poverty and to contribute to the nation for the upliftment of the common people. Eventually due to ceaseless efforts and courageous initiative of the Chairman and some other entrepreneurs, Meghna Life Insurance Co. Ltd. was formed in 1996.

The main object of Meghna Life was to provide maximum financial security to a person and their families by giving modern Insurance facilities. Its other objectives are to turn it into a profitable savings institution through payment of bonus at an attractive rate and enriched servicing and invest the accumulated small savings in nation building as well as various welfare and profitable projects.

SHADARAN BIMA CORPORATION (SBC)

SBC since its inception has been working to conduct all its operations in a manner that is protective of the environment, health and safety of employees, customers and community. In fulfillment of this commitment, SBC maintains a continuing effort to adhere to the following principles:

SBC expands its employees by encouraging empowerment and rewarding innovation. It promotes an environment for learning and personal growth of its employees by providing training within the country & abroad.

It endeavors to attain a position of leadership in each category of its business. SBC is committed to insuring its business to conduct in accordance with high ethical, professional, legal standards and good corporate governance practices.

It aims to achieve business excellence by understanding, accepting, meeting and exceeding valued clients expectations. SBC will determine its client's needs and have a commitment to provide high quality services to meet them.

SBC is entitled to 50% of the public sector business. Insurance Corporation (Amendment) Act 1990 provides that fifty percent of all insurance business relating to any public property or to any risk or liability appertaining to any public property shall be placed with the SBC and the remaining fifty percent of such business may be placed with this corporation or with any other insurers in Bangladesh. But for practical reason and in agreement with the Insurance Association of Bangladesh SBC underwrites all the public sector business and 50% of that business is distributed among the existing 43 private general insurance companies equally under National Co-insurance Scheme.

In respect of reinsurance, the same act provides that fifty percent of a company's reinsurance business must be placed with the Sadharan Bima Corporation and remaining fifty percent may be reinsured either with this Corporation or with any insurer in Bangladesh or abroad. At present, nearly all the companies place 100% of their reinsurance business with SBC.

Reliance Insurance Limited –

At Reliance Insurance Limited, we recognize the importance of corporate social responsibility (CSR) and our role in society as an insurance service provider, investor, employer and consumer. We aim to be a responsible member of the community and our commitments are presented in a family of eight CSR policies:

- Community:** We aim to be a good corporate citizen and to work in partnership with the community. We have participated while the nation is in crises or in natural disaster.
- Customers:** We will determine our customer's needs and have a commitment to provide high quality services to meet them.
- Environment:** The Company reports annually our direct and indirect contributions to improving the environment.
- Health & Safety:** We are committed to providing a healthy and safe working environment for our staff and visitors.
- Human Rights:** We respect the Universal Declaration of Human Rights and are guided by its principles. The company strictly follows non-discriminatory policies in all its procedures such as recruitment and promotions and has in place a performance management system that rewards employees based on merit and contribution.
- Standards of Business Conduct:** We are committed to ensuring our business is conducted in all respects according to high ethical, professional, and legal standards and follows good corporate governance practices.
- Suppliers:** The Company's suppliers are carefully assessed and approved against established criteria. Suppliers are managed as partners in our operations and we arrange seminars with surveyor companies to improve communication and provide technical skills training. In addition, to ensure compliance with our high service quality standards, satisfaction surveys are conducted regularly to measure service performance.
- Workforce:** The Company holds a biannual Employee Focus Survey, which focuses on the drivers of business performance, in particular employee engagement and customer focus. The company's aim is to be an employer of choice by engaging its staff and providing them with the necessary skills and opportunities to contribute to the company's success and fulfill their potential.

Conclusion:

Corporate social responsibility in the insurance sector should be well exercised. Transparency, accountability as well as ethical and legal practices in the insurance business should be followed. Customers' right should be protected and value may be added to provide good customer services. Unfortunately insurance business in Bangladesh is still lagging behind in achieving international standards. As Wise and Ali (2008) suggested; to achieve an international benchmark for the banking sector, the insurance sector must first and foremost achieve its international benchmark. The insurance companies should also take steps to protect the environmental sector. There are immense potentialities for insurance companies and by improving the total quality of management services, insurance companies can serve in a better way towards the society and country for which their activities must be pro-society based.

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SCIENTIFIC METHOD AND MARKETING: AN ANALYTICAL FRAMEWORK

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The debate concerning the scientific method and nature of theory in marketing, raged in the 1980s and 1990s. It was in part a battle between the realists versus the relativists in terms of how we do and should develop the marketing theory. Some have argued that the realists, led by Shelby Hunt, won the day and alternative versions of the realist position have been advocated (e.g. Easton in press). This paper is not about advocating a particular vision of the scientific method but about developing a framework for understanding and analysing alternative philosophies of the scientific method. My contention is that there is no one scientific method or even one best method (although there are bad methods) but a plurality of approaches with different underlying assumptions about some of the fundamental issues confronting scientific endeavour in any arena. This paper identifies some of the main issues underlying the debate concerning the nature of scientific method and develops them in terms of a general model of knowledge development and its basic elements. Using this framework, we can identify different approaches to scientific methods in terms of the stance taken on various issues.

The framework has been developed and refined over a number of years as we have both taught advanced marketing theory subjects at various universities in India and elsewhere. I have found the framework helpful in organising our own thinking about the subject and in communicating it more effectively to students. Often the literature on scientific method is a confused assembly of different philosophical traditions presented in a historical framework or as a series of alternative approaches. The paper is organised as follows: First I described my analytical framework for considering the nature of scientific method, which characterises science in terms of a process-taking place in an environment. The nature of each component of the framework as well as the relation between them focuses attention on various fundamental issues underlying the debate concerning scientific methods.

A Process Model of Science

My model is depicted in Figure 1. There are four basic elements of science and scientific methods in my model:

1. *Reality 1*, the reality or phenomena to be understood, explained or predicted by theories.
2. The *observations* I made through various kinds of interaction with "reality" including attempt to measure various aspects of reality.
3. The *theories*, both formal and informal I hold about the nature of reality and how it works.
4. The *actions* I took based on theories in interacting with reality. In fact observations are a special kind of action that I have separated out from other kinds of action because it plays such a central role in the debate concerning scientific method.

5. *Reality 2*, the reality that includes institutions of science and the scientific process as part of the reality. Science is not separate from reality but part of it and can be the subject of theories as is the case with theories of scientific method.

Each of these elements is itself the subject of debate and controversy in the literature on scientific methods. But the inter-relation between the elements is central in the debate concerning the nature of science and scientific methods.

The Elements of Science

Reality 1

The debate between the realists and relativists, whatever flavour they happen to be, focuses on the meaning of the term reality and how it is possible to “know” it. To the realists there is a world “out there” to be known with pre-existing entities, patterns of behaviour and interactions together with “rules” governing behaviour and interaction that science attempts to discover. The situation is the opposite of that of Conway’s Game of Life or indeed any of the artificial life worlds (Pounstone 1985). I began with the manifestations of the rules of the game and had to work back to infer the rules producing this outcome – the world and life as I knew it and for marketing science, the world of marketing that exists and has existed. The reality we are a part of, is perhaps, one possible outcome of the rules of the game (including rules by which rules themselves change and evolve) and was “selected” because of a number of chance factors that entrained particular paths of evolution and development. In short, history matters and reality is path dependent – or so realists have us believe. If we could go back and start again I may not end up here with “our” reality and recent advances in the modelling of artificial worlds show how history matters in shaping how life and complex systems evolve – including life itself (e.g. Casti 1997, Langton 1996, Tesfatsion 1997).

If we believe there is a world out there to be discovered this does not mean it is easy to know it and this leads to all the other aspects of science and scientific methods, I will refer to later.

The relativists on the other hand, it seems, do not believe in any pre-existing reality to be discovered but that there are many “realities” that are created by researchers and indeed all of us as we go about our daily lives. Science is a kind of privileged version of the created reality but even here it is not one version but many – as the relativists are quick to point out. The worlds we create in our minds and theories are the reality and there is nothing else. Personally, we have a hard time accepting such an extreme form of relativism. However, our ideas about reality do govern our behaviour rather than reality itself, although reality intervenes between our intentions and ideas and the outcomes. We can believe it is not raining, dress accordingly, but we still get wet if it is raining. Of course our minds are pretty good at dealing with inconvenient data like this. We may just assume we are sweating a lot and hence got wet for example. Such matters actually lie at the heart of deep issues concerning scientific methods and we will return to them later.

Action

Action was a late addition to my model as it is really a special part of *Reality 1*. It refers to the actions (behaviour) taken as a result of or on the basis of scientific theories developed. This includes management action, applied technology and theories in use in management action. In natural sciences action refers to the use made of scientific theory to transform and influence the world and is reflected in

our material culture as well as in our behaviour and social institutions informed by science. Through such action *Reality* is affected and even the rules governing behaviour modified. Theories about the rules governing behaviour can affect actual behaviour in humanities, business and social sciences. Indeed the purpose of marketing theory is not only to describe, explain, predict and control marketing behaviour but also to prescribe behaviour i.e. normative theory. But we suspect that the rules of chemistry, biology and physics are not influenced by the theories of chemists, biologists and physicists. Atoms, molecules and biological entities largely ignore the theories of their behaviour developed by humans and go about their business according to their own rules. **A normative theory of chemistry, biology and physics makes no sense and atoms, molecules and animals do not attend class and argue with scientists about whether their theories are correct. Fortunately or unfortunately, in marketing they do.**

Observations

There are many ways in which directly and indirectly we sense and measure reality (if we believe in it). If we are a relativist, we could just deal with the observations themselves and forget about whether they correspond to any pre-existing reality. Science is largely about sensing and measuring reality in different ways. For the natural sciences direct and indirect observations of the outcomes of phenomena are used together with experimental manipulations of various kinds to "ask question" of nature. The social sciences can do this as well but they are in the strange situation of being the phenomena under study. We don't know for sure that molecules, atoms, flora and other fauna have their own science institutions but we suspect not. We as humans are self-reflective and are capable of abstract thought and this puts us in a unique position as scientists that both helps and hinders. Molecules, atoms, flora and other fauna do not offer their own theories of themselves and do not argue with scientists about whether they do understand how they behave – but people can and do.

In marketing the issue of theory and practice, the issue of academic and practical models of markets focus on this issue. Marketing academics can be marketing practitioners and they frequently are. Indeed, we are all part of the marketing system, if only as consumers. In addition, the subject of study comes to the classroom to learn how they do and should behave. This means we can make the reality behave according to our models - to some extent at least. This partly explains some research results. We teach people about the marketing concept and then go out and measure it in firms and find that respondents report it as existing and that it is correlated with performance. Introspection and direct experience of marketing phenomena informs and confuses our observations and understanding of marketing in ways that have no equivalent in natural sciences.

Our limited sensing capabilities mean that we augment our observation methods by various types of indirect means. In natural sciences, we develop various sophisticated machinery that costs lots of money to detect the otherwise undetectable; either because it is beyond our own senses or ability to discriminate or it is in principle unobservable. The former includes microscopic entities (e.g. electrons) and macroscopic entities (e.g. population, price levels, the universe) and the latter include such things as growth rates, attitudes and causal structures. There is a large body of theory about observations that we may call measurement theory that informs the way we undertake measurement and which purports to explain the way measures work. It is a kind of super theory of science and is part of the theory of method that is scientific method(s). As we see there are at times conflicts between substantive and measurement theory that underlie some of the issues taken up in discussions of scientific methods.

Theory

Theories are the things of science but scientists are not the only people who have theories. We are not sure about other animals but the self-reflexive nature of humans means they can and do develop mental models of their world. These models are not necessarily well formulated, logical or accurate and are reflected in the attitudes and beliefs governing our behaviour. Of course, whether such things as attitudes and beliefs really exist depends on what kind of scientist you are - a positivist, relativist, logical empiricist etc. People may be assumed to have various schema (Gell-Mann 1995), mental models (Senge 1990, Huff, 1992), theories in use (Argyris and Schon 1978, Zaltman et al 1982), or everyday theories (Calder 1977) that guide and interpret our action. These schema are not always made explicit, except in the form of formal marketing and business plans, and are not subject to the same kind of scrutiny as scientific theories. Furthermore, their purpose is not the same. Individual and firm schema (as we call them) results from interactions in *Reality 1* over time that results in learning and adaptation. They may have arisen as much to protect an individual or firm from reality as to provide an accurate interpretation. Schema, or really the interacting unit of thought or memes (Dawkins 1976, 1982) of which they are comprised, survive, reproduce and are spread from mind to mind and schema to schema depending on their survival value (Carley 2000, Welch and Wilkinson 2000). In science, a special type of environment for the survival of ideas has been created; one that we hope produces ideas and theories that have a greater probability of being true. But more generally the environment is one that supposedly allows the overturn and replacement of ideas that do not stand up to scrutiny and "reality checks."

The schemas of people and organizations provide a special source of insight into the nature of human behaviour, one that has no parallel in natural sciences. This direct insight, of being the subject of study as well as the scientist doing the studying, is both a source of theory and a type of theory of itself. Social science is in a sense a theory about the theories of people and organizations. In addition scientists can find out what other people and organisations' schema are, by asking them directly or indirectly or by examining the manifestations of these schemas in the writings and art of people. As far as we know atoms, molecules, plants and other animals don't have such schema. If they do have such schema, they don't seem to record them anywhere accessible - though perhaps work on communicating with gorillas and chimpanzees may reveal some misty views of their rudimentary schema. What we can observe in the case of other animals are the traces of their past behaviour as well their current behaviour. This is not the same as reading a novel or a diary.

This privileged source of insight is not without its problems. Just as it can aid our understanding, it can also serve to obscure and protect us from gaining a fuller understanding. The naive theories of our own actions are borne of our direct experience and are "real" but they are constructed from a limited set of sense organs and mental apparatus and therefore are biased. We also have our own interests at heart and may be accused of an inherent and deep conflict of interest in the pursuit of human knowledge. It would not stand up to scrutiny in a court of law and politicians would be dismissed for less. Unfortunately, there appears to be no one else to take our place. Gorillas may be less likely to be biased in their approach (or perhaps biased against us!) but they are deficient in other respects.

Reality 2

The final component of my model is the model itself. Science is not separate from reality; it seeks to understand but is a part of it. The pursuit of science is part of the reality we need to explain and there

have been many attempts to do so. These comprise both positive, descriptive theories and normative theories. Theories of the way scientists actually behave, including all their foibles are contained in the many case studies and other studies of the practice of science. But often these ostensible attempts to develop positive theory become confused with normative theory i.e. how scientists should behave. Implicit in these normative theories is an objective function and various assumptions about the theory production process. The objective function of science is "truth".

Science developed in part as a better method of knowledge production than authority. The word from on high, be that a god, a monarch, an emperor or master, is an efficient means of knowledge dissemination but it is deficient in the process of scrutiny and testing. King Canute could command the sea to recede but it did not (a communication problem?) and the King of Sweden who ordered the battleship the Vassa to have another gun deck, assured his engineers that he knew best by the divine right of Kings (or maybe he just wanted to deliver an intact boat to the 20th century?).

Science is a type of social institution that has emerged in society to fulfill certain functions. A social institution "connotes a way of thought or action of some prevalence and permanence which is embedded in the habits of a group or the customs of a people ... they constitute standards of conformity from which an individual may depart only at his peril" (Hamilton 1930 p. 84). **Marketing** is also a social institution that is concerned with the provisioning of a society (Dixon, forthcoming). Much of the discussion of scientific method can be understood as an attempt to understand and to characterize the habits of a particular group of people in society concerned with producing knowledge and to identify best practice. As suggested above the production of knowledge is not limited to science and scientists but science has a privileged position in this regard. As a social institution science develops and evolves in and of its own and in interaction with other social institutions. Some have even speculated about the "End of Science," when we finally discover the ultimate truth and have no more to discover (Horgan 1997). We suspect marketing and indeed most sciences still have a long way to go.

But a more fundamental issue is whether we would know the ultimate truth if it came knocking on our door. There is no "truth umpire" in the sense of an independent third party that can inform us if we did our sums correctly. We have to determine this from the "inside" as it were. Some of a religious bent would have a God in mind when they think of the ultimate truth – the original writer of the rules, including the rules for changing and evolving new rules. But this does not help guide us in our scientific endeavors even if it were true. If you are not this way inclined there really is no ultimate truth because once it has been discovered we have a new world to understand that includes, as part of it, us knowing the ultimate truth – so it is endless. All this really says is that whether science progresses or not is problematic. We assume that by following the precepts of a public, communicable, reproducible, criticisable, testable set of rules for behavior we will avoid going backwards. But there may be many roads forward and science comes in many different flavors that see "progress" in different ways and who advocate different rules.

We believe there is bad science but not that there is only one best way. Depending on the phenomena to be understood, the nature of the explanation being sought, and the tools and resources available, science may be undertaken in many ways. What is "good" science is not the same as acceptable, rewarded or commonly undertaken science. The judgement of good concerns the link between the type of knowledge production processes undertaken and the probability of knowledge advance.

Such advances can be both small and large. Really influential advances that give rise to potent new ways of knowing and knowledge get Nobel prizes. Everyday casual observation and the experience of business are at the other end of the spectrum. They are less subject to the scrutiny of others and maybe therefore less reliable. They are far more narrowly focused, applicable and perishable. In between these extremes are many types of actual and potential contributions, from the normal science of tidying up and puzzle solving to the breakthrough and paradigm shifts that may eventually lead to Nobel Prizes (Kuhn 1962).

Interrelations among Elements of Science

The previous section has highlighted many of the fundamental issues confronting science and the pursuit of knowledge in terms of the basic elements of scientific process. Also, I have touched upon various issues that concern the relationships between different elements, as it is impossible to separate them in any sharp manner. In this section I examined the relations between the elements depicted in Figure 1 following the order given in the figure.

1. Reality -> Observation

Measurement Theory

I have already mentioned several issues concerning this relationship. The first is the limited capacity of humans to sense and interact with reality. This limits the direct experiencing of reality through our sense modalities of sight, sound, touch, smell and taste. Hence we do not live in the smell or sound world of dogs, we do not perceive all but a small part of the light spectrum and we cannot survive and hence experience all but a very narrow range of climates with attendant temperature, pressure, and level of luminescence. As a result we construct indirect ways of sensing outside the range of our own sense organs. And hereby emerges a major issue for science. How do we know how a given indirect sensing of something, be it a mark on a piece of paper, the reading of an instrument, the answer to a question or an idea we have corresponds or not to the "piece" of reality we want to sense?

The issues that arise here relate to that of *measurement*. Correspondence rules refer to the relationship between the observed and the bit of reality it is meant to represent and measurement reliability and validity are the central issues. The problem of measurement has given rise to a whole set of theories in their own right, which we may refer to as *measurement theory*. And as we will see there are potential conflicts and tensions between our measurement theories and our substantive theories of phenomena. If we test a particular theory by making direct or indirect observations and find that the observations do not match our theory, what do we do? Do we change or throw out the substantive theory or the observations? This will depend on the strength of the substantive theory versus the measurement theory. If we believe the measurement theory is stronger we suspect our substantive theory, if the reverse we suspect our measures. Usually it is a bit of both. In addition to the problem of our limited abilities to directly sense reality is the problem of things that in principle cannot be directly observed. Things like attitudes and beliefs, growth rates, network structure, inflation rates, market trends and so on. Here we must infer the existence and attributes of that aspect of reality from things that are directly or indirectly observable. So we ask people questions to determine attitudes and beliefs, we gather various measures of a firm, industry, market or network and construct measures of growth and structure. Here too our theories play a role in how we interpret responses and construct measures based on them.

The act of constructing such a measure, such as a score on a personality dimension presupposes the existence of a theory of personality and measurement. Moreover, we are transforming the expression and representation of an aspect of reality from one form, the way it exists in reality, to another i.e. into numbers, words, pictures, ideas, graphs etc. A person's attitude or a personality is not a number or word but some complex interacting chemical, material and biological processes. What we are doing is converting it from the medium of existence to the medium of expression and communication. This allows us to recognise and "sense" it, to communicate it and to analyse it in various ways. But in so doing we are assuming that the logic of say numbers applies to the logic of the medium in question. The obvious examples are the use of mathematical and statistical analysis to analyse observations expressed in numbers, and the use of a rational logical calculus to analyse words and ideas. We may even believe there is an emotional logic, as well as a cognitive logic that allows us to manipulate and analyse ideas and emotions. The advancement of mankind is testimony to the success of applying these methods – so maybe God is a mathematician. But there is always the risk that our number models, our word models our thought models and our emotion models do not mirror exactly the way of all aspects of reality.

Measurement Reliability and Validity

There has been so much written on this subject in both marketing and other sciences that we will brief it here. Validity is the issue of whether a measure, be it a number, word, idea, mark on graph, reading on a dial or whatever, relates to the thing it is supposed to. We do not measure attitudes by calibrating someone's height. There are varieties of ways we may collect data or make observations about an aspect of reality that can be used to develop a measure of it. We can ask questions of various kinds in various ways, we watch and record behaviour, we can subject people to various conditions or tests, and we can use various apparatus to measure physiological processes taking place. The assumption is that if the bit of reality we are seeking to measure exists, it manifests itself in various ways and hence we construct sensors to pick up these manifestations. In marketing, we often use questions (stimuli) and record the response as a way of sensing something about a person or organisation's attitudes, beliefs or behaviour. We try to determine whether a measure is valid or not by using various tests. These tests are based on a theory about how a measure works and how the bit of reality is supposed to behave. We cannot get away from theory. If we test a measure by comparing it to a criterion measure that is assumed to be a better or more valid measure, our test is as good as our theory about how good the criterion measure is. For example, we ask people to take a pencil and paper driving test and compare the results to an actual driving test. We assume the driving test is a valid (and reliable) measure of driving ability. But it is subject to error too.

Reliability refers to the consistency of a measure. If I take the same measure in the same way in the same circumstances, will I get the same answer? The problem in social science as a wise person described it is that, we are often using rubber rulers to measure complex dynamic phenomena.

We are confronted with a number of possible sources of error in making our observations of reality. These include:

- *Existence error.* We assume that reality exists to be measured. For example some have argued that attitudes do not pre-exist but are created through the questioning process i.e. an attitude is what I have when I am asked about my attitude. Hence any measures are not measures of a reality that exists independent of the observer.

- *Sampling error.* We use samples of observations in most cases in marketing to construct measures. These include samples of items included in a questionnaire, samples of behaviour being observed and samples of people, organisations, relations, industries and networks. Representative sampling allows us to make inferences from sample results to the population – so long as we believe in sampling theory. But in practice perfect sampling is impossible and errors and bias creep in. In natural sciences this problem is not as serious. We tend to assume that one electron is pretty much like another; that one molecule of sodium chloride behaves pretty much like any other; one atom behaves like any other; the physiology of one human is like any other etc. But in social sciences, we cannot make such assumptions. People and markets are radically and inherently heterogeneous, and the greater the variance the larger the sample needed to achieve a given level of precision i.e. sampling error. Chemists can use a sample of one molecule of sodium chloride to measure its characteristics and behaviour; biologists can find one fossil of a particular species and know something about the species as a whole. We cannot do the same. We can use individuals and case studies to inform our theories and maybe to see some of the deep processes driving behaviour, but in the main, we cannot generalise too readily.
- *Measurement error.* This concerns the reliability and validity of the measures used, which may be in turn be unpacked in terms of various sub-forms. The sources of error are the random and systematic factors that can affect the results of a measurement exercise. Systematic errors relate to validity and random errors to reliability and are discussed in all marketing research textbooks. A mini revolution has taken place in recent years in measurement theory as the classical approaches typified by Churchill's (1979) oft cited JMR paper has given way to item-response theory in which there is a function that links unobservable values to observed responses and draws on the pioneering work of Coombs (1964) and George Rasch (1960/1980),
- *Experimentation Error.* If some manipulation or intervention other than the measuring process is involved in observing reality additional sources of error arise that affect internal and external validity. Once again these are well discussed in most marketing research texts and the classic work by Cook and Campbell (1979).

Operationalism

An extreme perspective on the nature and role of observations is to ignore the link between the observations and reality entirely. This in part reflects the relativists versus realists debate that we create reality through our observations and theories and that there is no pre-existing reality to discover. We discussed this above. Here we want to introduce the approach to science associated with Bridgeman (1927), who argued that our theories are only about the relations between the operations we carry out to make our observations – “length” is the only way we measure length, for example. The correspondence rules with an external reality are unknown and unknowable. Instrumentalists are similar in that their models and theories are not meant to mirror reality in numbers, concepts and words but are merely an analytical convenience to derive testable predictions and hypotheses. Reality is assumed to behave “as if” it was like the model, but no direct correspondence rules are envisaged between elements of the theory or model and elements of reality.

2. Theory -> Observation

Theory Laden Observations

There are no such things as naïve pure observations. An important debate in science is about the objectivity of observations. Science generally seeks to make its processes public and open to scrutiny and capable of being confirmed or not by others. At the heart of this is the issue of whether we can make observations to develop theories or whether our observations are already theory laden. From the foregoing we can see that all measurement pre-supposes a theory of measurement which concerns the relationship between the observation and what is being observed. So in this sense all measurement is theory laden by definition. And at times the link between what is observed and the assumed unobservable latent construct, i.e. bit of reality, is very indirect and complex. But usually more is meant by this statement.

Our substantive theories about reality, if only primitively formed and articulated guide where we look, how we look and how we interpret our observations. Scientists are supposed to be as objective as possible but they are not perfect, and in social sciences it is even more difficult as we are the subjects of study as well. Blatant attempts to "cook the books" by tampering with results or only reporting supportive results are frowned on and usually dealt with harshly – as they should be. But there is an inescapable element of theory leadeness to all observations. The distinction between induction and deduction centers on this issue. Inductivists believe theories emerge from the assembling of "facts" or observations. The opposite process is deduction in which our ideas and theories spawn other ideas and theories that may be later subject to empirical test. In truth theory development involves both processes at the same time in an iterative, interactive process.

The literature on scientific method reflects various approaches to the issue of how we develop our general theoretical or explanatory orientations. Pepper (1942), in his classic work has described the root metaphors that underlie the way we attempt to conceive the world and how it works. These include formism, mechanism, contextualism and organicism (see also Tsoukas 1994 for a discussion of the relevance of these metaphors to management). In general, metaphors and analogies play an important role in science. A metaphor is not just a dramatic and colourful means of expression, it is a way of seeing one thing in terms of another and thereby being able to make use of knowledge gains and understanding in one area or another. "The essence of a metaphor is understanding and experiencing one thing in terms of another" (Lakoff and Johnson 1980, p.5). Metaphors allow a synergy of thought through the application of the intuition and images derived in one context to another. Through metaphors the implicit knowledge (Polyanyi 1966) available in one context can be used to produce both implicit and explicit knowledge in other contexts and provide a basis for knowledge development (Nonaka 1994). Indeed, metaphors may be a primary means of thought (Zaltman 1997).

It is said that Einstein began his voyage to relativity theory by considering what it would be like to ride on a light wave or photon travelling at the speed of light. This personification of light allowed insight that, in part, guided his theory development. In marketing and business theory metaphors and analogies abound (e.g. Clancy 1989, Easton and Arujo 1993). I have used analogies with war to develop ideas regarding competition, I discussed inter-firm relations in terms of interpersonal relationships such as marriages or affairs (Levitt, 1986), friendships (Hogg et al 1993), or in terms of business dancing (Wilkinson and Young 1996).

More generally writers such as Kuhn (1962) and Lakatos (1970) have pointed to the paradigms and research programs that can dominate particular lines of enquiry, legitimizing or not particular methodologies and theoretical orientations. As part of these paradigms, how and where scientists look at phenomena is circumscribed. Rival paradigms and research programs compete and may take over

from each other in occupying the dominant position. The streams of research on power and conflict in inter-firm relations in North America and Australia is an example, that eventually was challenged by other perspectives that saw the focus on power and conflict as a focus on sick rather than healthy relations. The IMP group coming out of Europe and Industrial marketing also represented a different perspective and methodological approach that focus more on the value of cooperative long lasting relations – not the risks of dependency and opportunism and the adversarial nature of relations that dominate more mainstream American approaches to essentially the same phenomena. Now we have relationship marketing offered as a new paradigm as the cooperative orientation on relations is extended into consumer marketing as well as business marketing and the channels area. At the heart of scientific enterprise are people and consensus is an important arbiter of accepted scientific explanation. As Pepper notes, there are two basic methods of corroboration in science – interpersonal and structural – fact based. First let us consider some other ways in which theory enters our observations.

Sampling

Sampling theory plays an important role in science in guiding the inferences we can draw from our observations. One way we sample is when we take repeated measures of something and average the results in order to eliminate random errors of measurement. Another way we use samples is to draw inferences to the populations from which a sample is drawn. In order to draw samples that represent in some way the piece of reality we want to observe we need some understanding or assumptions about the way the population of things of interest behaves and how this affects sample results (sampling distributions). In particular, the size of the population in relation to the sample and its variance matter in determining sample sizes with appropriate degrees of precision or sampling error. In natural sciences they can get away with smaller samples than in marketing or other social sciences. One atom or molecule of a given substance behaves pretty much like any other (i.e the variance in the population is low). Measures of the physical properties of a material object are generally quite precise given the environment in which the measure is taken. Chemical experiments done with a particular batch of chemicals are assumed to give the same results if different batches of the same chemical are used – sodium carbonate is sodium carbonate no matter where you are – so long as the same conditions apply. In biology and medicine we assume that one animal or person's body functions much the same as others so an observation or test on one body or body part will give the same results on other bodies of the same animal.

But things are not so simple when it comes to human behaviour. Individuals are exposed to a variety of stimuli and not all have the same experience. We also respond to similar stimuli in different ways depending on how we interpret them, based on our prior experience and the internal theories we use i.e. the schemas we have constructed for ourselves. If we can assume that a variety of independent stimuli are at work we can still use sampling theory to help guide our observations, making use of the central limit theorem. By drawing our observations in a random or systematic way from a population we can make use of the sampling distribution of results that would arise if we took many such samples. From this, and knowledge of the central limit theorem, we can calculate sampling errors and confidence limits and use the whole apparatus of statistics to test hypotheses (kinds of observations) about the population of interest.

Of course in practice things go wrong and we have various forms of known and unknown biases and errors in our samples, in addition to the measurement errors we discussed above. Some of these sampling errors are random and “wash out,” whereas others are more systematic and bias the results in

particular directions that may undermine the validity or representativeness of our observations and analysis. Anyone who has been involved in conducting sample surveys knows the problems involved. Mail surveys are notorious for their low response rates which makes the inferences drawn from them limited. Although we should be careful not to dismiss the results of any linkages found only how far we can generalise the result (assuming, of course, that it is not just an artefact of the sampling or measurement process). Another type of problem with sampling theory is that it assumes there is some representative sample statistic that conforms to some type of sampling distribution. Familiar statistics are measures of central tendency (means, modes etc) and measures of association (correlation, regression). Non-parametric statistics use inventive ways of developing sampling distributions to test hypotheses. Problems arise when the distribution of the relevant parameter in the population of interest does not conform to expectations. Bimodal distributions are a simple example of this problem when estimating means and modes. A more fundamental issue arises when the central limit theorem does not apply, that is the larger the sample the greater the sampling error.

Fractals and chaos have served to undermine traditional approaches to sampling and analysis of data as is shown by Liebovitch and Scheurle (2000). First they consider fractal systems. The normal distribution is the basis for much statistical analysis, with most values such as sample means or variances close to the population value and a few that are more divergent. "In fact, much of nature is definitely not 'normal.' It consists of objects having an ever larger number of even smaller pieces." In these conditions an average has no meaning. Examples are trees that have an ever-larger number of smaller branches, mountain ranges with ever larger numbers of smaller hills, and an archipelago that has an ever larger number of smaller islands. The average diameter of branches, of height of hills or area of islands has no meaning. These kinds of objects are called fractals and have only fairly recently come into scientific analysis, although there are hints of the problems they cause in earlier work in statistics.

As we increase the size of our sample for such objects and calculate sample means, the sample mean does not approach a limiting value i.e. the population mean. Instead the sample means will either increase or decrease. There is no single value that is "correct" because a population mean does not exist. The sample means increase if there are a few very big values in the population that are included as the sample size increases, and they decrease if there are many small values in the population. Such conditions apply to the distribution of firm sizes, cities and towns, and transactions and are thus directly relevant to marketing research. They call for some rethinking of sampling methods in these conditions. As Liebovitch and Scheurle (2000) note, scientific articles almost exclusively characterize data by a mean and a +/- variance and yet this may be misleading. Instead, the fractal dimension may be the meaningful measure. They give examples of where this is so, such as in measuring times between heartbeats.

3.) Observation -> Theory

The essence of science is that of seeing the general in the particular - of using a limited number of observations to make generalisations about the way some part of the world behaves. Our generalisations are our theories which tell us how one thing affects another and under what conditions this or that will happen. We base our decisions, behaviour and forecasts on our theories, be they everyday schemas or formal scientific theories. A central issue in the debate concerning scientific method is the role of observations in generating theory. Induction is the process of developing theory from our observations. Both processes become entwined in the relationship between observations and

theory. But we can never prove a theory is true, only that it is false. **Karl Popper, one of the giants of scientific method, highlighted the role of observations in refuting theories not proving them. He argued that we make various conjectures or theories about the way the world operates and we subject them to test by making observations.** If our observations do not refute our theory we can go on believing it and using it. A theory is not verified by the observations only not refuted. As the famous example goes, no matter how many white swans we may observe they can never prove that all swans are white. But it only takes one observation of a black swan to refute the conjecture. Following on from this line of reasoning it becomes important that theories or conjectures are refutable. This means that it is possible, in principle at least, to make observations that are not consonant with the theory.

Unfortunately science is not so simple. First a theory is usually made up of many interrelated hypotheses and a single observation cannot address them all. Some may be apparently refuted and others not. Some hypotheses or conjectures may be seen as part of the core of a theory and others as more peripheral and thus a test of a less important hypothesis may not refute the theory as a whole. Second, if a theory is refuted what is it replaced with? We may consider revising our theory in such a way as to take account of the new observation and, in many ways; this is precisely what science does. However there is a danger here. Ad hoc post hoc revisions of a theory to accommodate inconsistent observations may not be well founded. The aim of science is to identify basic causal mechanisms or generating processes (Easton, forthcoming, Sayer 1992) and a series of ad hoc accommodations to refuting observations does not make a systematic theory. But a note of caution is in order. As Keynes, one of the founders of modern economics, is reputed to have pointed out, most theorizing in social science is post hoc. Why is an observation made before a hypothesis is advanced any less valuable than one made after the hypothesis is made? Surely all of geology and biological evolution rely on observations already made in developing and refining their theories. Of course their theories may also predict other types of things that may be observed and sometimes they are (e.g. intermediate species and species adapted to different habitats).

Usually, competing theories exist and the aim is to make observations or tests which are powerful in that they can discriminate between rival theories. One result refutes one theory, another refutes the other theory. Out of this competition among alternative theories better performing theories hopefully emerge. However, as already noted there is no independent truth umpire that can tell us whether we are making progress and getting closer to "ultimate truth" – whatever that is! Unfortunately, powerful discriminating observations among theories are rare and theories have a way of resisting being refuted. This is particularly so in social sciences where a variety of theories can be consistent with a set of observations. Each is sufficiently "flexible" to account for the observations in their own terms. This is partly because many of the observations we make in social sciences are non-directly observable such as attitudes and beliefs. As a result our observations may be capable of many interpretations.

The latter issue is of more general significance. If an observation refutes a theory or conjecture we have two options. Either we throw away the theory or the observation. Much depends here on the strength of each. As we have discussed above, observations are derived from theory – measurement theory – and may be shaped by the substantive theories of those making the observations (theory laden). So the choice of which to suspect the theory or the observation depends on the relative strength of each. If a theory has stood the test of time and has accounted for a variety of observations we tend to say, these days, that its probability of being true is greater. When such a theory is confronted by one inconsistent observation we may suspect the observation. We may be wrong however. Science is in

part a social institution and the ideas and theories people believe in are in part reinforced by others in their scientific circle. Thus it is difficult to find acceptance of observations which may undermine existing theories and ideas. Galileo had this problem. When chaotic dynamics was first encountered it was not easily accepted.

4.) Observations -> Reality

The act of observation can affect the reality it is trying to observe. In physics this is manifested in the uncertainty principle that says that you cannot know the location and direction of a particle at the same time. This is because the act of bombarding a particle with photons (light) to observe its position interferes with the direction of movement. In social science the problem is more severe in that the subjects of observation can react to the act of being observed and change their behavior as a result. This distorts results. There are numerous examples of this. The most famous is the Hawthorne or experimenter effect. In studies of a manufacturing operation, researchers found that productivity seemed to improve no matter what they did. They tried increasing the intensity of the lights, decreasing the intensity and so on. What appeared to be happening is that workers were responding to the act of being studied. Interest was being shown in them, their work environment became more interesting and they responded accordingly. Inanimate objects, we presume, do not act this way. There are classic examples of the emergence of "superstitious" behavior among pigeons and other animals in classical conditioning studies in psychology. What happens is that incidental features of the experiment become confounded with the intended stimulus and the pigeons learn to respond to them as well – hence their superstitions.

More seriously for marketing researchers is the effect of questioning and overt observations on behaviour. Diaries are sometimes used to record people's behaviour over time as in consumer panels and in measuring media habits. It is usual to throw away the first few weeks of observations because it is known that they are likely to be distorted. After a while people it is hoped revert to their usual behaviour pattern. In experiments, there are the potential errors associated with sensitizing people to particular stimuli when questions are asked before an experimental treatment, such as watching an advertisement. In surveys we must be careful to avoid leading questions that invite particular answers and we must be aware of question order effects on types of response. More generally the existence of constructs such as attitudes and beliefs are called into question. As already noted, some have even argued that many of the attitudes and beliefs measured in surveys do not exist until the question is actually asked! Most people do not think about many of the issues, products or services they are questioned about in surveys but develop their attitudes and beliefs in the process of responding to the questions asked. Hence those not yet surveyed in a sense do not have formed attitudes and beliefs – it is an artefact of the interview itself!

5.) Theory -> Theory

The interrelations among theories and ideas have been discussed under the section on the nature of theory. Here we emphasise that ideas do not exist in isolation from other ideas. They are brought together in theories, presumably with some underlying logic that connects them, that is independent to some extent of those who hold the ideas (Welch and Wilkinson 2000). But ideas also come together in peoples' minds, in the form of their everyday theories or schema, and are interlinked with the ideas of others with whom they interact (Carley 2000). In this way social system, cultures and subcultures of like-minded people emerge, including in scientific community. Kuhn's (1962) concept of paradigms

and Lakatos (1970) research programs mentioned above, are systems of interrelated ideas comprising of a particular theoretical perspective. This includes ideas about the world as well as about ways of knowing and observing the world and what these observations mean. These ideas are held by groups of scientists working under a particular paradigm or in a particular research program. Of course, there will be variations among scientists as to the detail of their beliefs. The ideas of such a group will manifest in the way they do science, the methods they employ, the types of scientific papers they write and accept and the journals and conferences they use as outlets for their research.

In marketing, writers such as Arndt (1985) have commented on the dominance of the empiricist tradition in "mainstream" marketing and how this shapes the papers published and research undertaken. The debate about scientific methods in the 80s and 90s revealed at least two schools of thought – the realists and the relativists. Attempts have also been made to describe the different paradigms that underlie approaches to marketing theory or part thereof e.g. Carman 1980, Dixon and Wilkinson 1989. The dominance of the management metaphor in modern marketing research and the focus on the "channel captain" is another orientation that has been commented on e.g. Arndt, 1985; Tucker, 1974.

Ideas and theories are related also to other ideas in the ferment of scientific debate. Theories and ideas compete both in terms of their explanations of reality as revealed by scientific testing and analysis as well as in the arena of scientific debate. In the journals and at conferences and even on the public stage, theories compete for attention and acknowledgement (Davis, 1971). This is more than an impassioned debate of scientific niceties but is also a social process in which people and programs are championed and the scientific community reaches consensus or divides about which theories and ideas to uphold at any given time and place. As a result some theories and ideas are abandoned forever, not simply because they have been refuted by observations, but because they lack support from the scientific community. Alchemy and astrology are removed from proper scientific debate. Other theories and approaches can lie dormant for considerable periods of time or remain championed in some quarter of the scientific community, only to be rediscovered at a later date when new methods or discoveries give them new life. The recent upsurge in work on complexity, non-linear dynamics and agent based simulations, of which chaos is a part, is an example of ideas that have been around for some time but that have been unable to be followed until computers became more widely used.

6.) Reality -> Reality

Following on from the previous comments we have to understand that science itself is part of the reality we seek to understand and is itself a special kind of social institution. We have defined reality² to be the reality that includes science and scientific endeavours as a part of it. Science progresses (we hope) through scientific methods, the comparing of our ideas against our observations, and through the social process of interaction and debate among scientists. But science also affects other parts of reality – the way we view our world and respond to it. The pursuit of science can have positive and negative spill over effects. One result of interplanetary travel, a result of the pursuit of science, has been to increase our sensitivity to the earth's environment – to spaceship earth. The way animals may be used for the purposes of science has called forth social action. Scientists, in general, are held in high regard in society to the extent that their views on anything may be given more credence than others, even if they are talking outside their domain of expertise. Of course within the scientific community there is also a pecking order with physicists apparently still at the top!

Science is reality and has its own rules of behaviour that we seek to understand. The study of scientific method is partly an attempt to study how science works but it is also a normative theory of how science should work. Science as noted is a social institution with certain patterns and rules of behaviour that have emerged over time. We who are scientists are aware of the rules that shape our everyday behaviour - how universities enable and constrain our research and other activities, how our particular research community values some modes of thought and research more than others, how sometimes science is hoodwinked by bogus science (deliberately or not) e.g. Andreski 1972, Mills 1959, Sokal and Bricmont 1999.

7.) Theory -> Action

Scientific theory informs action, not only scientific action but the action of others, which we may call applied science or technology. But it is not only scientific theory that informs action. All action is informed by theory - our theories in use (Zaltman et al 1982, Schon 1983) - or what we have referred to as schema. Scientific method is a theory of scientific action which is both normative (prescriptive) and positive (descriptive). Our measurement and sampling theories guide the way we make observations to test our substantive theories. And in everyday life our everyday theories in use, be we a manager, buyer, seller or consumer, shape our actions. Some times our theories in use are informed by scientific theories - those we learned at school or during our MBA. We each operate in our own world of truth, which is updated through experience and interaction with others.

8.) Action -> Reality

The application of science in industry and society has transformed our world and our views of it. The dominant machine of the age tends to be a metaphor for understanding everything else - it used to be the steam engine, then the telephone network now the computer.

The material culture of the world, the world of man-made objects, of technology, has transformed the way we work, act, interact and think and thereby changed the reality of the social and economic systems we seek to understand. Management in part behaves the way it does because it has been taught to behave that way in business school. In the process we subtly change the very nature of the marketing system and practices we seek to understand and perhaps try to control. We may interpret these impacts and changes as positive and negative. The progress of science has brought forth great boons to mankind in the form of control of many diseases, the prolongation of life and the enrichment of life's possibilities. It has also damaged parts of the environment, undermined traditional cultures and ways of life, and excluded some from the mainstream. This is a necessary part of science that is reflected in scientists and others concerned about ethics in science. The development and use of the atomic bomb is a clear example of the dilemmas involved.

In social and business sciences the problems are no less severe and difficult. Through our development of theories about the way the marketing system operates we can help improve firms' performance and the quality of material life in the form of valued goods and services. But to the extent marketing theories serve some sections of the community more than others and conflicts of interest arise, ethical issues emerge. Nothing is going to change this but being aware of these issues allows us to address them more explicitly and hopefully handle them better.

COMPARING ITALIAN AND CANADIAN FARMERS' MARKETS - A STORY OF THE TRADITIONAL, MODERN, AND POSTMODERN:

This study examines farmers' market in two countries – Italy and Canada – to illustrate the role of culture. Farmers' markets are central in Italy, and this can be seen in the history, geographic location, and variety offered. Meanwhile, Canada shows a limited embracement of farmers' markets, primarily as a post modern alternative.

Where people buy their food is in a state of flux internationally (Reardon & Timmer, 2007). Having already established a 90% share of the food market in the United States and Canada, supermarkets are rapidly becoming the principle source of food for people around the world. In Europe supermarket penetration is just above 50% (Traill, 2006). While not yet achieving a majority share of the food supply in the rest of the world, incredible growth is currently occurring in supermarket share including central and eastern Europe (Dries, Reardon & Swinne, 2004) and Africa, Asia, and Latin America (Reardon, Timmer, Barrett, & Bergegue (2003). As a result, projections are that supermarkets will be the primary source of food for the world by 2015 (Traill, 2006).

Evidence suggests that some of this change is driven by modernization such as the increasing employment of women outside the house and the increasing availability of refrigeration (Traill, 2006). As a result of these and other demographic trends, supermarkets and hypermarkets are growing phenomenally, and our food consumption patterns are also changing. One change occurring as a cause or result of the change in marketing channels from traditional farmers' markets (in Asia these are often referred to as "wet markets") to supermarkets also often is a change from buying food on a daily basis to weekly food shopping. This represents a change from the traditional to the modern (Goldman, Krider & Ramaswai, 1999). Yet there are cultural factors that appear to have slowed the transition from farmers' markets to supermarkets in many countries. There are several locations where supermarkets do not appear to be making significant inroads. Two such locations are Hong Kong (Goldman et al, 1999) and Vietnam (Maruyama and Trung, 2007). In these places food purchasing follows long-standing traditions including a cultural orientation toward freshness. This is one of the most difficult barriers for supermarkets to counter (Goldman et al 1999; Maruyama and Trung, 2007). For consumers, freshness requires regular trips to the local wet market, especially for fish, meat, vegetables and fruit (Goldman et al 1999), and therefore is limited by employment patterns, as in Vietnam, or the presence of domestic help, a more common occurrence in Hong Kong. These countries are holding strongly to the traditional.

Interestingly, there is also some evidence of a backlash against supermarkets in many developed countries with large supermarket penetration. This trend can be seen in Ireland (Moore, 2006), New Zealand (Guthrie, Guthrie, Lawson & Cameron, 2006), the UK (Bentley, Hallsworth & Bryan, 2003; Jones Comfort & Hillier, 2004; Kirwan, 2004) and the United States (Brown, 2001). In these cases the alternative that is most typically touted is a return to a more traditional outlet -- farmers' markets (Anonymous, 2005; Eller, 2002; Halweil, 2002; Newbury & Phelps, 2005; Tudge, 2004). Farmers' markets are not new, of course. They are often identified as the historical start of "markets" and "marketing" (Blackman, 1962; King, 1913). Since that time farmers' markets are often shown to spontaneously develop as a region or country reaches maturity (Park, 1981; Scott, 1972). Some research has traced the role of farmers' markets in the development of a region or country (Akram-Lodhi, 2001). Therefore, they are generally seen as an aspect of traditional culture.

More recently, farmers' markets are often suggested as a postmodern or subaltern alternative to big business (Kirwin, 2004). They are also often identified as a means to shorten the supply chain, often with the desired effect of fresher produce through reduced transportation, and, as a result, energy savings (Bentley et al., 2003; Wallgren, 2006) and, sometimes, cost savings (Sommer, Wing & Aitkens, 1980). Farmers' markets have also been proposed as a means to increase the availability of organic food products (Aguirre, 2007). This approach, therefore, is an interesting postmodern phenomenon. In some cases the growth of farmers' markets has been spurred by government sponsorship as occurred in the United States when Congress passed Public Law 49-463, the Farmer-to-Consumer Direct Marketing Act of 1976. Evidence suggests this led to a four or five-fold increase in farmers' markets (Brown, 2001). Other government entities, such as the Birmingham (UK) city council, have also been instrumental in establishing farmers' markets (Bentley et al, 2003).

This study examines the role of the farmers' market in two countries – Italy and Canada – to illustrate the role of culture in the transformations of our food supply. The underlying reasons for the differences between Italy and Canada are varied. Overall, Italy demonstrates a more traditional culture with an unusual resilience in the continued use of traditional farmers' markets, much more than would be expected by demographic changes occurring there. Canada, meanwhile, used traditional farmers' markets in the 1800s but as the west was settled people became more self-reliant and visited the mercantile once a week. The mercantile was generally replaced by modern supermarkets in the mid 20th century. There has been very limited increase in farmers' markets recently. So Canada demonstrates a supermarket-reliant society with not only a limited penetration of farmers' markets, but a lower rate of increase than in other industrialized countries around the world. After a brief review of concepts and predictions, photographs and other visualizations were used to examine the differences between farmers' markets in these two cultures.

I propose that the main cultural reason for the persistence of farmers' markets in Italy, and their lack of penetration in Canada, is the centrality of food to these cultures and the value of freshness. This thesis is examined below. Previous research has suggested that freshness is an important cultural value in Hong Kong and Vietnam (Goldman et al, 1999; Maruyama & Trung, 2006). It is perhaps a bit of a cultural stereotype to say that Italians are also obsessed with food. But in the west, the importance of fresh food to a culture may not be any more discrepant than Italy and Canada.

One piece of evidence of the importance of culture in food selection can be seen in the historical data on people's sources of food in 1944 (Howe, 1946). Analysis of the data reveals that Canadians received only an estimated 80 calories a day from fruits and 34 from vegetables, significantly lower than most cultures and lower than their neighbours in the US (134 and 58 calories, respectively; data on Italian fruit and vegetable consumption was not available in 1944). Meanwhile, meat and dairy consumption in Italy was closer to their middle European counterparts of Greece, Romania, Bulgaria, Hungary, Poland and Russia (100-400 calories) than that of Canada and the United States (700-900 calories). By 1961, evidence shows that Italians consumed more fruit and vegetables than their counterparts in the US (which was shown in 1944 to be higher than Canada), and the differences were disappearing (Zizza & Geggior, 1999). There is also evidence that the Italian diet remains primarily plant centered (Turrini & Lombardi-Boccia, 2002).

Another piece of evidence of the importance of freshness can be seen in a study of the cultural assimilation of Italians in Canada (Laroche, Kim, & Tomiuk, 1999). The study found that ethnic identity was positively related to the consumption of traditional Italian foods, and negatively related to the consumption of convenience and frozen foods. Therefore, as Italians adapted to Canada they found themselves eating fewer fresh and more frozen foods. The following study will show that the location of farmers' markets clearly supports the centrality of food and freshness that is seen in traditional farmers' markets. This can be seen in their history, their locations, and their cultural importance.

Methods

Some previous research has used ethnographic methods to study farmers' markets (McGrath et al, 1993). A photo-essay has also been used to both study and demonstrate some of these ethnographic observations (Heisley, McGrath & Sherry, 1991). In this study, a combination of grounded theory and an ethnographic photo-essay were used. The grounded theory required that previous research on farmers' markets was read and digested before moving on to the photographic venture. Next, a sample of farmers' markets in Italy and Canada were examined using a combination of historical research, observations and photographs to compare possible reasons for the staying power of farmers' markets in Italy and the limited acceptance of farmers' markets in Canada.

Findings

The markets in Italy have a long history. The Rialto market in Venice, for example, goes back more than 800 years. "The history of the Rialto... began in 1181... Located on the eastern bank of the canal, the Rialto market was one of the main centres for trade in the city..." (Destination 360, 2007). Not only has it existed for a long time, it is and has been the major commercial centre of the city. "Descending the Rialto Bridge, we enter the Rialto market district. In the mornings the place is thronged with locals who get there to buy fresh vegetables, fish, meat and cheese into the numerous shops. Rialto was the commercial centre of Venice for much of its history" (Travel Library, 2007). Because Canada only settled in the 1800s, it is not possible for the Canadian farmers' markets to have that long a history. By some counts, though, probably as a result of its European roots, Canada was quick to embrace the farmers' market. It is said that the city of Guelph Ontario, started with a plan for a city market in 1927 (guelphfarmersmarket.com, 2007). Alberta farmers' markets can only be traced to the late 1960s or early 1970s (Edmonton Journal, 2005); before that it is believed that people generally went directly to the producers.

Another indication of the importance of farmers' markets in Italy can be seen in their locations. Italian farmers' markets are located in the core of the city – in Florence, Panzano, San Gimignano, and Venice the markets are located in the very centre of the town (perhaps clearly illustrated verbally by the name of Florence's "Central Market"). In Canada, meanwhile, the older markets are located in the city centre, but the newer markets are located away from the centre. So the location of farmers' markets clearly also supports the centrality of farmers' markets in Italy and in older Canadian cities and culture. The centrality can be seen in the location of the weekly market in Panzano in Chianti. The market is located right at the centre of the town, and even along the main highway. Similar centrality can be seen in Florence, San Gimignano, and Venice markets.

In Canada, meanwhile, the location of the farmers' market shows how its importance has changed over time. For older cities, like their European counterparts, the farmers' market was located in the centre of the town. But in many newer cities and towns, such as the prairie towns out west, the farmers' market

is located away from the city centre. This can be seen in the location of the Calgary and Lethbridge farmers' markets. The market is located in the Exposition grounds in an industrial tract on the edge of town. It is not located near any major arteries, either. Photographs also illustrate the centrality of the markets to the culture. The Rialto market in Venice, an incredible location along the Grand Canal, demonstrates its centrality and also helps to enhance the aesthetics of the market. The newer Canadian farmers' markets, meanwhile, aren't nearly as convenient (a car ride away), as aesthetic, as seasonal (it offers almost the same selection in May or August), or as fresh (the supply chain is considerably longer). In Canada, the remoteness of the farmers' market and the lack of aesthetics can also be seen in the local farmers' market parking lot. Although Canadians are indeed car-reliant, the remoteness of the location is apparent. In addition, the market is held indoors, lessening further the vitality of the experience and the look of the food.

These differences in values and focus result in very real differences in the availability of fresh fruit and vegetables. In Italian towns, these markets have a large and impressive selection of fresh produce and other products that are readily available. Even local Italian grocery stores offer an impressive selection. The superiority of the food supply even holds true when comparing towns of comparable size (as in Florence and Venice versus Calgary, or Panzano and San Gimignano versus Lethbridge). As a result, the selection offered to Canadian customers is inherently inferior. Because of the more limited selection of fresh fruits and vegetables as well as the greater importance of fast and frozen foods in their diet (Laroche, 1999), the Canadian farmers' markets also less central because they supply a lower proportion of the food supply¹.

Discussion

An important aspect of farmers' markets is their historical centrality as a source of food. In this study the centrality of the traditional markets can be seen in the history, geographic location, and cultural importance of farmers' markets. Italian markets are older and are an important institution in their towns, some serving as the basis of the town's development and the importance of these markets has remained over the years. In Canada, some of the older towns show a long history of farmers' markets, some as old as the town itself, but in the newer prairie towns the farmers' market is often a recent addition to the retail front. This is not just a Canadian phenomenon, however. Because traditional markets are disappearing from other countries that have traditionally relied on them as a food source, this is not exclusively an issue related to the towns examined in this study, or in Canada in general.

Another important aspect of the centrality of farmers' markets is measured by the percentage of food supplied by farmers' markets. The greater selection of foods at farmers' markets, especially in light of typical food choices (Turrini & Lombardi-Boccia, 2002), means that Italians can often rely on traditional farmers' markets as their primary food supply. In Canada, however, the limited selection of foods compared to what people eat means that farmers' markets are inherently an "alternative" or subalternative approach to the food supply. Yet this niche market is nicely adaptive by supplying a good deal of "organic" and "locally produced" foods, thus filling a niche in our postmodern world (Aguirre, 2007; Bentley et al, 2003; Guthrie et al, 2006; Kirwin, 2004; Wallgren, 2006). The results of this research support the notion of cultural factors in food consumption (e.g., Goldman et al, 1999; Laroche et al., 1999), and may explain some of the variability in the role of supermarkets and their spread around the world (Traill, 2006).

Conclusions

I have portrayed science as a social process that seeks to better understand the way the world in which we exist behaves and, thereby, to provide a better basis for action and intervention in the world. We have identified a number of central components of this process and, through our discussion of these components and the ways they interact, we have revealed the many issues that challenge science and scientists in their pursuit of knowledge. No work of science can ever be perfect in that it has no errors or achieves everything it was planned to do. We can do better or worse science and there is bad science. But there is not only one way to advance our understanding, one scientific method, but many forms of science with valid roles to play. This plurality of science is, we believe, healthy and reflects the many different issues confronting our pursuit of knowledge and the way they are handled. We do not believe in simple taxonomies of approaches to science. Instead we see scientists as problem solvers who seek to advance our knowledge in various ways by overcoming and handling the many issues discussed in this paper.

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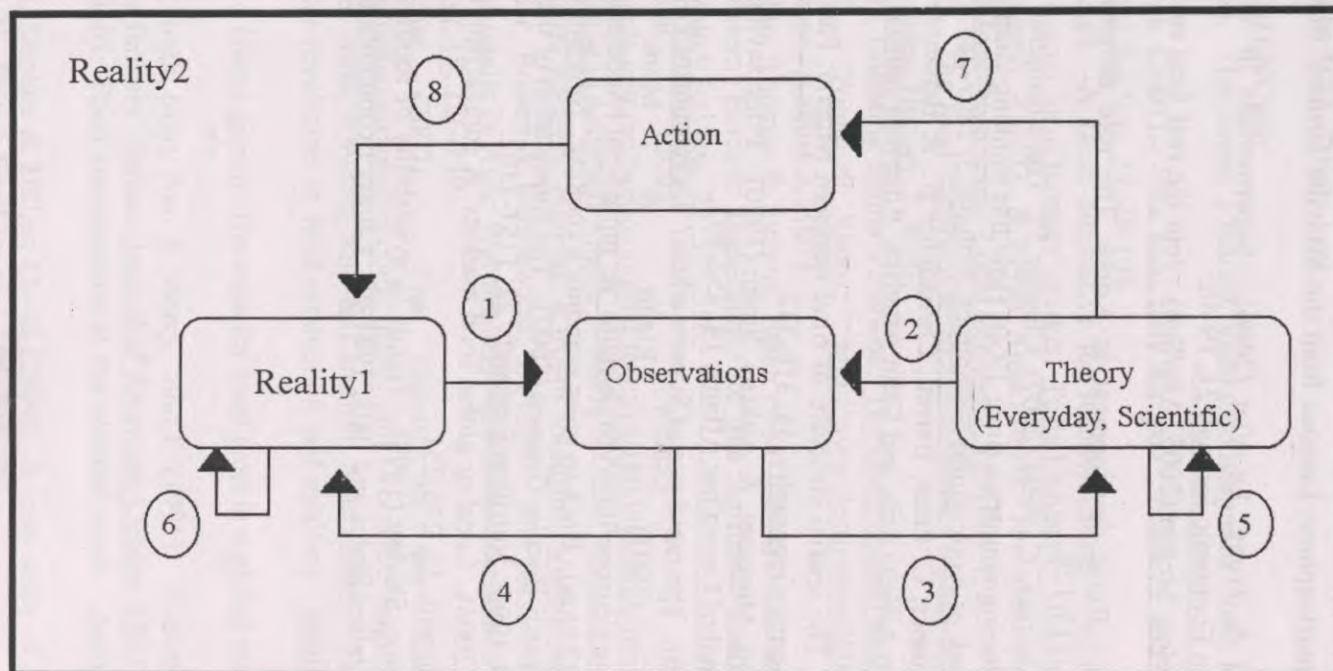
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Figure 1 A Process Model of Scientific Method



SELF HELP GROUPS

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There is no gain in saying that credit is the most essential input for economic development. Its timely availability in the right quantity and at reasonable interest goes a long way in providing gainful economic activities in farm and non-farm sectors particularly for asset less poor.

The government of India, since independence, has been making concerted efforts in this direction viz nationalization of existing private commercial banks, massive expansion of branch networks in rural area, mandatory directed credit to priority sectors of the economy, subsidized rates, interest rates and creation of new set of rural banks at district level and an apex bank for agriculture and rural development (NABARD) at the national level. But the institutional structure was not profitable in rural lending and serving the needs of the poor. It shows that the banking structure has created "quantitative growth but is not able to achieve qualitative development.

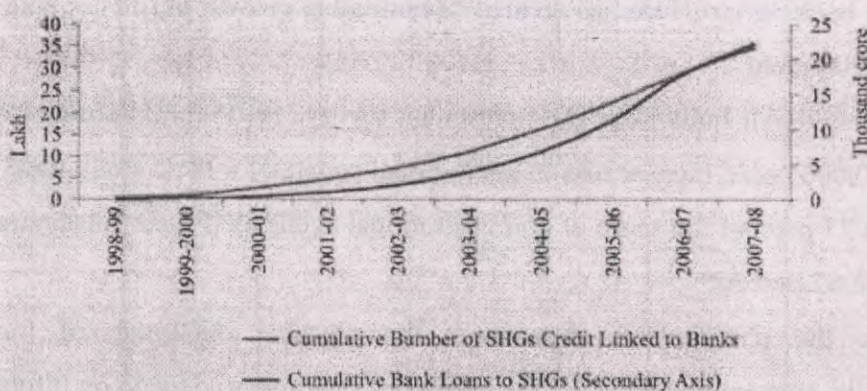
According to All India Debt and Investment survey (1991) rural households with asset less than Rs 20,000 could have access to institutional sources for their credit need only to the extent of 35 to 37 percent the share of non institutional agencies if their outstanding debt was as high as 52 to 62 percent

Despite the phenomenal increase in the physical outstretch of formal credit institutions in the past several decades, the rural poor continue to depend on informal sources of credit like moneylenders/landlords

To change this picture an innovative scheme SHGs was launched in late 1990s as a flagship program by NABARD and aptly supported by the RBI through its policy support. The program envisages the organization of rural poor into SHGs for building their capacities to manage their own finance and then negotiate bank credit on commercial terms. The poor are encouraged to voluntarily come together to save small amounts regularly and extend micro loans among themselves. Once the group attains the required maturity of handling large resources the bank credit follows.

The SHG-Bank linkage model is the indigenous model of micro-credit evolved in India and has been widely acclaimed as a successful model. SHG-Bank linkage program is considered a promising approach to reach the poor and has since its inception made rapid strides exhibiting considerable democratic functioning and group dynamism. The SHG-Bank linkage model was introduced in 1991-92 with a pilot project of linking 500 SHGs with banks. This figure has gone up to more than 34 lakh by the end of March 2008. Cumulatively, these SHGs have accessed credit of Rs. 22,268 crores from banks during the period. About 4.1 crore poor households have gained access to the formal banking system through the program. During the last nine years the number of SHGs linked to banks has gone up from 32,995 during 1998-99 to 34, 77,965 during 2007-08. This shows an impressive 68 per cent compound annual growth rate. The compound annual growth rate for the cumulative bank loan to SHGs is even more impressive at 94 per cent, i.e., close to doubling each year. The faster growth in bank loans to SHGs has led to almost a four-fold increase in the average loans per SHG from Rs. 16,816 in 1999-2000 to Rs. 63,926 in 2007-08. These figures reflect the outstanding success of the programme (Chart 4).

Chart 4: Growth of the SHG-Bank linkage Programme



1

Spatial Disparity in the SHG-Bank linkage Program

Notwithstanding the remarkable progress, geographically there has been a skewed development of SHG-Bank linkage program in India. There is wide regional disparity both in terms of the spread of SHGs linked to banks and cumulative bank loans disbursed under the program. In March 2008, while the Southern Region accounted for 48.2 per cent of the total SHGs, the share of North- Eastern Region was just 3.4 per cent (Table 1). In terms of share in

the total bank loans to SHGs, the region-wise differential gets further magnified.

Table 1: Region-wise Progress of SHG-Bank Linkage Programme

Share (%) in Total

Regions	No. of SHGs	Loans to SHGs (Rs. crore)	Average Loans per SHG (Rs.)	No. of SHGs	Loans to SHGs	SHGs per Lakh Population
1	2	3	4	5	6	7
Northern	2,30,740	851	36,899	6.6	3.8	156
North Eastern	1,19,520	327	27,364	3.4	1.5	283
Eastern	6,72,626	2,372	35,268	19.3	10.7	274
Central	4,05,707	1,501	36,990	11.7	6.7	142
Western	3,74,561	1,320	35,254	10.8	5.9	229
Southern	16,74,811	15,896	94,915	48.2	71.4	703
All India	34,77,965	22,268	64,027	100.0	100.0	310

Source: NABARD Annual report

While the Southern Region accounted for 71.4 per cent of the total loans to SHGs, the share of North-Eastern Region was just about 1.5 per cent. For all regions excluding Southern Region, even though the share of total SHGs linked to banks was close to 51.8 per cent, their share in total loans to SHGs was only 28.6 per cent implying that adequate credit is not being routed through SHGs in these regions. As the regions vary in geographical area and population, the number of SHGs is normalized by the population of the region and SHG per lakh population has been taken as a better indicator of SHG spread in the respective regions. The number of SHGs per lakh population for the Southern Region is 703, which is more than double the average at all-India (310) and almost five times of the Central Region (142).

The region-wise analysis of SHG-Bank linkage indicates that the initiative met huge success in the Southern Region. The main reasons attributable to the success in the Southern Region are as under -

Attitude of rural people - the strong inclination of the poor to form SHGs for collective welfare, besides their better education level.

Availability of good quality Micro Finance Institutions - MFIs are engaged in numerous developmental work and are running on professional lines. Besides, there are many RRBs, small size MFIs-NGOs and mutual benefit trusts which are engaged in Micro Credit works.

Conducive regulatory framework and Government support.

Government run promotional programs.

Emphasis on channelizing Government assistance through SHGs.

Proactive role of corporate.

In order to bring about comparable success in micro financing in our State, we should explore how to establish all the above attributes into our own framework.

E) FINANCE TO SELF HELP GROUPS (SHGs)

The access to timely and adequate credit and other financial services by the vulnerable and weaker sections of the society at affordable costs is essential for the overall economic development of the society. With this objective in view, SHGs play a very crucial and effective role, and Banks spearhead their efficacies through creditlinkages with them.

NABARD Support to Self help groups

NABARD'S Support for Capacity Building and Loanable Funds

NABARD provides capacity building assistance and financial support to its partners for the promotion and broad basing of micro finance operations.

2.Liquidity Support to Banks for SHG-bank Linkage

The National Bank continued to provide 100 per cent refinance assistance to banks for financing SHGs. As on 31 March 2010, the bank loans outstanding to SHGs aggregated to Rs.280382.80 million, while cumulative refinance availed of by the banks aggregated to Rs.128616.50 million.

3. Financial Support to Partner Agencies

Promotional Grant Assistance to NGOs to function as SHPIs

NGOs already working in the social sector are encouraged to take up SHG promotion as an "add-on" activity.

4. Supporting RRBs as SHPIs

Under this program, the bank staff at the identified branches were provided with specific training in promotion, nurturing and financing of SHGs. This experiment succeeded in grooming RRB staff to form SHGs

5. DCCBs as SHPIs NABARD has therefore formulated a scheme for assisting DCCBs to form, nurture and link self-help groups. NABARD provides grant assistance @ Rs2500/- per SHG to DCCBs for formation and linkage

6. Farmers' Clubs as SHPI .

NABARD has been encouraging informal forums called Farmers' Clubs (FCs) to spread the message of 'Development through Credit' and inculcate the repayment ethics among borrowers.

7. Individual Rural volunteers as SHPIs

In regions of the country, where NGOs are not adequately represented, a special initiative has been launched by NABARD in the year 2003 to rope in socially committed individual volunteers like retired and active school teachers, post masters, village elders, anganwadi workers, members of existing credit linked SHGs etc for formation of self help groups and linking them with banks.

8. Additional "Promotional Grant assistance for hand holding" at a maximum rate of Rs. 500/- per SHG to NGOs, RRBs, DCCBs and UCBs and Rs 300/- per SHG to Farmers Club can be sanctioned separately.

Grant Assistance Extended to various Partners in SHG-Bank Linkage Programme as on 31 March 2011

Table 2(Rs. lakh)

Agency	Sanctions during the Year 2010-11			Cumulative Sanctions up to 31 March 2011			Cumulative Progress up to 31 March 2011		
	No	Amount	No of SHGs	No	Amount	No of SHGs	Amount released	SHGs formed	SHGs linked
Co-	6	112.95	7850	108	739.31	66955	287.22	47203	31454

operative Banks									
RRBs	3	16.00	1350	120	445.44	49335	193.05	55548	36610
NGOs	223	3601.03	69165	2847	12626.84	414338	4471.38	268791	175080
Farmers' Clubs	47	12.62	1085	807	82.43	7628	73.68	17321	9642
IRVs	3	43.92	2440	71.66	728.38	42923	80.97	12208	6749
Total	282	3786.52	81890	3953	14622.40	581179	5106.30	401071	259535

In the above table we can see the actual picture of SHGs of 2011. The number of SHGs has reached upto 58,1179 . &The cumulative sanction has increased upto 14,622.40 lakh but SHGs are not able to use it all, only 5106.30 lakh has been utilized due to lack of upcoming projects.

For the year (2010-11) under review, banks have credit-linked 26,055 SHGs as on 31.03.2011 with Bank-finance of 198.13 crores.

Review of the Bank-wise progress made under the scheme is shown as under:

Table 3.....

SHG Financing

(Under NABARD regular scheme)

(Amount in Crores)		
Year	Linkage of New Groups	Bank Finance
During 2005-06	18,206	31.20
During 2006-07	26,517	82.54
During 2007-08	49,738	240.99
During 2008-09	25,696	211.44
During 2009-10	30,241	295.05
During 2010-11	26,055	198.13

Source: NABARD Annual report

This table 3, shows that Linkage of new groups has been increasing rapidly from 18206 (2005-2006) up to 40738 in (2007-2008). In 2008-2009 bank credit is linked with a

number of SHGs which have decreased to 25,696 but bank finance did not decrease in the same manner. Again in 2009 to 2011 there was fluctuation in the number of groups linkage and finance. This shows fluctuating growth of SHGs.

Drawbacks of Self Help Groups

- After referring to the secondary data one finds following drawbacks in Self Help Groups. Forming SHGs without assessing the affinity among the members.
- Diversion of funds for non economic goals. Ex – Organizing large gathering with a political agenda. In – effective performance assessment.
- Too much emphasis in attaining the targets in terms of number of SHGs and not for quality of SHGs. Formation of SHGs for the sole purpose of receiving grants, not for the development of members.
- Lack of transparency and record keeping.
- Unhealthy competition among states to claim highest number.
- Lack of focus on training members.
- Some banks show less interest in adopting linkage wholeheartedly, so there is restriction in development of SHGS.
- There is no mix market or place where product produced by SHGs is sold. It creates uncertainty in members for increasing production.
- In many SHGs all members are not actively involved, only a few members take charge of the whole group and take all the decisions which is not healthy for the development.

Recommendations

- * Proper training should be provided before forming the SHGs.
- * Authorized funds should be strictly used for economic development of the group.
- * Government need to lay emphasis on improving the quality of present SHGs before permitting The formation of new SHGs.
- * A proper record maintaining schedule should be provided by the government to bring transparency
- And uniformity in record keeping of Self Help Groups.
- * Every bank should give a target regarding linkage with SHGs.
- * Government should organize a fixed market place and minimum and maximum price level for

goods and services provided by SHGs to encourage the members for better production.

* There should be compulsion among all the members for active participation in SHGs daily activities, in the absence of which the membership should be terminated.

* Strong and effective management should be formed.

CONCLUSION

Self Help Group has gained a lot of significance and momentum in the last decade. The program has generally targeted poor women, by providing access to financial services only through women making women responsible for loans, ensuring repayment through women maintaining saving account for women providing insurance coverage through women micro finance programs sending a strong message to households as well as communities.

Microfinance is one of the effective tools to help the poor people. In order to further strengthen the role of these institutions in rural finance, there is a need for development of more effective management information system, more focus on training & capacity of SHG's members so that the quality will also increase the quantity and India will march towards being a developed nation.

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OPTIMAL MANAGEMENT OF FUNDS

-(In context to Investment Decisions)

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An Introduction

Financial management basically deals with each and every thing related to finance. Main function of the financial manager is to increase the value of shareholders funds. Investing decisions are only concerned about the one side of finance, which is parking idle funds and investments in projects. On the other hand financing decisions have a broader area; this also includes the generation of funds. In short we can say that financing decisions starts from the planning or generations of funds to parking or investment of funds or even reinvestment of funds. These decisions regarding investment help in the following ways:

- Accurately valuate and safeguard the assets of a company.
- Identify existing and potential liabilities of the company.
- Promote and participate in projects focused on the optimization of the company's growth, its productivity.

Modern business defines financial management as a process of procurement of funds and utilization of funds. Procurement of Funds means each source has different risk, cost and control, Identification of finance sources, cultivating sources of funds and raising them, determining the finance mix and allocation of profits between dividend and retentions. Utilization of funds means effective utilization of funds, investments not affecting the financial solvency. Optimal management of funds should provide help for the soundness of the fund as well as is an impact factor for the increase in profits.

Functions of finance manager encompasses his job role and decisions taken (investing, financing & dividend distribution) are the scope of the financial management or we can even refer to them as subject matter of financial management. So, optimum management of the finances of a business or organization is

required in order to achieve financial objectives and for growth purposes. Taking a commercial business as the most common organizational structure, the key objectives of financial management would be to:

- Create wealth for the business,
- Generate cash,
- Provide an adequate return on investment bearing in mind the risks that the business is taking and the resources invested.

There are three key elements to the process of financial management:

- (1) Financial Planning
- (2) Financial Control
- (3) Financial Decision-making

Functions of Finance Manager:

The main objective of the Finance Manager is to manage funds in such a way so as to ensure their optimum utilization and their procurement in a manner that the risk, cost and control considerations are properly balanced in a given situation. For achieving this objective the finance manager performs the following functions in the following areas:-

Forecasting and Planning:

It involves the need to estimate/forecast the requirement of funds for both the short term (working capital requirements) and long term purpose (capital investments). Forecasting the requirement of funds involves the use of budgetary control and long-range planning.

Financing Decision:

It helps to decide the capital structure of the company and sources of raising these funds from loans/borrowings or from internal sources (share capital). The objectives of raising sufficient long term funds are to finance fixed assets and other long term investments and also to provide for the need of working capital.

Investment Decision:

Investment decisions are related with the usage of various capital budgeting tools like Payback method, accounting rate of return, internal rate of return, net present value. Asset management policies are to be laid down regarding the various items of current assets like accounts receivable by coordinating with the sales personnel and inventory with production.

Dividend Decision:

Dividend decisions are related with earnings trends, share market price trends, fund requirement for future growth, cash flow situation and others. The finance manager has to take decisions with regards to the net profit distribution. Net profits are generally divided into two:

- (a) Dividend for shareholders- Dividend and the rate of it has to be decided.
- (b) Retained profits- Amount of retained profits have to be finalized which will depend upon expansion and diversification plans of the enterprise.

Financial negotiation and Cash Management:

Financial Negotiation plays a very important role in carrying out negotiations with the various financial institutions, banks and public depositors for raising funds on favorable terms. The finance manager needs to ensure the supply of adequate, timely and cheap funds to the various parts of the organization so that there is no excessive cash idling around. So these aspects should be taken care of.

Evaluating financial performance:

Evaluation is done for constantly reviewing the financial performance of the various units of the organization, generally in terms of ROI (return on investment). Such a review assists management in seeing whether the funds have been optimally utilized in the various divisions and the various steps which can be taken for further improvement in future. So this constitutes an important part to be taken care of.

Dealing with relevant parties in the Financial Market:

Where the company is a listed entity, it needs to interact with the Stock Exchange to deal with money markets and capital markets for financing or investment of idling funds, and to foster relationships with bankers, investors, underwriters of equity and bond issuances and other government regulatory bodies.

Effective and optimum Financial Management- Case study

Overview: This topic examines how to improve cash flow and profit, analyses, break-even charts and their use, considers how changes in price and costs can affect the break-even point and examines the different internal and external sources of finance that are available to businesses to finance growth.

Skillen's is a small chain of indoor play zones. Typically, it leases a building on an industrial estate and fits it out with an indoor play area aimed at 3-11 year olds. It is popular with parents giving birthday parties for their children and for somewhere to go during the school holidays or at a weekend. There is a small bar and kitchen area in each outlet for the sale of tea, coffee and soft drinks to parents and children. Party food is also prepared and served, mainly for birthday parties. The company has firm policies about payment designed to maximise cash inflows and minimise cash outflows. Parents booking parties have to pay a 20 per cent deposit on booking and then pay the balance a week in advance. Parents who bring their children individually pay at the door. Sometimes, a local business will book a party. Skillen's treats them like any other customers and does not give any credit. On the other hand, it has an unwritten policy of paying as many invoices as late as possible. It knows which suppliers put pressure to pay roughly on time and which suppliers are very lax in chasing up invoices.

Management at Skillen's knows that maximising cash inflows is important key to maximising profit. The manager of each outlet is expected to keep the outlet as busy as possible. For example, parents of children coming to birthday parties are given money off vouchers if they come with their children as individuals. Parents can buy season tickets. Less popular evenings are promoted in local newspapers with low entry prices. With high fixed costs, getting as much revenue as possible through flexible pricing is essential.

The main cost that can be varied is the labour cost. Most of the workers in the outlets are employed on a minimum wage. They tend to be young girls or working mothers. Many are casually employed. It is up to the manager to have a minimum level of staffing needed at any time in order to minimise cost. So the manager has to call in casual staff as and when they are needed. This has its disadvantages. Managers of outlets complain they spend too much time sorting out staffing. Casual workers also often lack training and commitment. This can lead to customers getting less than satisfactory service.

When considering whether to open a new outlet, management prepares a business plan including break-even analysis. The rent on industrial units differs in different locations. So too does a variety of other costs. This affects the break-even point and the margin of safety. New outlets are expected to reach breakeven point within six months. If they are not showing a profit after a year, they are closed down. Closing down a poorly performing outlet has only happened once fortunately. It was a reminder that choosing a good location is also important for success.

The business was initially financed from a mix of bank loans and equity (share capital) put in by the two founders of the business. These two shareholders want to keep control of the company and so would not contemplate issuing new shares to raise finance for expansion. The company is now heavily reliant on retained profit to finance the opening of new outlets. Bank borrowing is kept to a minimum in an effort to minimise risk to the business.

This case study answers some of following questions like how does Skillen's maximise cash inflows, why does employing casual staff help minimise costs for the business, how do promotions and special offers help increase profit, why does Skillen's use break-even analysis when considering whether or not to open a new outlet and what internal and external sources of finance are used by this business?

Conclusion and Recommendations:

Financial Management involves critical management of funds. *This implies optimizing monetary resources to meet with unavoidable risk cover and expenses.* The management of finance is crucial to personal and business welfare. Financial management means putting together the economic resources at hand to make efficient use of them and taking decisions that can successfully culminate in acquiring more assets for the family or business. With effective financial management you can even attract finance to meet the short term and long term requirements of the family or firm. The whole process is intense and deals with the selection of specific or a combination of assets to deal with various financial issues. The aim of financial management is to reduce the size of a problem and ensure fiscal growth of the enterprise or family funds but with their optimal usage this growth can be achieved.

Effective financial management involves the optimum use of funds issued via equity, especially in the case of a business. This source is the best from risk point of view, since there is no involvement of any repayment. Financial management of business funds should ideally capitalize on equity capital, in spite of it being the most expensive source of funds. Effective financial management involves calculation of risk, cost and control and maintaining the cost of funds at minimum. This is done with the intent of establishing a proper balance between the involved risk and optimized control.

In the competitive business world today, optimum utilization and mobilization of funds are very important. The implications play a very significant role in the overall growth of the venture. Financial management involves the raising of funds through the domestic and foreign market. When considering overseas solutions, direct investments and foreign institutional investments are major resources to tap, to raise the required funds. The whole financial management mechanism designed for effective procurement

of funds has to be periodically reviewed and modified, understanding the changing requirements of foreign investors.

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Customer Relationship Management of Commercial Banks in Bangladesh with special reference to automation process: An Analysis

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Introduction

After thirty-seven years of banking operations in Bangladesh, changes in the management process and style are not remarkable. Both public and private local banks should take steps for long-range planning as well as implementing the plan. Though private banks have been operating in Bangladesh since 1983, competition among the nationalized banking sector and private banks has not yet been achieved. Rather to a great extent, their businesses are oligopolistic in nature. Local commercial banks, especially nationalized commercial banks, should try to accelerate the process of technological improvement as this may create the opportunity to prepare for the challenges of globalization. In the banking sector of Bangladesh, the nationalized sector is dominant with around 55-60% of the total volume of banking business. Local banks are relatively inefficient compared to foreign banks in respect to the use of technology-qualified labour and also modern facilities. Geographical location is also important. Banks with remote branches of different banks should consider relocation; installation of modern facilities and innovative banking practices should be preferred. Scheduled banks credit programs are high cost, anti-rural biased and bank staff is unwilling to serve in rural areas. Systems should be introduced to meet the credit needs of, amongst others, small and marginal farmers, distressed women and landless labourers. The client often has a preference for quality bank services, of the bank, with competitive product prices. Banks should be careful to recognize the empowerment of the client and they should cautiously determine the price of the product. In the interests of customer relationship management, borrowers and depositors of the bank should be dealt with, in a courteous and discreet manner, and bank management should study the needs of clients to better improve the quality of services offered. Continuous research on client demand should be undertaken.

Local banks may concentrate on domestic business, but the most dynamic growth and the best opportunities are in worldwide operations. Today our local banks have to face the challenge of globalization, management and control system, and also domestic threats from competitors as well as customers who are in need of quality services twenty-four hours a day. In a small country like Bangladesh, the total number of scheduled banks is fifty-two. CAMEL rating is used in the country, as an indicator to ascertain a bank's position. On the basis of CAMEL rating, corporate or strategic alliance among problematic banks of the country can be undertaken. To safeguard national interest, banks should arrange for checking and preventing money-laundering process so that opportunities for misappropriation of foreign exchange funds can be reduced.

The country's banking sector should adopt new initiatives in view of keeping pace with the change in the global scenario. Banks should create new products; consider reaching out to their customers and developing their bank-marketing divisions through continuous research and development programs. On the basis of research, new products may be developed to meet the demands of clients. The economy should advocate for new opportunities to create an innovative technological development of a market system through increasing efficiency and also channeling saving-investment and reducing transaction costs. Electronic business creates tremendous opportunities in the global business trend.

The Government of Bangladesh can play a bigger role in terms of improvement of the telecommunications sector, overall socio-economic infrastructure of the country, and user confidence against fraud. At the same time, private initiatives are necessary to have alternative strategies for the development of the infrastructure. Inefficiency and corruption of both national and private banking sectors should be tackled to create an efficient market and to avoid monopolies from developing. Competition between nationalized and private banks is necessary. Privatization of nationalized banks is not likely to be an effective solution. Rather, a change in the bank management and operational style is required. Merger and acquisition are normal phenomena in developed countries. Acquisition and merger rules and regulations of the banking sector should be well-defined. A long-term strategy is required so that banks can finance both the agricultural and industrial sectors.

Customer relationship management (CRM) of a bank is to set strategies, processes, metrics, organizational, cultural and technological solutions in the banking sector so that the organization can improve its efficiency through providing better customer services. Recently CRM has taken a center stage in the business world with businesses concentrating on saving money and increasing profits by re-engineering internal processes and procedures. It costs a company dramatically less to retain and grow an existing client, than it does to court new ones. The aim of CRM is optimize the use of technology and human resources for business. Technology is now an essential part of CRM. Technology used for CRM should be tailored to the type of consumer base of the company and the business goals. Technology such as call center services and software will prove helpful only if they improve the customer services and relation. The objective of CRM is to produce customer equity. Three major drivers of customer equity are value equity, brand equity and relationship equity.

CRM can be very effective in the banking sector. Banks conduct their business using public money. We have seen that relationship marketing implies attracting, maintaining and enhancing customer relationship. It is a strategy to learn more about customer's needs and behavior in order to develop a stronger relationship with them.

The Bangladesh banking industry is moving through a turbulent time. Banks are functioning increasingly under the competitive pressures emanating from within the banking system, from non-banking institutions as well as from the domestic and international capital markets. Thus in order to prosper it has become imperative for banks to focus on developing long-term relationships with their customers. The focus of banks should be to shift their orientation from transaction marketing to cultivation of relationship marketing. A major benefit of building relationships is the retention of customers as acquiring new customer is more costly than retaining existing ones. In the twenty-first century, globalization implies the conversion of all financial markets into an integrated financial market. Customer-banker relation is changing very fast and interpersonal relationships must keep pace and be accompanied by quality.

In this study we aim to compare different banks with respect to their recurring deposit facilities and selected banking practices. The following factors are considered:

- Assessment of customers needs
- Customer expediency
- Banking facilities provided
- Increase in customer revenue

- Transparency in bank charges.

This study attempts to assess the impact of, the globalization process on the banking sector in Bangladesh and highlights the importance of corporate planning of local banks to meet the threats, opportunities, challenges and prospects of the global economy.

Regulation and technological improvements are responsible for the vast majority of innovations in banking over the past quarter century. The introduction of personal computers and the proliferation of ATMs in the 1970s captured bank management's attention in the western world. Bangladesh as a developing nation has lagged behind the technological innovations relevant to the banking sector. Banks of Bangladesh have only recently commenced to develop and implement automated systems for their logistic support. Many continue with the manual systems. Only a few of the private commercial banks and a few branches of nationalized commercial banks have been able to automate their banking system.

Many banks want to invest in ATMs to reduce branch cost since customers prefer to use them instead of a branch to transact business. The financial impact of ATMs is a marginal increase in fee income, substantially offset by the cost of significant increases in the number of customer transactions. The value proposition however, is a significant increase in the intangible item 'customer satisfaction'. This increase translates into improved customer loyalty which results in higher customer retention and growing organization value. Internet banking is a lower-cost delivery channel and a way to increase sales. Internet banking services lies in the increased retention of highly valued customer segments.

CRM has power to help bankers quickly and directly improve customer satisfaction. CRM is an added dimension to ensure that what the customer expects is consistent with what the bank is prepared to deliver. CRM seems to be an approach that is less focused on providing the right services to the customer than attracting customers who are the right fit for what the bank has to offer. Further, the primary value of CRM is its potential as a customer retention tool.

Literature Review

Imam and Ali (2000) observed that banks should assess the needs of customers as they are the main target group and, as such, from time-to-time opinion surveys of customers may be conducted so that their needs can be defined and the appropriate banking product can be specified. Banks should ensure customer service for the existing products and renovation of new products through facilities such as ATMs, phone banking, electronic banking and FAX-Internet.

Anton and Petouhoff (2001) found that the primary reason customers choose to stop doing business with a particular company is poor customer service. They argued that customers have more choices, easier access to information, and high expectations of services and ability. Thus the implementation of CRM solutions to focus on customer service, retention and acquisition has increased in strategic importance.

Gosney and Bohem (2001) argued that a CRM strategy has numerous aspects, but the basic theme for the company is to become more customer-centric. They also commented that when CRM is implemented correctly, it will show up on the bottom line as positive customer feedback as well as increased revenue.

Agrawal (2002) observed that any organization that seeks to implement CRM may now want to focus on value creation and on a continuous stream of profits. He also commented that CRM will be more strategy driven, and will concentrate on what the customer expects from the relationship.

Zikmund, McLeod and Gilbert (2003) observed that despite fears or problems with CRM systems, the bottom line for the future success of any organization may well be its ability to

manage people within an electronic market space that complements or replaces traditional approaches to conducting business. If implemented correctly, the CRM system may well help the organization continue to learn to adapt and change within a dynamic environment.

Ali and Howlader (2005) described that to constitute a customer the following essential requisites must be fulfilled: a bank account-savings, current or fixed deposit must be opened in his name by making necessary deposit of money and the dealing between the banker and the customer must be of the nature of banking business.

Gup and Kolari(2005) argued that relationship banking includes fulfilling long term needs, as opposed to immediate needs which can be done by cross-selling a variety of services that tends to lower use costs and increased convenience compared with selling each service separately.

Islam, Sheel and Biswas (2006) observed that Hongkong and Shanghai Banking corporation Bangladesh 's Automated teller Machine(ATM) has many positive features but the customers selected on the basis of convenience are not well aware of all these. These customers are also facing different types of problems with which ATM is directly related.

Hussain, Hussain and Sajid (2007) found that banks of Pakistan have implemented CRM to some extent, but are still in the initial stage. Citibank is more customer centric than the others. Banks need to understand the needs and demands of their target customers and then formulate their strategies and practices to serve them efficiently and effectively. Local hiring can also be very useful for the banks. Technological solutions are also compulsory but they must be user-friendly and according to the needs and requirements of the target customers.

Khan,Haque,Fakir(2007) mentioned that customer relationship management has already made a big impact in the world of customer service and will continue to do so. As technology increases to develop a startling rate the key emphasis will be how we can fully utilize it within our business.

Chaker and Hashim(2008) depicted that banks rely heavily on IT in conducting their businesses and spend huge amounts of money on such technology to reduce operation costs and gain competitive advantage over their rivals by offering customers better services through ATMs, telephone banking and more evidently in the last decade the Internet Banking(IB) in Qatar. They found that a significant number of customers are either not aware of the IB services or do not trust IB as a channel to conduct their banking transactions.

Kiran, Sharma and Mittal(2008) commented that the number of people using Internet is growing at a very fast pace. However, rapidly increasing cost of acquiring new customers makes one thing certain, the internet will seek to hold onto current customers by forming closer relationship with them and by tailoring products, services and advertising messages to meet the individual needs.

Raab et al. (2008) argued that in terms of technology, the levels of infrastructure development worldwide are very different. These differences could make the costs associated with data collection very high, and could also impact the quantity and quality of information available.

Objectives of the study

The main objective of the study is to evaluate the customer relationships of commercial banks due to automation process. Other objectives are as follows:

- i) To view the improvement or the increase in the bank's efficiency and effectiveness;
- ii) To evaluate whether automation process in the banking sector is cost effective;
- iii) To provide some recommendations.

Methodology of the study

To understand what sort of returns can be predictable from automation and customer relationship management, we collected data to understand the patterns of the possible return. CRM is primarily driven by the innovation of technology, but unlike other technological innovations, People are starting to measure CRM in terms of increased customer satisfaction. So we also wanted to know whether the customers of the banks that we had collected information were satisfied by the service they got from their respective banks. There are forty nine commercial banks in the banking sector of Bangladesh and the study has collected data from 15 banks (approximately 30% of the total population) using a questionnaire survey approach and also from the annual report of the banks. The study then collected other data through archival and content searches. Thus, in this descriptive study both primary data and secondary data are utilized. Time period of the study was from July 2008 to September 2008.

Data sources

Primary

The questionnaire was informed by the literature review and the questions were structured with close-end, dichotomous and multiple-choice style questions.

Secondary

Secondary data was collected from a variety of sources including annual reports, banks' on-line information, catalogues, journals, bulletins and books related to CRM.

Sampling plan and size

The study randomly selected 10 customers of each bank and asked them to answer our questionnaire in order to determine their opinions as to important variables.

Sampling Procedure

A simple random sampling procedure was used. The study contacted experts within banks for personal interviews and the survey was administered through mail. The study also collected some information through phone calls.

Procedures to analyze the data

Score aggregation method was used for analyzing the data. For the estimation procedure testing the study used commonly available statistical packages.

Variables

Following variables were used for the research:

- Increase of customers as a percentage after automation
- Number of new account openers (monthly)
- Ability of retaining customers

- Increase in customer revenue
- Lost customers
- Ease in accessing the accounts
- Transferring facility of accounts
- Convenience in opening account
- Complaint handling
- On-line service
- Timely response query problem

Estimation of Simple Correlation

Simple correlation is also done to estimate the relationship between Customer relationship management and automation processes of the survey banks.

Hypothesis

We were concerned whether automation has a positive impact on improving customer relationship management in the banking sector of Bangladesh. We considered that:

- Increase of customers as a percentage after automation: increase in customers will show that the bank is improving its market reputation.
- Number of new account openers (monthly): an increase in this variable will end in resulting with higher customer revenue.
- Ability of retaining customers: the more number of customers or percentage of customers a bank is able to retain, the more will it strengthen the bank's relationship with the customers. This enables the bank to earn market respect and stability.
- Increase in customer revenue: similarly, increase in the customer revenue will tell us that the bank is doing better as it now has better relationship with its customers.
- Lost customers: The lesser number of customers a bank will lose the more it will earn stability in the banking sector where it is necessary to hold on to your customers and attracting them with better services.
- Transferring facility of accounts: when the customers rate highly for their convenience in transferring facility, it would mean that the automation process of the bank has proved helpful.

The study will reject the null hypothesis, which is:

H₁:Alternative Hypothesis-	Automation has positive impact on improving CRM
Ho: Null hypothesis	Automation does not have positive impact on improving CRM

Analysis

The data has been aggregated and is presented in the following tables.

Table:1 Customers' Data Analysis

Attributes/opinions	1	2	3	4	5	6	7
	Minimum						Maximum
Ease in accessing the accounts		10	15		30	38	12
Transfer facility of your account in any other branch			20	32	28	19	1
Convenience in opening account			10	20	18	10	42
Complaint handling	5	10	17	43	15	4	6
Every area is user friendly		5	8	32	2	15	40
On-Line services	10		25		35	30	
Timely response: query/problem	3		17	30	35	15	

(Source: Compiled by authors')

The study has seen from the survey that out of 150 customers whom we have interviewed, ease in access was rated 6 the maximum of 38 and a minimum of 2 by 10 people.

Table:2 Segmentations of Customers'

Name of the Bank	Segment A	Segment B	Segment C	No of customers asked
Bank Asia Ltd	2	3	5	10
Shajalal Islami Bank Ltd.	3	1	6	10
Social Investment Bank	4	3	3	10
Trust Bank	2	2	6	10
NCC Bank	Nil	Nil	10	10
Standard Chartered Bank	Nil	Nil	10	10
Islami Bank	1	Nil	9	10
Premier Bank		4	6	10
BRAC Bank	Nil	2	8	10
Dhaka Bank	2	1	7	10
Sonali Bank	3	4	3	10
Janata Bank	2	3	5	10
HSBC	Nil	Nil	10	10
City Bank		nil	10	10
IFIC Bank	3	4	3	10

(Source: ibid)

- Customers going to close their account
- Customers going to shift in other banks
- Customers staying with their bank

Analysis

Out of 150 people surveyed, these particular banks are retaining 101 of the customers, which is about 68 %. This shows a high proportion of retained customers.

Table:3 Convenience in opening account

Name of the Bank	No of persons	Rating	Total score
Bank Asia Ltd	10	7	70
Shajalal Islami Bank Ltd.	10	6	60
Social Investment Bank	10	4	40
Trust Bank	10	5	50
NCC Bank	10	4	40
Standard Chartered Bank	10	8	80
Islami Bank	10	6	60
Premier Bank	10	3	30
BRAC Bank	10	7	70
Dhaka Bank	10	6	60
Sonali Bank	10	1	10
Janata Bank	10	2	20
HSBC	10	7	70
City Bank	10	8	80
IFIC Bank	10	5	50

(Source: ibid)

Analysis:

The score of banks of which are greater or equal to 60, shows that the customers have given high ratings because of convenience of their particular banks. This shows that banks, which are fully automated, have a more convenient process of opening an account.

Table: 4Transfer facility of the account holder in any other branch

Name of the Bank	No of people	Ratings	Total score
Bank Asia Ltd	10	8	80
Shajalal Islami Bank Ltd.	10	6	60

Social Investment Bank	10	5	50
Trust Bank	10	5	50
NCC Bank	10	6	60
Standard Chartered Bank	10	9	90
Islami Bank	10	7	70
Premier Bank	10	3	30
BRAC Bank	10	8	80
Dhaka Bank	10	6	60
Sonali Bank	10	3	30
Janata Bank	10	2	20
HSBC	10	7	70
City Bank	10	6	60
IFIC Bank	10	4	40

(Source: ibid)

Analysis the data:

Here we have calculated and analyzed all of our data which we have collected from different banks and customers.

Table:5 Automation of Banks

Name of bank	Introduction of automation (annually)	Specialized area of automation
Bank Asia Ltd	2003	On-line banking
Shajalal Islami Bank Ltd.	2001	Branch access
Social Investment Bank	2003	Daily transaction
Trust Bank	2004	Deposit and withdraw oriented function
NCC Bank	2003	Deposit and withdraw money
Standard Chartered Bank	1999	Online banking
Islami Bank	2000	Online banking
Premier Bank	2004	Branch access
BRAC Bank	2002	Online banking
Dhaka Bank	2004	Cash counter

Sonali Bank	2005(city branch).	Customer database
Janata Bank	2004	Customer database
HSBC	2001	Online banking
City Bank	2003	Branch access
IFIC Bank	2004	Customer database

(Source: ibid)

Aforesaid table shows the different banks and the main parts of their banks, which have been automated. Only some of the giant private banks have full online banking systems and the others are under process. We collected only city bank's data. Sonali Bank informed us that they started online in 2005: out of 1114 branches very few branches have the automation system. We need to know only about the impact of automation where they are implied.

Table:6 Information about Customers

<i>Name of bank</i>	Increase in customers (%)	Number of new account openers (monthly)	Ability to retain customer(%)	Increase in customer revenue (overall %)	Lost customer (monthly)
Bank Asia Ltd	25	22	38	12	3
Shajalal Islami Bank Ltd.	30	25	28	18	4
Social Investment Bank	25	20	32	22	Nil
Trust Bank	12	14	25	15	4
NCC Bank	30	16	40	25	2
Standard Chartered Bank	35	30	65	26	1
Islami Bank	35	25	40	27	5
Premier Bank	30	16	38	29	4
BRAC Bank	29	20	45	39	3
Dhaka Bank	21	18	37	20	2
Sonali Bank	39	31	25	8	7
Janata Bank	20	18	19	7	8
HSBC	30	17	40	20	Nil
City	34	20	42	23	Nil

Bank					
IFIC Bank	10	7	17	Nil	10

(Source: ibid)

From the aforesaid table we have seen that customer-increase rate is differing from bank to bank. However increasing rate and retaining rate vary, so we can see that the customer-increasing rate does not always improve with a high or fast automation system. This is a very important thing we have found from our research. Most of the rural and metropolitan people open their account at government banks. They have no option but to open an account at most of the non-automated banks because most of them have no branches in these areas. If we look at the chart we see that their customer revenue is very low rather than others who are automated, and this appears to be linked to automation. Now we shall present descriptive statistics for the mean, medium, mode, standard error and standard deviation in Table:7 .Further from the Table:8 to Table:12 we have shown estimated results.

Table:7 Estimated results of mean, medium, mode ,standard error and standard deviation

Column1	Column2	Column3
		19.93333
Mean	27	Mean 333
Standard Error	2.14698016	Standard Error 1.587050
Median	30	Median 774
Mode	30	Mode 3.018462
Standard Deviation	8.315218406	Standard Deviation 6.146621
Sample Variance	69.14285714	Sample Variance 217
Range	29	Range 37.78095
Minimum	10	Minimum 238
Maximum	39	Maximum 136.6667
Sum	405	Sum 136.6667
Confidence Level (95.0%)	4.604818563	Confidence Level (95.0%) 3.403888
		Confidence Level (95.0%) 4
		Confidence Level (95.0%) 6.473962
	Column4	Column5
	Mean	Mean
	19.4	3.533333
	Standard Error	Standard Error
	2.55007	0.773777
	Median	Median
	20	3
	Mode	Mode
	20	4
	Standard Deviation	Standard Deviation
	9.876379	2.996824
	Sample Variance	Sample Variance
	97.54286	8.980952
	Range	Range
	39	10
	Minimum	Minimum
	0	0
	Maximum	Maximum
	39	10
	Sum	Sum
	291	53

Confidence Confidence
 Level (95.0%) 5.469361 Level (95.0%) 1.659587

Using statistical analysis, we test our variables and see whether the null hypothesis is accepted or rejected.

Table:8 Increase of Customers' Percentage

Increase customer	
Null Hypothesis	$\mu = 27$
Level of Significance	0.05
Population Standard Deviation	8.3152
Sample Size	15
Sample Mean	27
Standard Error of the Mean	2.146975408
Z Test Statistic	0
Two-Tailed Test	
Lower Critical Value	-1.959961082
Upper Critical Value	1.959961082
p-Value	1
Do not reject the null hypothesis	

Table:9 Amount of New Account Openers During Last Month of the Survey

New account opener	
Null Hypothesis	$\mu = 19.933$
Level of Significance	0.05
Population Standard Deviation	6.1466
Sample Size	15
Sample Mean	19.933
Standard Error of the Mean	1.587045296
Z Test Statistic	0
Two-Tailed Test	
Lower Critical Value	-1.959961082
Upper Critical Value	1.959961082
p-Value	1
Do not reject the null hypothesis	

Table:10 Retaining Customers' Percentage

Retained customer	
Null Hypothesis	$\mu = 35.66$
Level of Significance	0.05
Population Standard Deviation	11.69
Sample Size	15
Sample Mean	35.66
Standard Error of the Mean	3.018345021
Z Test Statistic	0
Two-Tailed Test	
Lower Critical Value	-1.959961082
Upper Critical Value	1.959961082

- Lack of Nationwide Coverage
- Minimum amount required to open the account is comparatively high especially for the poor segment of people;
- Dealing officers are not willing to provide good services except for higher income groups or highly connected persons.

Opportunities are:

- Maintaining strong customer Relationship with the customers so that their Government sector image can be changed.
- Through automating each and every branch, they can take better advantage of its nationwide coverage.
- Customer Orientation Approach among employees
- Automation of each and every branch
- Good ambience and in-branch services
- Enjoy the image of being private sector bank.
- Customer satisfaction is high.
- Bank believes in Retaining Acquisition than Customer Acquisition.
- Should aim at nationwide coverage specially the small towns and villages.
- Introducing more flexibility in Minimum amount required to open the account and period of replenishment.

Overall the study finds that being automated has potentially excellent outcomes and a strong future in Bangladesh and is likely to increase customer satisfaction and improve Bangladesh's economy as it grows and develops. The findings supports observation of Imam and Ali(2000).

Banks may develop plans for short, medium, and long range and strategic time frames. Short-range plans address themselves to the budget for specific schemes, adherence to schedules, cost control, loan pricing and other immediate concerns. Furthermore, strategic planning requires the assessment of the potential areas for changes in the corporate plan environment such as information, equipment, capability, procedures, bureaucratic mechanism, implementation and human elements. Customer services should be improved. Otherwise if switching cost is low then customers' will stop banking with their current bank and switch to new banks, as identified by Anton and Petouhoff (2001). Moreover, customers should be aware of IT support services as proposed by Chaker and Hashim(2008). However, overall role of the bank personnel should be improved. They must do their respective deskwork with sincerity and integrity.

Banks should have to redesign their business strategy through a multi-purpose plan which includes the supply of better clientele services, a proper flow of funds between deposit and advances, an improvement of record keeping system, internal control and bank financial management, a timely and accurate supply of services, an analysis of competitors' business strategy, the launching of new products, an asset security management, and an upgrading of quality management. Quality of services of the banks should be improved. As such dealing officers must be more efficient and effective.

Recommendations

Effective utilization of technological process is necessary in the banking sector of Bangladesh but it is lagging behind because of the huge cost involved in the automation process. Though automation in some banks has commenced it is largely confined within urban areas of the country.

Automation and CRM cannot work without each- other. CRM can be most effective with the use of technologies. Behind these technologies, human resources i.e. bank personnel works hard. They must be innovative and dedicated to their service structure.

Banks have to think about their increase of revenues and get feedback of the automation system. This is the main factor prohibiting banks from becoming automated in Bangladesh. When a customer is satisfied by obtaining the services they receive from the bankers end then they can remain as current customers and banks can attract more new customers. Improved customer relationship management system can act as a driving force not to retain existing customers of the bank but also to attract prospective customers of the bank with the help of the automation process.

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'An Odyssey of Wipro's Success'

A Case Study of 'Wipro' Company in the Global Context

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Introduction:

This paper elaborates the case study of Wipro Company of Indian origin, and having a global footprint. It discusses the global economic scenario and the companies' active role in acquiring the position of leadership. It also talks about various reforms that the company has undertaken.

The down grading of United States credit rating by Standard and Poor's in the month of August 2011, led to sharp decline in stock prices of Europe. Federal Reserve Chairman Ben Bernanke Jackson virtually ruled out a third round of stimulus by fears of inflation. The US housing market is still in the doldrums (Housing prices are at 2001 levels) and the official employment rate is just a tad of 10 per cent.

The situation in the Euro zone is worse by deeper limitations in policy solutions compared to the US and the burden of monetary union without the accompanying fiscal consolidation. Japan's economy is not expected to head the devastation wrought by the tsunami in the year 2011, has only exacerbated existing problems. A persistent slow down in developed economies,

characterized by anaemic economic growth, now the world economy is now looking for boosts from Asian countries like China and India.

The world economy is not completely out of woods. There could be bi-polar world with subdued growth in the developed markets and developing markets growing at a healthy pace

India has a global responsibility of a kind that it did not have even 15 years earlier. The country's presence on the 'high table' of global policy makers is a matter of pride. This would also enable the country to develop faster and spread the benefits of growth to the poor and marginalized. Indian companies have to be alert to shape real-time policy matters and grab most of the opportunities coming from the globe.

Information Technology (IT) continues to change at a rapid pace. It also continues to be an important catalyst for economic growth. In the global downturn, companies increasingly use technology to innovate, to build and to retain competitive advantage. It has become 'embedded competitive advantage'. Wipro is well positioned to profitably grow in this evolving landscape. It's business addresses the needs of both the developed and developing markets.

Objective

1. To study the growth pattern of 'Wipro' Company in the last three financial years
2. To study the global economy in general and make relative study with the company's performance,
3. To study the strategic policies of the company to face global challenges.

Research Methodology

Study of the available literature, Companies Annual Reports for the last three Financial Years, Making comparative analysis of all the reports, Study of adopted practices of strategic management by other companies, relating it to the topic undertaken for the study.

Literature Review

The book titled 'The IBM way' by Buck Rodgers elaborates how the IBM has grown. The IBM has grown to its size, with incredible speed, because of its insatiable appetite to be the very best. IBM makes useful products, but it is a quest for excellence that attracts and nurtures high achievers. There are ten chapters in the book which focuses various issues in management such as Leadership, Creating a totally sales oriented environment, Money is not everything, building a superior marketing organization, solution minded selling, being responsive to the customers and many others.

The book titled 'The Art of Managing Human Resources' edited by Edgar H. Schein narrates today's highly complex and rapidly changing business environment, the ability to manage change and to promote and sustain a vital corporate culture are crucial skills for a manager. The collection of articles represents a rich source of creative thinking on the management of human resources and the process of organizational development and change. The range of articles includes topics like, Towards a 'Truly' scientific Management: The Concept of Organization Health', 'Managerial Time', 'Strategies for a Large system Change', 'How to Implement Radical Strategies in Large Organizations' etc.

Alfred P Sloan's book 'My years with General Motors' throws light on an essential aspect of management philosophy that is factual approach to business judgment. There may be formal ways of improving the logic of business strategy, or policy making, but the work behind business judgment is in finding and acknowledging the facts and circumstances concerning technology, the market and the like in their concerning technology. General Motors' long term survival depends upon its being operated in both sprit and the substance of decentralization; these aspects are discussed in this book as it has chapters like concept of organization, The Management and How it works.

Wipro Company

Vision statement

'To be among the top 10 Global IT and Business Process Outsourcing (BPO) service companies'

Wipro is USD 7 billion enterprise with a market capitalization of over USD 26 billion. Its headquarters is at Bangalore, India. It operates 50 plus offices and 'Centers of excellence' in over 54 countries across the globe. It employs over 120,000 professional and serves over 900 corporations including a number of Fortune 500 customers.

Wipro's IT products business provides a range of products encompassing computing storage, networking, security and software products. Its focus is primarily on meeting the requirements of their customers. In consumer care and lighting business, they focus on niche profitable market segments addressing personal care and lighting solutions to customers. Other business of Wipro includes Infrastructure Engineering, the world's third largest manufacturer of hydraulic cylinders for generations, distribution and intelligent consumption.

IT Industry overview

NASSCOM strategic review report 2011 refers to IDC forecast of 5.7% CAGR in worldwide IT spending for the period 2010-2014. IT forecasts worldwide spending of approximately \$684 billion by 2014. Forrester US and Global IT market outlook Q1 2011 predicts that US IT market will grow by 8% in 2011 following growth of 8.9% in 2010.

Offshore IT spending is expected to grow faster, key factors supporting this projection are growing impact of technology led innovations and the increasing demands of offshore IT outsourcing. India is a major component of the offshore IT outsourcing.

Wipro Performance indicators

To understand the performance of the company, the researcher studied the financial statements of the last three financial years, from this study one can see steady growth of the company. The following factors were taken into account Revenue, Profit after tax Share capital.

YEAR	REVENUE	PROFIT AFTER TAX	SHARE CAPITAL
March 2009	255,338	43300	2,930
March 2010	271,574	51,844	2,936
March 2011	310,987	53324	4,908

(Rupees in Mn)

The IT products of the company provide a wide range of IT products encompassing computing, storage, networking, security, and software products. In achieving this growth the company has scientifically developed a management strategy. The company has developed a lean structure which balances the nimbleness of a flat, dynamic and customer centric organization. It has transformed to become more agile and bold yet simpler in structure and approach. The company has introduced strategic changes in the structure across four key dimensions, strategic Business Units, service Lines, Go to Market and Global delivery organization. The company has migrated to a simplified industry domain led structure where client relationship, delivery revenue and profitability are now aligned more closely with strategic business units. This industry domain led structure allows the strategic business unit to stay focus on the opportunities, challenges and the emerging trends in their respective domain. The key features are as follows:

Positioning

- ✚ Build enhanced solution capabilities to position as a value added system integrator
- ✚ To offer innovative and best in class IT products and solutions catering to the client needs

Product Differentiation

- ✚ Product Engineering to deliver value differentiation
- ✚ Focus on building brand 'Ego' and evolve as lifestyle brands within their manufacturing business.

- ✦ Strengthen server portfolio through a combination of in-house and trade products.

Geographical Expansion

- ✦ Enhanced focus for addressing new markets

Customer Engagement

- ✦ Vertical Focus- Strengthen presence in key verticals
- ✦ Mid-Market Drive- tier 2 and 3 cities penetration. Establishing leadership positions in ten cities through increased coverage and marketing activities.
- ✦ Deliver customized solutions
- ✦ Alliances- Realign existing and form new alliances, leverage alliance participation for joint go-to markets with the company. Partner with emerging technology providers to improve market address and develop new streams of revenue.
- ✦ Operational Excellence- Sustain green leadership in the company manufactured products, continue to drive delivery and operational excellence through industry standard process and global best practices for better customer satisfaction.

In the fiscal year of the annual report of the year 2010-2011 the business performance of Wipro continued to be robust. Revenue of the company grew 15% year on year with net income keeping pace.

The 'Wipro of Tomorrow' is being built on the platform of decades of sustained performance and organizational learning. In the last decade itself, the revenues in the IT service business went from less than \$400/- million to upward of \$5 billion. The employee base in IT service has increased from less than 10,000/- to 120,000 in the same decade. It has also strengthened the corporate governance culture, the internal control system, the financial discipline mind set etc. This solid platform, including the intangible assets, is the significant leverage.

Consulting- Led Domain Approach

The company is intensifying the relationship with customers through a client engagement manager model (CME). The Client Engagement Manager has single point accountability, which enables swift and impeccable execution. The CME structure aligns three pillars of each account, the consulting partner, delivery manager and the chief architect to be jointly oriented around the success of the customer. It resulted in improved revenues and profitability.

It has also introduced a 21'Centure Inc model, which comprises of technology innovation, lean optimization, asset evaluation and next generation partnering to define a designed by purpose operating model for clients, and Wipro's IT 360; which is a holistic framework to define; measure and communicate the business value of IT.

Voice of Wipro

The company has given due importance to human capital. The investment in the intellectual capital is aimed at empowering employees to create positive customer impact. To simplify the organizational structure, the company went one step closer through 'Voice of Wipro' an employee perception survey, in which they were invited to design the change they want. The action team has rolled out several changes. 74 members were chosen from over 200, aspirants. The selected members engaged a wider set of employees in devising improvements action plan.

The Company also rolled out new performance management system (PMS) with an aim to provide enhanced transparency and visibility in employee evaluation process. The new PMS gives equal importance to goals achieved as well as the competencies displayed.

Conclusion

Wipro is one of the Companies who have grown in all respect in the global recession scenario. It has made intellectual use of the available resources and has created its own mark in the global business. Following initiatives taken by the company has helped the company to acquire a leading position

1. Product Differentiation
2. Geographical Expansion
3. Consulting- Led Domain Approach
4. Voice of Wipro

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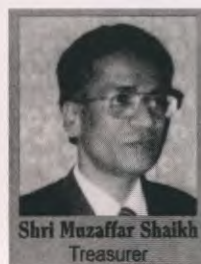
Shri P. A. Inamdar
President



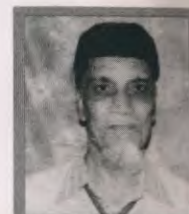
Shri Latif Magdum
Hon. Secretary



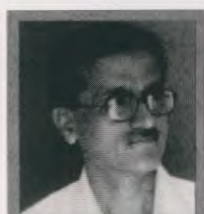
Smt. Abeda P Inamdar
Vice President



Shri Mazaffar Shaikh
Treasurer



Shri Haji A. Qadeer Qureishi
Joint Secretary



Shri Irfan Jan Mohd. Shaikh
Joint Secretary



Shri S. A Inamdar
Member



Shri Iqbal Mulani
Member



Shri Majeed Usman Dawood
Member



Shri Shaikh Abbas Ismail
Member



Shri Baig Abdul Haque
Member



Shri Ishaque Sharfuddin
Member



Haji Ahmed Abdul Kader Memon
Special Invitee

Some Institutions of Higher Education governed by M.C.E. Society, Pune.

1. M.A. Rangoonwala College of Dental Sciences and Research, Pune
2. Allana College of Pharmacy, Pune
3. Allana College of Architechure, Pune
4. Allana Institute of Management Sciences, Pune
5. PAI International Centre for Management Excellence, Pune
6. Allana Institute of Information Technology, Pune
7. M.A. Rangoonwala Institute of Hotel Management and Research, Pune
8. A.K.K. New Law Academy, Pune
9. H.G.M. Azam College of Education for Girls, Pune
10. Abeda Inamdar Senior College of Arts, Science and Commerce, Pune
11. Junior College of Education English Medium, Pune
12. Junior College of Education, Urdu Medium, Pune
13. Junior College of Education, Marathi Medium, Pune
14. School of Art, Pune
15. Abeda Inamdar Junior College Pune